FORM 10-Q

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended September 30, 2017
OR

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

For the transition period from to

Commission file number 001-35258

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

Delaware	**20-4145825**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

130 Royall Street
Canton, Massachusetts 02021
(Address of principal executive offices) (zip code)

(781) 737-3000
(Registrants' telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of November 3, 2017, 90,322,903 shares of common stock of the registrant were outstanding.

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES

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Part I. Financial Information
Item 1. Financial Statements

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)
(Unaudited)

	September 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 266,981	361,425
Restricted cash	76,141	69,746
Accounts receivable, net of allowance for doubtful accounts of $4,616 and $4,778 as of September 30, 2017 and December 31, 2016, respectively	47,136	44,512
Notes and other receivables, net of allowance for doubtful accounts of $500 and $339 as of September 30, 2017 and December 31, 2016, respectively	30,274	40,672
Restricted assets of advertising funds	57,873	40,338
Prepaid income taxes	9,843	20,926
Prepaid expenses and other current assets	33,605	28,739
Total current assets	521,853	606,358
Property and equipment, net of accumulated depreciation of $135,284 and $124,675 as of September 30, 2017 and December 31, 2016, respectively	170,269	176,662
Equity method investments	128,633	114,738
Goodwill	888,311	888,272
Other intangible assets, net of accumulated amortization of $245,569 and $230,364 as of September 30, 2017 and December 31, 2016, respectively	1,362,586	1,378,720
Other assets	67,674	62,632
Total assets	$ 3,139,326	3,227,382
Liabilities and Stockholders' Deficit		
Current liabilities:		
Current portion of long-term debt	$ 25,000	25,000
Capital lease obligations	584	589
Accounts payable	12,416	12,682
Liabilities of advertising funds	57,935	52,271
Deferred income	37,595	35,393
Other current liabilities	230,487	298,266
Total current liabilities	364,017	424,201
Long-term debt, net	2,388,091	2,401,998
Capital lease obligations	7,209	7,550
Unfavorable operating leases acquired	10,164	11,378
Deferred income	10,729	12,154
Deferred income taxes, net	459,524	461,810
Other long-term liabilities	73,680	71,549
Total long-term liabilities	2,949,397	2,966,439
Commitments and contingencies (note 9)		
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value; 25,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.001 par value; 475,000,000 shares authorized; 90,290,628 shares issued and 90,263,851 shares outstanding as of September 30, 2017; 91,464,229 shares issued and 91,437,452 shares outstanding as of December 31, 2016	90	91
Additional paid-in capital	746,052	807,492
Treasury stock, at cost; 26,777 shares as of September 30, 2017 and December 31, 2016	(1,060)	(1,060)
Accumulated deficit	(900,217)	(945,797)
Accumulated other comprehensive loss	(18,953)	(23,984)
Total stockholders' deficit	(174,088)	(163,258)
Total liabilities and stockholders' deficit	$ 3,139,326	3,227,382

See accompanying notes to unaudited consolidated financial statements.

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Revenues:				
Franchise fees and royalty income	$ 151,809	138,639	426,944	399,617
Rental income	27,713	26,880	79,543	75,874
Sales of ice cream and other products	27,551	26,568	85,710	86,425
Sales at company-operated restaurants	—	1,611	—	11,924
Other revenues	17,095	13,401	41,165	39,344
Total revenues	224,168	207,099	633,362	613,184
Operating costs and expenses:				
Occupancy expenses—franchised restaurants	15,333	15,881	43,758	42,691
Cost of ice cream and other products	19,457	18,384	58,578	58,445
Company-operated restaurant expenses	—	1,682	—	13,472
General and administrative expenses, net	61,996	59,374	185,613	184,028
Depreciation	4,941	5,050	15,096	15,361
Amortization of other intangible assets	5,341	5,397	16,001	16,726
Long-lived asset impairment charges	536	7	643	104
Total operating costs and expenses	107,604	105,775	319,689	330,827
Net income of equity method investments	5,466	5,467	12,612	12,148
Other operating income, net	3	2,569	591	6,329
Operating income	122,033	109,360	326,876	300,834
Other income (expense), net:				
Interest income	624	161	1,370	434
Interest expense	(24,436)	(24,603)	(74,192)	(74,456)
Other income (losses), net	155	(124)	370	(596)
Total other expense, net	(23,657)	(24,566)	(72,452)	(74,618)
Income before income taxes	98,376	84,794	254,424	226,216
Provision for income taxes	46,130	32,082	99,007	86,760
Net income	$ 52,246	52,712	155,417	139,456
Earnings per share:				
Common—basic	$ 0.58	0.58	1.71	1.52
Common—diluted	0.57	0.57	1.68	1.51
Cash dividends declared per common share	0.32	0.30	0.97	0.90

See accompanying notes to unaudited consolidated financial statements.

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DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Net income	$ 52,246	52,712	155,417	139,456
Other comprehensive income (loss), net:				
Effect of foreign currency translation, net of deferred tax expense (benefit) of $6 and $(59) for the three months ended September 30, 2017 and September 24, 2016, respectively, and $579 and $(488) for the nine months ended September 30, 2017 and September 24, 2016, respectively	(662)	6,161	5,309	8,730
Effect of interest rate swaps, net of deferred tax benefit of $216 for each of the three months ended September 30, 2017 and September 24, 2016 and $650 for each of the nine months ended September 30, 2017 and September 24, 2016	(319)	(319)	(955)	(955)
Other, net	24	(27)	677	(230)
Total other comprehensive income (loss), net	(957)	5,815	5,031	7,545
Comprehensive income	$ 51,289	58,527	160,448	147,001

See accompanying notes to unaudited consolidated financial statements.

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DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine months ended	
	September 30, 2017	September 24, 2016
Cash flows from operating activities:		
Net income	$ 155,417	139,456
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,097	32,087
Amortization of debt issuance costs	4,843	4,700
Deferred income taxes	(1,516)	(5,595)
Provision for bad debt	599	681
Share-based compensation expense	10,896	12,548
Net income of equity method investments	(12,612)	(12,148)
Dividends received from equity method investments	4,711	5,247
Gain on sale of real estate and company-operated restaurants	(29)	(6,322)
Other, net	(2,299)	(1,554)
Change in operating assets and liabilities:		
Accounts, notes, and other receivables, net	7,712	43,482
Prepaid income taxes, net	10,884	6,569
Prepaid expenses and other current assets	(4,600)	(3,552)
Accounts payable	(1,501)	(1,635)
Other current liabilities	(68,274)	(91,651)
Liabilities of advertising funds, net	(11,232)	896
Deferred income	722	3,800
Other, net	(3,289)	4,250
Net cash provided by operating activities	121,529	131,259
Cash flows from investing activities:		
Additions to property and equipment	(8,998)	(10,358)
Proceeds from sale of real estate and company-operated restaurants	—	15,479
Other, net	(101)	(1,014)
Net cash provided by (used in) investing activities	(9,099)	4,107
Cash flows from financing activities:		
Repayment of long-term debt	(18,750)	(18,750)
Payment of debt issuance and other debt-related costs	(312)	—
Dividends paid on common stock	(87,911)	(82,326)
Repurchases of common stock, including accelerated share repurchases	(127,186)	(30,000)
Exercise of stock options	33,267	4,937
Other, net	(214)	(690)
Net cash used in financing activities	(201,106)	(126,829)
Effect of exchange rates on cash, cash equivalents, and restricted cash	576	20
Increase (decrease) in cash, cash equivalents, and restricted cash	(88,100)	8,557
Cash, cash equivalents, and restricted cash, beginning of period	431,832	333,115
Cash, cash equivalents, and restricted cash, end of period	$ 343,732	341,672
Supplemental cash flow information:		
Cash paid for income taxes	$ 89,882	86,460
Cash paid for interest	70,038	70,749
Noncash investing activities:		
Property and equipment included in accounts payable and other current liabilities	1,919	1,121
Purchase of leaseholds in exchange for capital lease obligations	330	389

See accompanying notes to unaudited consolidated financial statements.

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(1) Description of business and organization

Dunkin' Brands Group, Inc. ("DBGI"), together with its consolidated subsidiaries, is one of the world's leading franchisors of restaurants serving coffee and baked goods, as well as ice cream, within the quick service restaurant segment of the restaurant industry. We franchise and license a system of both traditional and nontraditional quick service restaurants and, in limited circumstances, have owned and operated locations. Through our Dunkin' Donuts brand, we franchise restaurants featuring coffee, donuts, bagels, breakfast sandwiches, and related products. Additionally, we license Dunkin' Donuts brand products sold in certain retail outlets such as retail packaged coffee, Dunkin' K-Cup® pods, and ready-to-drink bottled iced coffee. Through our Baskin-Robbins brand, we franchise restaurants featuring ice cream, frozen beverages, and related products. Additionally, we distribute Baskin-Robbins ice cream products to Baskin-Robbins franchisees and licensees in certain international markets.

Throughout these unaudited consolidated financial statements, "Dunkin' Brands," "the Company," "we," "us," "our," and "management" refer to DBGI and its consolidated subsidiaries taken as a whole.

(2) Summary of significant accounting policies

(a) Unaudited consolidated financial statements

The consolidated balance sheet as of September 30, 2017, the consolidated statements of operations and comprehensive income for the three and nine months ended September 30, 2017 and September 24, 2016, and the consolidated statements of cash flows for the nine months ended September 30, 2017 and September 24, 2016 are unaudited.

The accompanying unaudited consolidated financial statements include the accounts of DBGI and its consolidated subsidiaries and have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements. All significant transactions and balances between subsidiaries and affiliates have been eliminated in consolidation. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements in accordance with U.S. GAAP have been recorded. Such adjustments consisted only of normal recurring items. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2016, included in the Company's Annual Report on Form 10-K.

(b) Fiscal year

The Company operates and reports financial information on a 52- or 53-week year on a 13-week quarter 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 when applicable with respect to the fourth fiscal quarter). The data periods contained within the three- and nine-month periods ended September 30, 2017 and September 24, 2016 reflect the results of operations for the 13-week and 39-week periods ended on those dates, respectively. Operating results for the three- and nine-month periods ended September 30, 2017 are not necessarily indicative of the results that may be expected for the fiscal year ending December 30, 2017.

(c) Cash, cash equivalents, and restricted cash

In accordance with the Company's securitized financing facility, certain cash accounts have been established in the name of Citibank, N.A. (the "Trustee") for the benefit of the Trustee and the noteholders, and are restricted in their use. The Company holds restricted cash which primarily represents (i) cash collections held by the Trustee, (ii) interest, principal, and commitment fee reserves held by the Trustee related to the Company's Notes (see note 4), and (iii) real estate reserves used to pay real estate obligations.

Pursuant to new accounting guidance for fiscal year 2017, restricted cash is combined with cash and cash equivalents when reconciling the beginning and end of period balances in the consolidated statements of cash flows (see note 2(f)). Cash, cash equivalents, and restricted cash within the consolidated balance sheets that are included in the consolidated statements of cash flows as of September 30, 2017 and December 31, 2016 were as follows (in thousands):

	September 30, 2017	December 31, 2016
Cash and cash equivalents	$ 266,981	361,425
Restricted cash	76,141	69,746
Restricted cash, included in Other assets	610	661
Total cash, cash equivalents, and restricted cash	$ 343,732	431,832

(d) Fair value of financial instruments

Financial assets and liabilities are categorized, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs. Observable market data, when available, is required to be used in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2017 and December 31, 2016 are summarized as follows (in thousands):

	September 30, 2017		December 31, 2016	
	Significant other observable inputs (Level 2)	Total	Significant other observable inputs (Level 2)	Total
Assets:				
Company-owned life insurance	$ 10,389	10,389	9,271	9,271
Total assets	$ 10,389	10,389	9,271	9,271
Liabilities:				
Deferred compensation liabilities	$ 12,851	12,851	11,126	11,126
Total liabilities	$ 12,851	12,851	11,126	11,126

The deferred compensation liabilities relate to the Dunkin' Brands, Inc. non-qualified deferred compensation plans ("NQDC Plans"), which allow for pre-tax deferral of compensation for certain qualifying employees and directors. Changes in the fair value of the deferred compensation liabilities are derived using quoted prices in active markets of the asset selections made by the participants. The deferred compensation liabilities are classified within Level 2, as defined under U.S. GAAP, because their inputs are derived principally from observable market data by correlation to hypothetical investments. The Company holds company-owned life insurance policies to partially offset the Company's liabilities under the NQDC Plans. The changes in the fair value of any company-owned life insurance policies are derived using determinable cash surrender value. As such, the company-owned life insurance policies are classified within Level 2, as defined under U.S. GAAP.

The carrying value and estimated fair value of long-term debt as of September 30, 2017 and December 31, 2016 were as follows (in thousands):

	September 30, 2017		December 31, 2016	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial liabilities				
Long-term debt	$ 2,413,091	2,474,291	2,426,998	2,460,544

The estimated fair value of our long-term debt is estimated primarily based on current market rates for debt with similar terms and remaining maturities or current bid prices for our long-term debt. Judgment is required to develop these estimates. As such, our long-term debt is classified within Level 2, as defined under U.S. GAAP.

(e) Concentration of credit risk

The Company is subject to credit risk through its accounts receivable consisting primarily of amounts due from franchisees and licensees for franchise fees, royalty income, and sales of ice cream and other products. In addition, we have note and lease receivables from certain of our franchisees and licensees. The financial condition of these franchisees and licensees is largely dependent upon the underlying business trends of our brands and market conditions within the quick service restaurant industry. This concentration of credit risk is mitigated, in part, by the large number of franchisees and licensees of each brand and the short-term nature of the franchise and license fee and lease receivables. As of September 30, 2017 and December 31, 2016, one master licensee, including its majority-owned subsidiaries, accounted for approximately 18% and 15%, respectively, of total accounts and notes receivable. No individual franchisee or master licensee accounted for more than 10% of total revenues for each of the three and nine months ended September 30, 2017 and September 24, 2016.

Additionally, the Company engages various third parties to manufacture and/or distribute certain Dunkin' Donuts and Baskin-Robbins products under licensing arrangements. As of September 30, 2017, one of these third parties accounted for approximately 13% of total accounts and notes receivable. No individual third party accounted for more than 10% of total accounts and notes receivable as of December 31, 2016.

(f) Recent accounting pronouncements

Recently adopted accounting pronouncements

In January 2017, the Financial Accounting Standards Board (the "FASB") issued new guidance for goodwill impairment which requires only a single-step quantitative test to identify and measure impairment and record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The option to perform a qualitative assessment first for a reporting unit to determine if a quantitative impairment test is necessary does not change under the new guidance. The Company early adopted this guidance in fiscal year 2017. The adoption of this guidance had no impact on the Company's consolidated financial statements, and did not impact our annual goodwill impairment test performed as of the first day of the third quarter of fiscal year 2017.

In November 2016, the FASB issued new guidance addressing diversity in practice that exists in the classification and presentation of changes in restricted cash in the statements of cash flows. The Company early adopted this guidance retrospectively in fiscal year 2017. Accordingly, changes in restricted cash that have historically been included within operating and financing activities have been eliminated, and restricted cash is combined with cash and cash equivalents when reconciling the beginning and end of period balances for all periods presented. The adoption of this guidance primarily resulted in a decrease of $1.1 million in net cash provided by operating activities for the nine months ended September 24, 2016 and had no impact on the consolidated statements of operations and balance sheets.

In March 2016, the FASB issued new guidance for employee share-based compensation which simplifies several aspects of accounting for share-based payment transactions, including excess tax benefits, forfeiture estimates, statutory tax withholding requirements, and classification in the statements of cash flows. The Company adopted this guidance in fiscal year 2017, which had the following impact on the consolidated financial statements:

- On a prospective basis, as required, the Company recorded excess tax benefits of $524 thousand and $7.3 million to the provision for income taxes in the consolidated statements of operations for the three and nine months ended September 30, 2017, respectively, instead of additional paid-in capital in the consolidated balance sheets. As a result, net income increased $524 thousand and $7.3 million, for the three and nine months ended September 30, 2017, respectively, and basic and diluted earnings per share increased $0.01 and $0.08 for the three and nine months ended September 30, 2017, respectively.
- Excess tax benefits are presented as operating cash inflows instead of financing cash inflows in the consolidated statements of cash flows, which the Company elected to apply on a retrospective basis. As a result, the Company classified $7.3 million and $2.0 million for the nine months ended September 30, 2017 and September 24, 2016, respectively, of excess tax benefits as operating cash inflows included within the change in prepaid income taxes, net in the consolidated statements of cash flows. The retrospective reclassification resulted in increases in cash provided by operating activities and cash used in financing activities of $2.0 million for the nine months ended September 24, 2016.
- The Company prospectively excluded the excess tax benefits from the assumed proceeds available to repurchase shares in the computation of diluted earnings per share under the treasury stock method, which did not have a material impact on diluted earnings per share for the three and nine months ended September 30, 2017.

Recent accounting pronouncements not yet adopted

Leases

In February 2016, the FASB issued new guidance for lease accounting, which replaces existing lease accounting guidance. The new guidance aims to increase transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. This guidance is effective for the Company in fiscal year 2019 with early adoption permitted, and modified retrospective application is required. The Company expects to adopt this new guidance in fiscal year 2019 and is currently evaluating the impact the adoption of this new guidance will have on the Company's consolidated financial statements and related disclosures. The Company expects that substantially all of its operating lease commitments will be subject to the new guidance and will be recognized as operating lease liabilities and right-of-use assets upon adoption, thereby having a material impact to its consolidated balance sheet.

Revenue from Contracts with Customers

In May 2014, the FASB issued new guidance for revenue recognition related to contracts with customers, except for contracts within the scope of other standards, which supersedes nearly all existing revenue recognition guidance. The new guidance provides a single framework in which revenue is required to be recognized to depict the transfer of goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services.

The new guidance is effective for the Company in fiscal year 2018. The Company intends to adopt this new guidance in fiscal year 2018 using the full retrospective transition method, which will result in restating each prior reporting period presented, fiscal years 2016 and 2017, in the year of adoption. Additionally, a cumulative effect adjustment will be recorded to the opening balance of accumulated deficit as of the first day of fiscal year 2016, the earliest period presented. Based on the expected impacts described below, the Company expects such cumulative effect adjustment to be material to the opening balance of accumulated deficit.

The Company expects the adoption of the new guidance to change the timing of recognition of initial franchise fees, including master license and territory fees for our international business, and renewal fees. Currently, these fees are generally recognized upfront upon either opening of the respective restaurant or when a renewal agreement becomes effective. The new guidance will generally require these fees to be recognized over the term of the related franchise license for the respective restaurant, which we expect will result in a material impact to revenue recognized for initial franchise fees and renewal fees. The Company does not expect this new guidance to materially impact the recognition of royalty income. Additionally, rental income is outside the scope of this new guidance, and therefore will not be impacted.

The Company also expects the adoption of this new guidance to change the reporting of advertising fund contributions from franchisees and the related advertising fund expenditures, which are not currently included in the consolidated statements of operations. The Company expects the new guidance to require these advertising fund contributions and expenditures to be reported on a gross basis in the consolidated statements of operations. For the fiscal year ended December 31, 2016, franchisee contributions to the U.S. advertising funds were $430.3 million, and therefore we expect this change to have a material impact to our total revenues and expenses. However, we expect such contributions and expenditures to be largely offsetting and therefore do not expect a significant impact on our reported net income.

Though the majority of the assessment phase is complete, the Company continues to evaluate the impact the adoption of this new guidance will have on these and other revenue transactions, in addition to the impact on accounting policies and related disclosures. Additionally, the Company is in the process of implementing new accounting systems, business processes, and internal controls related to revenue recognition to assist in the application of the new guidance.

(g) Subsequent events

Subsequent events have been evaluated through the date these consolidated financial statements were filed.

(3) Franchise fees and royalty income

Franchise fees and royalty income consisted of the following (in thousands):

	Three months ended			Nine months ended	
		September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Royalty income	$	133,740	127,986	387,634	368,190
Initial franchise fees and renewal income		18,069	10,653	39,310	31,427
Total franchise fees and royalty income	$	151,809	138,639	426,944	399,617

The changes in franchised and company-operated points of distribution were as follows:

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Systemwide points of distribution:				
Franchised points of distribution in operation—beginning of period	20,242	19,640	20,080	19,308
Franchised points of distribution—opened	326	310	928	988
Franchised points of distribution—closed	(189)	(195)	(629)	(563)
Net transfers from company-operated points of distribution	—	23	—	45
Franchised points of distribution in operation—end of period	20,379	19,778	20,379	19,778
Company-operated points of distribution—end of period	—	6	—	6
Total systemwide points of distribution—end of period	20,379	19,784	20,379	19,784

(4) Debt

Securitized Financing Facility

In January 2015, DB Master Finance LLC (the "Master Issuer"), a limited-purpose, bankruptcy-remote, wholly-owned indirect subsidiary of DBGI, issued Series 2015-1 3.262% Fixed Rate Senior Secured Notes, Class A-2-I (the "2015 Class A-2-I Notes") with an initial principal amount of $750.0 million and Series 2015-1 3.980% Fixed Rate Senior Secured Notes, Class A-2-II (the "2015 Class A-2-II Notes" and, together with the 2015 Class A-2-I Notes, the "2015 Class A-2 Notes") with an initial principal amount of $1.75 billion. In addition, the Master Issuer issued Series 2015-1 Variable Funding Senior Secured Notes, Class A-1 (the "2015 Variable Funding Notes" and, together with the 2015 Class A-2 Notes, the "2015 Notes"), which allowed the Master Issuer to borrow up to $100.0 million on a revolving basis. The 2015 Variable Funding Notes could also be used to issue letters of credit.

In October 2017, the Master Issuer issued Series 2017-1 3.629% Fixed Rate Senior Secured Notes, Class A-2-I (the "2017 Class A-2-I Notes") with an initial principal amount of $600.0 million and Series 2017-1 4.030% Fixed Rate Senior Secured Notes, Class A-2-II (the "2017 Class A-2-II Notes" and, together with the 2017 Class A-2-I Notes, the "2017 Class A-2 Notes") with an initial principal amount of $800.0 million. In addition, the Master Issuer issued Series 2017-1 Variable Funding Senior Secured Notes, Class A-1 (the "2017 Variable Funding Notes" and, together with the 2017 Class A-2 Notes, the "2017 Notes"), which allows for the issuance of up to $150.0 million of 2017 Variable Funding Notes and certain other credit instruments, including letters of credit. A portion of the proceeds of the 2017 Notes was used to repay the remaining $731.3 million of principal outstanding on the 2015 Class A-2-I Notes and to pay related transaction fees. The additional net proceeds will be used for general corporate purposes, which may include a return of capital to the Company's shareholders. In connection with the issuance of the 2017 Variable Funding Notes, the Master Issuer terminated the commitments with respect to its existing 2015 Variable Funding Notes.

The 2015 Notes and 2017 Notes were each issued in a securitization transaction pursuant to which most of the Company's domestic and certain of its foreign revenue-generating assets, consisting principally of franchise-related agreements, real estate assets, and intellectual property and license agreements for the use of intellectual property, are held by the Master Issuer and certain other limited-purpose, bankruptcy-remote, wholly-owned indirect subsidiaries of the Company that act as guarantors of the 2015 Notes and 2017 Notes and that have pledged substantially all of their assets to secure the 2015 Notes and 2017 Notes.

The 2015 Notes and 2017 Notes were issued pursuant to a base indenture and related supplemental indentures (collectively, the "Indenture") under which the Master Issuer may issue multiple series of notes. The legal final maturity date of the 2015 Class A-2-II Notes and 2017 Class A-2 Notes is in February 2045 and November 2047, respectively, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the 2015 Class A-2-II Notes will be repaid by February 2022, the 2017 Class A-2-I Notes will be repaid by November 2024, and the 2017 Class A-2-II Notes will be repaid by November 2027 (the "Anticipated Repayment Dates"). If the 2015 Class A-2-II Notes or the 2017 Class A-2 Notes have not been repaid or refinanced by their respective Anticipated Repayment Dates, a rapid amortization event will occur in which residual net cash flows of the Master Issuer, after making certain required payments, will be applied to the outstanding principal of the 2015 Class A-2-II Notes and the 2017 Class A-2 Notes. Various other events, including failure to maintain a minimum ratio of net cash flows to debt service ("DSCR"), may also cause a rapid amortization event. Borrowings under the 2015 Class A-2-II Notes, 2017 Class A-2-I Notes, and 2017 Class A-2-II Notes bear interest at fixed rates equal to 3.980%, 3.629%, and 4.030%, respectively. If the 2015 Class A-2-II Notes or the 2017 Class A-2 Notes are not repaid or refinanced prior to their respective Anticipated Repayment Dates, incremental interest will accrue. Principal payments are required to be made on the 2015 Class A-2-II Notes, 2017 Class A-2-I Notes, and 2017 Class A-2-II Notes equal to $17.5 million, $6.0 million, and $8.0 million, respectively, per calendar year, payable in quarterly installments. No principal payments are required if a specified leverage ratio, which is a measure of outstanding debt to earnings before interest, taxes, depreciation, and amortization, adjusted for certain items (as specified in the Indenture), is less than or equal to 5.0 to 1.0. Other events and transactions, such as certain asset sales and receipt of various insurance or indemnification proceeds, may trigger additional mandatory prepayments.

It is anticipated that the principal and interest on the 2017 Variable Funding Notes will be repaid in full on or prior to November 2022, subject to two additional one-year extensions. Borrowings under the 2017 Variable Funding Notes bear interest at a rate equal to a LIBOR rate plus 1.50%, or the lenders' commercial paper funding rate plus 1.50%. If the 2017 Variable Funding Notes are not repaid prior to November 2022 or prior to the end of an extension period, if applicable, incremental interest will accrue. In addition, the Company is required to pay a 1.50% fee for letters of credit amounts outstanding and a commitment fee on the unused portion of the 2017 Variable Funding Notes which ranges from 0.50% to 1.00% based on utilization.

As of September 30, 2017, approximately $731.3 million and $1.71 billion of principal were outstanding on the 2015 Class A-2-I Notes and 2015 Class A-2-II Notes, respectively. Total debt issuance costs incurred and capitalized in connection with the issuance of the 2015 Notes were $41.3 million. The effective interest rate, including the amortization of debt issuance costs, was 3.5% and 4.3% for the 2015 Class A-2-I Notes and 2015 Class A-2-II Notes, respectively, as of September 30, 2017. As noted above, subsequent to September 30, 2017, a portion of the net proceeds of the 2017 Notes was used to repay the remaining $731.3 million of principal outstanding on the 2015 Class A-2-I Notes.

As of each of September 30, 2017 and December 31, 2016, $25.9 million of letters of credit were outstanding against the 2015 Variable Funding Notes, which relate primarily to interest reserves required under the Indenture. There were no amounts drawn down on these letters of credit as of September 30, 2017 or December 31, 2016.

The 2015 Class A-2-II Notes and 2017 Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Master Issuer maintains specified reserve accounts to be used to make required payments in respect of the 2015 Class A-2-II Notes and 2017 Notes, (ii) provisions relating to optional and mandatory prepayments, including mandatory prepayments in the event of a change of control as defined in the Indenture and the related payment of specified amounts, including specified make-whole payments in the case of the 2015 Class A-2-II Notes and 2017 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the assets pledged as collateral for the 2015 Class A-2-II Notes and 2017 Notes are in stated ways defective or ineffective, and (iv) covenants relating to recordkeeping, access to information, and similar matters. As noted above, the 2015 Class A-2-II Notes and 2017 Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to failure to maintain stated DSCR, failure to maintain an aggregate level of Dunkin' Donuts U.S. retail sales on certain measurement dates, certain manager termination events, an event of default, and the failure to repay or refinance the 2015 Class A-2-II Notes or the 2017 Notes on the applicable Anticipated Repayment Dates. The 2015 Class A-2-II Notes and 2017 Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal, or other amounts due on or with respect to the 2015 Class A-2-II Notes and 2017 Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, and certain judgments.

(5) Other current liabilities

Other current liabilities consisted of the following (in thousands):

	September 30, 2017	December 31, 2016
Gift card/certificate liability	$ 142,020	207,628
Gift card breakage liability	2,668	13,301
Accrued payroll and benefits	29,120	25,071
Accrued legal liabilities (see note 9(c))	6,342	5,555
Accrued interest	10,621	10,702
Accrued professional costs	3,012	2,170
Franchisee profit-sharing liability	8,497	11,083
Other	28,207	22,756
Total other current liabilities	$ 230,487	298,266

The decrease in the gift card/certificate liability was driven by the seasonality of our gift card program. The franchisee profit-sharing liability represents amounts owed to franchisees from the net profits primarily on the sale of Dunkin' Donuts brand products such as Dunkin' K-Cup® pods, retail packaged coffee, and ready-to-drink bottled iced coffee in certain retail outlets.

(6) Segment information

The Company is strategically aligned into two global brands, Dunkin' Donuts and Baskin-Robbins, which are further segregated between U.S. operations and international operations. As such, the Company has determined that it has four operating segments, which are its reportable segments: Dunkin' Donuts U.S., Dunkin' Donuts International, Baskin-Robbins U.S., and Baskin-Robbins International. Dunkin' Donuts U.S., Baskin-Robbins U.S., and Dunkin' Donuts International primarily derive their revenues through royalty income and franchise fees. Baskin-Robbins U.S. also derives revenue through license fees from a third-party license agreement and rental income. Dunkin' Donuts U.S. also derives revenue through rental income. Prior to the sale of all remaining company-operated restaurants in the fourth quarter of fiscal year 2016, Dunkin' Donuts U.S. also derived revenue through retail sales at company-operated restaurants. Baskin-Robbins International primarily derives its revenues from sales of ice cream products, as well as royalty income, franchise fees, and license fees. The operating results of each segment are regularly reviewed and evaluated separately by the Company's senior management, which includes, but is not limited to, the chief executive officer. Senior management primarily evaluates the performance of its segments and allocates resources to them based on operating income adjusted for amortization of intangible assets, long-lived asset impairment charges, impairment of our equity method investments, and other infrequent or unusual charges, which does not reflect the allocation of any corporate charges. This profitability measure is referred to as segment profit. When senior management reviews a balance sheet, it is at a consolidated level. The accounting policies applicable to each segment are generally consistent with those used in the consolidated financial statements.

Revenues for all operating segments include only transactions with unaffiliated customers and include no intersegment revenues. Revenues reported as "Other" include revenues earned through certain licensing arrangements with third parties in which our brand names are used, including the licensing fees earned from the Dunkin' K-Cup® pod licensing agreement and sales of Dunkin' Donuts branded ready-to-drink bottled iced coffee, revenues generated from online training programs for franchisees, and revenues from the sale of Dunkin' Donuts products in certain international markets, all of which are not allocated to a specific segment. Revenues by segment were as follows (in thousands):

	Revenues			
	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Dunkin' Donuts U.S.	$ 165,106	152,425	464,148	444,898
Dunkin' Donuts International	5,157	4,449	14,947	16,917
Baskin-Robbins U.S.	13,751	13,781	38,645	38,080
Baskin-Robbins International	28,810	27,904	88,876	89,578
Total reportable segment revenues	212,824	198,559	606,616	589,473
Other	11,344	8,540	26,746	23,711
Total revenues	$ 224,168	207,099	633,362	613,184

Amounts included in “Corporate” in the segment profit table below include corporate overhead costs, such as payroll and related benefit costs and professional services, net of “Other” revenues reported above. Segment profit by segment was as follows (in thousands):

	Segment profit			
	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Dunkin' Donuts U.S.	$ 129,719	119,434	360,241	335,963
Dunkin' Donuts International	1,439	705	4,782	6,438
Baskin-Robbins U.S.	10,466	11,085	28,773	29,123
Baskin-Robbins International	11,420	11,154	31,900	30,617
Total reportable segments	153,044	142,378	425,696	402,141
Corporate	(25,134)	(27,614)	(82,176)	(84,477)
Interest expense, net	(23,812)	(24,442)	(72,822)	(74,022)
Amortization of other intangible assets	(5,341)	(5,397)	(16,001)	(16,726)
Long-lived asset impairment charges	(536)	(7)	(643)	(104)
Other income (losses), net	155	(124)	370	(596)
Income before income taxes	$ 98,376	84,794	254,424	226,216

Net income of equity method investments is included in segment profit for the Dunkin' Donuts International and Baskin-Robbins International reportable segments. Amounts reported as “Other” in the segment profit table below include the reduction in depreciation and amortization, net of tax, reported by our equity method investees as a result of previously recorded impairment charges. Net income of equity method investments by reportable segment was as follows (in thousands):

	Net income (loss) of equity method investments			
	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Dunkin' Donuts International	$ 9	351	(68)	829
Baskin-Robbins International	4,492	4,266	9,468	8,644
Total reportable segments	4,501	4,617	9,400	9,473
Other	965	850	3,212	2,675
Total net income of equity method investments	$ 5,466	5,467	12,612	12,148

(7) Stockholders' deficit

The changes in total stockholders' deficit were as follows (in thousands):

	Total stockholders' deficit
Balance as of December 31, 2016	$ (163,258)
Net income	155,417
Other comprehensive income	5,031
Dividends paid on common stock	(87,911)
Exercise of stock options	33,267
Repurchases of common stock	(127,186)
Share-based compensation expense	10,896
Other, net	(344)
Balance as of September 30, 2017	$ (174,088)

(a) Treasury stock

During the nine months ended September 30, 2017, the Company entered into and completed an accelerated share repurchase agreement (the "May 2017 ASR Agreement") with a third-party financial institution. Pursuant to the terms of the May 2017 ASR Agreement, the Company paid the financial institution $100.0 million in cash and received 1,757,568 shares of the Company's common stock during the nine months ended September 30, 2017 based on a weighted average cost per share of $56.90 over the term of the May 2017 ASR Agreement.

Additionally, during the nine months ended September 30, 2017, the Company repurchased a total of 513,880 shares of common stock in the open market at a weighted average cost per share of $52.90 from existing stockholders.

The Company accounts for treasury stock under the cost method based on the cost of the shares on the dates of repurchase and any direct costs incurred. During the nine months ended September 30, 2017, the Company retired 2,271,448 shares of treasury stock repurchased under the May 2017 ASR Agreement and in the open market. The repurchase and retirement of these shares of treasury stock resulted in a decrease in additional paid-in capital of $18.9 million and an increase in accumulated deficit of $108.3 million.

(b) Equity incentive plans

During the nine months ended September 30, 2017, the Company granted stock options to purchase 1,181,777 shares of common stock and 90,342 restricted stock units ("RSUs") to certain employees and members of our board of directors. The stock options generally vest in equal annual amounts over a four-year period subsequent to the grant date, and have a maximum contractual term of seven years. The stock options were granted with a weighted average exercise price of $55.04 per share and have a weighted average grant-date fair value of $9.87 per share. The RSUs granted to employees and members of our board of directors vest in equal annual amounts over a three-year period and a one-year period, respectively, subsequent to the grant date and have a weighted average grant-date fair value of $52.41 per share.

In addition, the Company granted 84,705 performance stock units ("PSUs") to certain employees during the nine months ended September 30, 2017. These PSUs are generally eligible to cliff-vest approximately three years from the grant date. Of the total PSUs granted, 37,027 PSUs are subject to a service condition and a market vesting condition linked to the level of total shareholder return received by the Company's shareholders during the performance period measured against the companies in the S&P 500 Composite Index ("TSR PSUs"). The remaining 47,678 PSUs granted are subject to a service condition and a performance vesting condition based on the level of adjusted operating income growth achieved over the performance period ("AOI PSUs"). The maximum vesting percentage that could be realized for each of the TSR PSUs and the AOI PSUs is 200% based on the level of performance achieved for the respective awards. All of the PSUs are also subject to a one-year post-vesting holding period. The TSR PSUs were valued based on a Monte Carlo simulation model to reflect the impact of the total shareholder return market condition, resulting in a weighted average grant-date fair value of $67.52 per share. The probability of satisfying a market condition is considered in the estimation of the grant-date fair value for TSR PSUs and the compensation cost is not reversed if the market condition is not achieved, provided the requisite service has been provided. The AOI PSUs have a weighted average grant-date fair value of $52.44 per share. Total compensation cost for the AOI PSUs is determined based on the most likely outcome of the performance condition and the number of awards expected to vest based on the outcome.

Total compensation expense related to all share-based awards was $3.6 million and $4.2 million for the three months ended September 30, 2017 and September 24, 2016, respectively, and $10.9 million and $12.5 million for the nine months ended September 30, 2017 and September 24, 2016, respectively, and is included in general and administrative expenses, net in the consolidated statements of operations.

(c) Accumulated other comprehensive loss

The changes in the components of accumulated other comprehensive loss were as follows (in thousands):

	Effect of foreign currency translation	Unrealized gains on interest rate swaps	Other	Accumulated other comprehensive gain (loss)
Balance as of December 31, 2016	$ (23,019)	1,144	(2,109)	(23,984)
Other comprehensive income (loss), net	5,309	(955)	677	5,031
Balance as of September 30, 2017	$ (17,710)	189	(1,432)	(18,953)

(d) Dividends

The Company paid a quarterly dividend of $0.3225 per share of common stock on March 22, 2017, June 14, 2017, and September 6, 2017 totaling approximately $29.6 million, $29.2 million, and $29.1 million respectively. On October 26, 2017, the Company announced that its board of directors approved the next quarterly dividend of $0.3225 per share of common stock payable December 6, 2017 to shareholders of record as of the close of business on November 27, 2017.

(8) Earnings per share

The computation of basic and diluted earnings per common share is as follows (in thousands, except for share and per share data):

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Net income—basic and diluted	$ 52,246	52,712	155,417	139,456
Weighted average number of common shares:				
Common—basic	90,290,361	91,621,553	91,051,458	91,603,653
Common—diluted	91,433,076	92,565,695	92,386,611	92,545,292
Earnings per common share:				
Common—basic	$ 0.58	0.58	1.71	1.52
Common—diluted	0.57	0.57	1.68	1.51

The weighted average number of common shares in the common diluted earnings per share calculation includes the dilutive effect of 1,142,715 and 944,142 equity awards for the three months ended September 30, 2017 and September 24, 2016, respectively, and includes the dilutive effect of 1,335,153 and 941,639 equity awards for the nine months ended September 30, 2017 and September 24, 2016, respectively, using the treasury stock method. The weighted average number of common shares in the common diluted earnings per share calculation for all periods excludes all contingently issuable equity awards for which the contingent vesting criteria were not yet met as of the fiscal period end. As of September 30, 2017 and September 24, 2016, there were 150,000 restricted shares that were contingently issuable and for which the contingent vesting criteria were not yet met as of the fiscal period end. Additionally, the weighted average number of common shares in the common diluted earnings per share calculation excludes 1,315,258 and 4,048,878 equity awards for the three months ended September 30, 2017 and September 24, 2016, respectively, and 1,524,739 and 4,257,237 equity awards for the nine months ended September 30, 2017 and September 24, 2016, respectively, as they would be antidilutive.

(9) Commitments and contingencies

(a) Supply chain guarantees

The Company has various supply chain agreements that provide for purchase commitments, the majority of which result in the Company being contingently liable upon early termination of the agreement. As of September 30, 2017 and December 31, 2016, the Company was contingently liable under such supply chain agreements for approximately $118.0 million and $136.2 million, respectively. For certain supply chain commitments, as product is purchased by the Company's franchisees over the term of the agreement, the amount of the guarantee is reduced. The Company assesses the risk of performing under each of these guarantees on a quarterly basis, and, based on various factors including internal forecasts, prior history, and ability to extend contract terms, we accrued an immaterial amount of reserves related to supply chain commitments as of September 30, 2017 and December 31, 2016.

(b) Letters of credit

As of each of September 30, 2017 and December 31, 2016, the Company had standby letters of credit outstanding for a total of $25.9 million. There were no amounts drawn down on these letters of credit.

(c) Legal matters

The Company is engaged in several matters of litigation arising in the ordinary course of its business as a franchisor. Such matters include disputes related to compliance with the terms of franchise and development agreements, including claims or threats of claims of breach of contract, negligence, and other alleged violations by the Company. As of September 30, 2017 and December 31, 2016, $6.3 million and $5.6 million, respectively, was included in other current liabilities in the consolidated balance sheets to reflect the Company's estimate of the probable losses incurred in connection with all outstanding litigation.

(10) Related-party transactions

(a) Advertising funds

As of September 30, 2017 and December 31, 2016, the Company had a net payable of $62 thousand and $11.9 million, respectively, to the various advertising funds.

To cover administrative expenses of the advertising funds, the Company charges each advertising fund a management fee for items such as facilities, accounting services, information technology, data processing, product development, legal, administrative support services, and other operating expenses, as well as share-based compensation expense for employees that provide services directly to the advertising funds. Management fees totaled $2.8 million and $2.4 million for the three months ended September 30, 2017 and September 24, 2016, respectively, and $8.5 million and $7.3 million for the nine months ended September 30, 2017 and September 24, 2016, respectively. Such management fees are included in the consolidated statements of operations as a reduction in general and administrative expenses, net.

The Company made discretionary contributions to certain advertising funds for the purpose of supplementing national and regional advertising in certain markets of $33 thousand and $1.1 million during the three months ended September 30, 2017 and September 24, 2016, respectively, and $2.3 million and $1.1 million during the nine months ended September 30, 2017 and September 24, 2016, respectively. Additionally, the Company made contributions to the advertising funds based on retail sales at company-operated restaurants of $80 thousand and $594 thousand during the three and nine months ended September 24, 2016, respectively, which are included in company-operated restaurant expenses in the consolidated statements of operations. No such contributions were made during the three and nine months ended September 30, 2017, as the Company did not have any company-operated restaurants during these periods. The Company also funded advertising fund initiatives of $700 thousand and $762 thousand during the three months ended September 30, 2017 and September 24, 2016, respectively, and $1.9 million and $1.8 million during the nine months ended September 30, 2017 and September 24, 2016, respectively, which were contributed from the gift card breakage liability included within other current liabilities in the consolidated balance sheets (see note 5).

(b) Equity method investments

The Company recognized royalty income from its equity method investees as follows (in thousands):

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
B-R 31 Ice Cream Company., Ltd.	$ 588	686	1,464	1,577
BR-Korea Co., Ltd.	1,122	1,192	3,174	3,053
	$ 1,710	1,878	4,638	4,630

As of each of September 30, 2017 and December 31, 2016, the Company had $1.1 million of royalties receivable from its equity method investees, which were recorded in accounts receivable, net of allowance for doubtful accounts, in the consolidated balance sheets.

The Company made net payments to its equity method investees totaling approximately $958 thousand and $713 thousand during the three months ended September 30, 2017 and September 24, 2016, respectively, and $2.8 million and $2.3 million during the nine months ended September 30, 2017 and September 24, 2016, respectively, primarily for the purchase of ice cream products.

The Company recognized $702 thousand and $790 thousand during the three months ended September 30, 2017 and September 24, 2016, respectively, and $2.7 million and $2.5 million during the nine months ended September 30, 2017 and September 24, 2016, respectively, in the consolidated statements of operations from the sale of ice cream and other products to Palm Oasis Ventures Pty. Ltd. ("Australia JV"). As of September 30, 2017 and December 31, 2016, the Company had $2.4 million and $2.6 million, respectively, of net receivables from the Australia JV, consisting of accounts and notes receivable, net of current liabilities.

(11) Income taxes

In conjunction with the anticipated closing of the debt refinancing transaction and related issuance of the 2017 Notes (see note 4), management assessed the realizability of its unused foreign tax credits by considering whether it is more likely than not that some portion or all of the unused foreign tax credits will not be realized. The ultimate realization of these unused foreign tax credits is dependent upon the generation of future taxable income available to apply such foreign tax credits prior to their expiration in fiscal years 2021 through 2026. In making this assessment, management considered all relevant factors, including projected future taxable income and tax planning strategies. Based upon the level of historical and projected future taxable income over the periods prior to expiration, including the expected incremental interest expense from the 2017 Notes, management does not believe it is more likely than not that the Company will realize the benefit of the unused foreign tax credits. As such, a valuation allowance of $8.9 million was recorded to the provision for income taxes for the three and nine months ended September 30, 2017.

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

Forward-Looking Statements

Certain statements contained herein are not based on historical fact and are "forward-looking statements" within the meaning of the applicable securities laws and regulations. Generally, these statements can be identified by the use of words such as "anticipate," "believe," "could," "estimate," "expect," "feel," "forecast," "intend," "may," "plan," "potential," "project," "should," or "would," and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include all matters that are not historical facts.

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. These risks and uncertainties include, but are not limited to: the ongoing level of profitability of franchisees and licensees; our franchisees' and licensees' ability to sustain same store sales growth; successful westward expansion; 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 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 impact of seasonal changes, including weather effects, on our business; 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; the impact of food borne-illness or food safety issues or adverse public or media opinions regarding the health effects of consuming our products; our ability to collect royalty payments from our franchisees and licensees; uncertainties relating to litigation; the ability of our franchisees and licensees to open new restaurants and keep existing restaurants in operation; our ability to retain key personnel; any inability to protect consumer credit card data and catastrophic events.

Forward-looking statements reflect management's analysis as of the date of this quarterly report. Important factors that could cause actual results to differ materially from our expectations are more fully described in our other filings with the Securities and Exchange Commission, including under the section headed "Risk Factors" in our most recent annual report on Form 10-K. Except as required by applicable law, we do not undertake to publicly update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise.

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 more than 20,000 points of distribution in more than 60 countries worldwide, 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 September 30, 2017, Dunkin' Donuts had 12,435 global points of distribution with restaurants in 42 U.S. states, the District of Columbia, and 45 foreign countries. Baskin-Robbins had 7,944 global points of distribution as of the same date, with restaurants in 43 U.S. states, the District of Columbia, Puerto Rico, and 51 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 and other products to franchisees in certain international markets, and (iv) other income including fees for the licensing of our brands for products sold in certain retail outlets, the licensing of the rights to manufacture Baskin-Robbins ice cream products sold to U.S. franchisees, refranchising gains, transfer fees from franchisees, and online training fees. Prior to completing the sale of all remaining company-operated restaurants in fiscal year 2016, we also generated revenue from retail store sales at our company-operated restaurants.

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 no company-operated points of distribution during fiscal year 2017, we are less affected by store-level costs, profitability, and fluctuations in commodity costs than other QSR operators.

Our franchisees fund substantially all of the advertising that supports both brands. Those advertising funds also fund the cost of our marketing, research and development, and innovation personnel. Royalty payments and advertising fund contributions typically are made on a weekly basis for restaurants in the U.S., which limit our working capital needs. For the nine months ended September 30, 2017, franchisee contributions to the U.S. advertising funds were $330.1 million.

We operate and report financial information on a 52- or 53-week year on a 13-week quarter 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 when applicable with respect to the fourth fiscal quarter). The data periods contained within the three- and nine-month periods ended September 30, 2017 and September 24, 2016 reflect the results of operations for the 13-week and 39-week periods ended on those dates. Operating results for the three- and nine-month periods ended September 30, 2017 are not necessarily indicative of the results that may be expected for the fiscal year ending December 30, 2017.

Selected operating and financial highlights

Amounts and percentages may not recalculate due to rounding	Three months ended		Nine months ended	
	September 30, 2017	**September 24, 2016**	**September 30, 2017**	**September 24, 2016**
Financial data (in thousands):				
Total revenues	$ 224,168	207,099	633,362	613,184
Operating income	122,033	109,360	326,876	300,834
Adjusted operating income	127,910	114,764	343,520	317,300
Net income	52,246	52,712	155,417	139,456
Adjusted net income	55,772	55,955	165,403	149,336
Systemwide sales (in millions):				
Dunkin’ Donuts U.S.	$ 2,166.3	2,075.3	6,298.4	5,997.5
Dunkin’ Donuts International	189.3	177.5	533.6	519.9
Baskin-Robbins U.S.	177.0	178.2	493.6	491.1
Baskin-Robbins International	382.2	390.0	1,021.8	1,006.0
Total systemwide sales	$ 2,914.8	2,821.0	8,347.4	8,014.5
Systemwide sales growth	3.3 %	6.3 %	4.2 %	4.8 %
Comparable store sales growth (decline):				
Dunkin’ Donuts U.S.	0.6 %	2.0 %	0.5 %	1.4 %
Dunkin’ Donuts International	1.3 %	(1.4)%	(0.1)%	(2.2)%
Baskin-Robbins U.S.	(0.4)%	(0.9)%	(1.1)%	1.1 %
Baskin-Robbins International	(4.3)%	(2.9)%	(1.0)%	(5.5)%

Our financial results are largely driven by changes in systemwide sales, which include sales by all points of distribution, whether owned by Dunkin’ Brands or by our franchisees and licensees, including joint ventures. While we do not record sales by franchisees, licensees, or joint ventures as revenue, and such sales are not included in our consolidated financial statements, we believe that this operating measure is important in obtaining an understanding of our financial performance. We believe systemwide sales information aids in understanding how we derive royalty revenue and in evaluating our performance relative to competitors.

Comparable store sales growth (decline) for Dunkin’ Donuts U.S. and Baskin-Robbins U.S. is calculated by including only sales from franchisee- and company-operated restaurants that have been open at least 78 weeks and that have reported sales in the current and comparable prior year week. Comparable store sales growth (decline) for Dunkin’ Donuts International and Baskin-Robbins International generally represents the growth in local currency average monthly sales for franchisee-operated restaurants, including joint ventures, that have been open at least 13 months and that have reported sales in the current and comparable prior year month.

Overall growth in systemwide sales of 3.3% and 4.2% for the three- and nine-month periods ended September 30, 2017 over the same periods in the prior fiscal year resulted from the following:

- Dunkin’ Donuts U.S. systemwide sales growth of 4.4% and 5.0% for the three and nine months ended September 30, 2017, respectively, was primarily a result of 386 net new restaurants opened since September 24, 2016 and comparable store sales growth of 0.6% and 0.5%, respectively. The increases in comparable store sales were driven by increased average ticket, offset by a decline in traffic. Growth was primarily driven by sales of breakfast sandwiches. Beverage sales increased slightly for the three months ended September 30, 2017, led by hot coffee and espresso, offset by a decline in frozen beverages, while beverage sales decreased slightly for the nine months ended September 30, 2017 due primarily to a decline in hot coffee, offset by an increase in iced coffee, driven by Cold Brew sales.
- Dunkin’ Donuts International systemwide sales growth of 6.7% and 2.6% for the three and nine months ended September 30, 2017, respectively, was primarily due to sales growth in Southeast Asia, the Middle East, South

America, and China, offset by a decline in South Korea. Systemwide sales for the three-month period was also driven by sales growth in Europe. Systemwide sales growth for the nine-month period was also offset by a sales decline in India. For the three months ended September 30, 2017, sales in Europe were positively impacted by foreign exchange rates, while sales in Southeast Asia were negatively impacted by foreign exchange rates. For the nine months ended September 30, 2017, sales in South Korea and South America were positively impacted by foreign exchange rates, while sales in Southeast Asia were negatively impacted by foreign exchange rates. On a constant currency basis, systemwide sales increased by approximately 7% and 2% for the three and nine months ended September 30, 2017, respectively. Dunkin' Donuts International comparable store sales grew 1.3% for the three months ended September 30, 2017, due primarily to growth in Southeast Asia, South America, and the Middle East, offset by declines in South Korea and Europe. Dunkin' Donuts International comparable store sales declined 0.1% for the nine months ended September 30, 2017, due primarily to declines in South Korea and Europe, offset by gains in Southeast Asia and South America.

- Baskin-Robbins U.S. systemwide sales decline of 0.7% for the three months ended September 30, 2017 was primarily a result of comparable store sales declines of 0.4% for the three months ended September 30, 2017 driven by decreases in sales of sundaes, desserts, and beverages, offset by an increase in take-home products. Systemwide sales growth of 0.5% for the nine months ended September 30, 2017 was driven by the addition of 29 net new restaurants opened since September 24, 2016, offset by comparable sales decline of 1.1%. For the nine months ended September 30, 2017, sales of cups and cones, desserts, and beverages decreased, offset by increased sales in take-home products. For the three and nine months ended September 30, 2017, traffic declined and average ticket increased.
- Baskin-Robbins International systemwide sales decline of 2.0% for the three months ended September 30, 2017 was driven by sales declines in South Korea and Japan, offset by growth in the Middle East and Southeast Asia. Systemwide sales growth of 1.6% for the nine months ended September 30, 2017 was driven by growth in South Korea, Southeast Asia, India, and Canada, offset by declines in Japan, China, Europe, and the Middle East. Sales in Japan were negatively impacted by foreign exchange rates for both the three- and nine-month periods, while sales in South Korea were positively impacted by foreign exchange rates for the nine-month period. On a constant currency basis, systemwide sales increased by approximately 1% and 2% for the three and nine months ended September 30, 2017, respectively. Baskin-Robbins International comparable store sales declines of 4.3% and 1.0% for the three and nine months ended September 30, 2017 was driven primarily by declines in the Middle East. Also contributing to the decline in comparable store sales for the three months ended September 30, 2017 was a decline in South Korea.

Changes in systemwide sales are impacted, in part, by changes in the number of points of distribution. Points of distribution and net openings as of and for the three and nine months ended September 30, 2017 and September 24, 2016 were as follows:

	September 30, 2017	September 24, 2016
Points of distribution, at period end:		
Dunkin' Donuts U.S.	9,015	8,629
Dunkin' Donuts International	3,420	3,379
Baskin-Robbins U.S.	2,562	2,533
Baskin-Robbins International	5,382	5,243
Consolidated global points of distribution	20,379	19,784

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Net openings (closings) during the period:				
Dunkin' Donuts U.S.	67	56	187	198
Dunkin' Donuts International	18	11	(10)	60
Baskin-Robbins U.S.	11	3	24	4
Baskin-Robbins International	41	45	98	165
Consolidated global net openings	137	115	299	427

Total revenues for the three months ended September 30, 2017 increased $17.1 million, or 8.2%, due primarily to an increase in franchise fees and royalty income driven by additional renewal income and Dunkin' Donuts U.S. systemwide sales growth.

Also contributing to the increase in revenues was an increase in other revenues driven by license fees related to Dunkin' Donuts K-Cup® pods and ready-to-drink bottled iced coffee, as well as increased transfer fee income.

Total revenues for the nine months ended September 30, 2017 increased $20.2 million, or 3.3%, due primarily to an increase in franchise fees and royalty income driven by Dunkin' Donuts U.S. systemwide sales growth and additional renewal income, as well as an increase in rental income due to an increase in the number of leases for franchised locations. Also contributing to the increase in revenues was an increase in other revenues driven by license fees related to Dunkin' Donuts K-Cup® pods, offset by timing of refranchising gains. These increases in revenues were offset by a decrease in sales at company-operated restaurants as there were no company-operated points of distribution during 2017.

Operating income and adjusted operating income for the three months ended September 30, 2017 increased $12.7 million, or 11.6%, and $13.1 million, or 11.5%, respectively, from the prior year period primarily as a result of the increase in revenues. The increase in revenues was offset by an increase in general and administrative expenses, as well as gains recognized in connection with the sale of company-operated restaurants in the prior year period.

Operating income and adjusted operating income for the nine months ended September 30, 2017 increased $26.0 million, or 8.7%, and $26.2 million, or 8.3%, respectively, from the prior year period. The increases were primarily a result of the increases in franchise fees and royalty income, rental margin, and other revenues. Additionally, the prior year periods were unfavorably impacted by the operating results of company-operated restaurants. The increases in operating income and adjusted operating income were negatively impacted by gains recognized in connection with the sale of company-operated restaurants in the prior year period, as well an increase in general and administrative expenses.

Net income and adjusted net income for the three months ended September 30, 2017 decreased $0.5 million, or 0.9%, and $0.2 million, or 0.3%, respectively, primarily a result of an increase in income tax expense. Net income and adjusted net income for the nine months ended September 30, 2017 increased $16.0 million, or 11.4%, and $16.1 million, or 10.8%, respectively, primarily as a result of the increases in operating income and adjusted operating income, offset by an increase in tax expense. Income tax expense for the three and nine months ended September 30, 2017 included a valuation allowance recorded on foreign tax credit carryforwards of $8.9 million primarily resulting from expected incremental interest expense from the debt refinancing transaction that closed in October 2017, negatively impacting the realizability of such carryforwards (see note 11 to the unaudited consolidated financial statements included herein). This increase in income tax expense was offset by the increases in operating income and adjusted operating income. Additionally, income tax expense for the nine months ended September 30, 2017 included $7.3 million of excess tax benefits from share-based compensation, which are now included in the provision for income taxes as a result of the required adoption of a new accounting standard in the first quarter of 2017 (see note 2(f) to the unaudited consolidated financial statements included herein).

Adjusted operating income and adjusted net income are non-GAAP measures reflecting operating income and net income adjusted for amortization of intangible assets, long-lived asset impairments, impairment of our equity method investments, and other non-recurring, infrequent, or unusual charges, net of the tax impact of such adjustments in the case of adjusted net income. We use 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:

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
	(In thousands)			
Operating income	$ 122,033	109,360	326,876	300,834
Adjustments:				
Amortization of other intangible assets	5,341	5,397	16,001	16,726
Long-lived asset impairment charges	536	7	643	104
Transaction-related costs[(a)]	—	—	—	64
Bertico and related litigation	—	—	—	(428)
Adjusted operating income	$ 127,910	114,764	343,520	317,300
Net income	$ 52,246	52,712	155,417	139,456
Adjustments:				
Amortization of other intangible assets	5,341	5,397	16,001	16,726
Long-lived asset impairment charges	536	7	643	104
Transaction-related costs[(a)]	—	—	—	64
Bertico and related litigation	—	—	—	(428)
Tax impact of adjustments[(b)]	(2,351)	(2,161)	(6,658)	(6,586)
Adjusted net income	$ 55,772	55,955	165,403	149,336

(a) Represents non-capitalizable costs incurred as a result of the securitized financing facility.
(b) Tax impact of adjustments calculated at a 40% effective tax rate.

Earnings per share

Earnings per share and diluted adjusted earnings per share were as follows:

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Earnings per share:				
Common—basic	$ 0.58	0.58	1.71	1.52
Common—diluted	0.57	0.57	1.68	1.51
Diluted adjusted earnings per share	0.61	0.60	1.79	1.61

Diluted adjusted earnings per share is calculated using adjusted net income, as defined above, and diluted weighted average shares outstanding. Diluted adjusted earnings per share is not a presentation made in accordance with GAAP, and our use of the term diluted adjusted earnings per share may vary from similar measures reported by others in our industry due to the potential differences in the method of calculation. Diluted adjusted earnings per share should not be considered as an alternative to earnings per share derived in accordance with GAAP. Diluted adjusted earnings per share has 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 adjusted earnings per share is appropriate to provide investors with useful information regarding our historical operating results.

The following table sets forth the computation of diluted adjusted earnings per share:

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
	(In thousands, except share and per share data)			
Adjusted net income	$ 55,772	55,955	165,403	149,336
Weighted average number of common shares—diluted	91,433,076	92,565,695	92,386,611	92,545,292
Diluted adjusted earnings per share	$ 0.61	0.60	1.79	1.61

Results of operations

Consolidated results of operations

	Three months ended				Nine months ended			
	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %
	(In thousands, except percentages)							
Franchise fees and royalty income	$ 151,809	138,639	13,170	9.5 %	$ 426,944	399,617	27,327	6.8 %
Rental income	27,713	26,880	833	3.1 %	79,543	75,874	3,669	4.8 %
Sales of ice cream and other products	27,551	26,568	983	3.7 %	85,710	86,425	(715)	(0.8)%
Sales at company-operated restaurants	—	1,611	(1,611)	(100.0)%	—	11,924	(11,924)	(100.0)%
Other revenues	17,095	13,401	3,694	27.6 %	41,165	39,344	1,821	4.6 %
Total revenues	$ 224,168	207,099	17,069	8.2 %	$ 633,362	613,184	20,178	3.3 %

Total revenues for the three months ended September 30, 2017 increased $17.1 million, or 8.2%, due primarily to an increase in franchise fees and royalty income driven by additional renewal income and Dunkin' Donuts U.S. systemwide sales growth. Also contributing to the increase in revenues was an increase in other revenues driven by license fees related to Dunkin' Donuts K-Cup® pods and ready-to-drink bottled iced coffee, as well as increased transfer fee income.

Total revenues for the nine months ended September 30, 2017 increased $20.2 million, or 3.3%, due primarily to an increase in franchise fees and royalty income driven by Dunkin' Donuts U.S. systemwide sales growth and additional renewal income, as well as an increase in rental income due to an increase in the number of leases for franchised locations. Also contributing to the increase in revenues was an increase in other revenues driven by license fees related to Dunkin' Donuts K-Cup® pods, offset by timing of refranchising gains. These increases in revenues were offset by a decrease in sales at company-operated restaurants as there were no company-operated points of distribution during 2017.

	Three months ended				Nine months ended			
	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %
	(In thousands, except percentages)							
Occupancy expenses—franchised restaurants	$ 15,333	15,881	(548)	(3.5)%	$ 43,758	42,691	1,067	2.5 %
Cost of ice cream and other products	19,457	18,384	1,073	5.8 %	58,578	58,445	133	0.2 %
Company-operated restaurant expenses	—	1,682	(1,682)	(100.0)%	—	13,472	(13,472)	(100.0)%
General and administrative expenses, net	61,996	59,374	2,622	4.4 %	185,613	184,028	1,585	0.9 %
Depreciation and amortization	10,282	10,447	(165)	(1.6)%	31,097	32,087	(990)	(3.1)%
Long-lived asset impairment charges	536	7	529	7,557.1 %	643	104	539	518.3 %
Total operating costs and expenses	$ 107,604	105,775	1,829	1.7 %	$ 319,689	330,827	(11,138)	(3.4)%
Net income of equity method investments	5,466	5,467	(1)	(0.0)%	12,612	12,148	464	3.8 %
Other operating income, net	3	2,569	(2,566)	(99.9)%	591	6,329	(5,738)	(90.7)%
Operating income	$ 122,033	109,360	12,673	11.6 %	$ 326,876	300,834	26,042	8.7 %

Occupancy expenses for franchised restaurants for the three months ended September 30, 2017 decreased $0.5 million due primarily to expenses incurred in the prior year period to record lease-related liabilities as a result of lease terminations. Occupancy expenses for franchised restaurants for the nine months ended September 30, 2017 increased $1.1 million due primarily to to an increase in the number of leases for franchised locations, offset by the expenses incurred in the prior year period to record lease-related liabilities as a result of lease terminations.

Net margin on ice cream and other products for the three and nine months ended September 30, 2017 decreased $0.1 million, or 1.1%, and $0.8 million, or 3.0%, respectively, due primarily to an increase in commodity costs. Additionally, the decrease in net margin on ice cream and other products for the three-month period was offset by an increase in sales volume.

Company-operated restaurant expenses for the three and nine months ended September 30, 2017 decreased $1.7 million and $13.5 million, respectively, as all remaining company-operated points of distribution were sold by the end of fiscal 2016.

General and administrative expenses for the three months ended September 30, 2017 increased $2.6 million driven by increased incentive compensation expense. General and administrative expenses for the nine months ended September 30, 2017 increased $1.6 million due primarily to increased incentive compensation expense and other personnel costs, as well as costs incurred to support brand-building activities, offset by decreases in professional fees and other general expenses.

Depreciation and amortization for the three and nine months ended September 30, 2017 decreased $0.2 million and $1.0 million, respectively, due primarily to certain intangible assets becoming fully amortized and favorable lease intangible assets being written-off upon termination of the related leases.

Long-lived asset impairment charges for each of the three and nine months ended September 30, 2017 increased $0.5 million from the prior year periods. Such charges generally fluctuate based on the timing of lease terminations and the related write-off of favorable lease intangible assets and leasehold improvements.

Net income of equity method investments for the three months ended September 30, 2017 remained consistent with the prior year period. Net income of equity method investments for the nine months ended September 30, 2017 increased $0.5 million primarily as a result of an increase in net income from our Japan joint venture.

Other operating income, net, which includes gains recognized in connection with the sale of real estate, fluctuates based on the timing of such transactions. Other operating income, net, for the three and nine months ended September 24, 2016 includes gains of $2.5 million and $4.6 million, respectively, recognized in connection with the sale of company-operated restaurants.

	Three months ended				Nine months ended			
	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %
	(In thousands, except percentages)							
Interest expense, net	$ 23,812	24,442	(630)	(2.6)%	$ 72,822	74,022	(1,200)	(1.6)%
Other losses (income), net	(155)	124	(279)	(225.0)%	(370)	596	(966)	(162.1)%
Total other expense	$ 23,657	24,566	(909)	(3.7)%	$ 72,452	74,618	(2,166)	(2.9)%

Net interest expense decreased $0.6 million and $1.2 million for the three and nine months ended September 30, 2017, respectively, driven primarily by an increase in interest income earned on our cash balances, as well as a decrease in interest expense due to a lower principal balance as a result of principal payments made on our long-term debt since the prior year periods.

The fluctuation in other losses (income), net, for the three and nine months ended September 30, 2017 resulted primarily from net foreign exchange gains and losses driven primarily by fluctuations in the U.S. dollar against foreign currencies.

	Three months ended		Nine months ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
	(In thousands, except percentages)			
Income before income taxes	$ 98,376	84,794	254,424	226,216
Provision for income taxes	46,130	32,082	99,007	86,760
Effective tax rate	46.9%	37.8%	38.9%	38.4%

The increase in the effective tax rate for the three and nine months ended September 30, 2017 was primarily driven by a valuation allowance recorded on foreign tax credit carryforwards of $8.9 million primarily resulting from expected incremental interest expense from the debt refinancing transaction that closed in October 2017, negatively impacting the realizability of such carryforwards (see note 11 to the unaudited consolidated financial statements included herein). This increase in the effective tax rate was offset by excess tax benefits from share-based compensation of $0.5 million and $7.3 million for the three and nine months ended September 30, 2017, respectively, which are now included in the provision for income taxes as a result of the required adoption of a new accounting standard (see note 2(f) to the unaudited consolidated financial statements included herein).

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 operating income adjusted for amortization of intangible assets, long-lived asset impairment charges, and other infrequent or unusual charges, which does not reflect the allocation of any corporate charges. This profitability measure is referred to as segment profit. Segment profit for the Dunkin' Donuts International and Baskin-Robbins International segments includes net income of equity method investments, except for the other-than-temporary impairment charges and the related reduction in depreciation and amortization, net of tax, on the underlying long-lived assets.

For reconciliations to total revenues and income before income taxes, see note 6 to the unaudited consolidated financial statements included herein. Revenues for all segments include only transactions with unaffiliated customers and include no intersegment revenues. Revenues not included in segment revenues include revenue earned through certain licensing arrangements with third parties in which our brand names are used, revenue generated from online training programs for franchisees, and revenues from the sale of Dunkin' Donuts products in certain international markets, all of which are not allocated to a specific segment.

Dunkin' Donuts U.S.

	Three months ended				Nine months ended			
	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %
	(In thousands, except percentages)							
Royalty income	$ 118,831	113,281	5,550	4.9 %	$ 345,103	326,835	18,268	5.6 %
Franchise fees	16,635	9,852	6,783	68.8 %	35,943	26,257	9,686	36.9 %
Rental income	26,786	25,972	814	3.1 %	76,842	73,285	3,557	4.9 %
Sales at company-operated restaurants	—	1,611	(1,611)	(100.0)%	—	11,924	(11,924)	(100.0)%
Other revenues	2,854	1,709	1,145	67.0 %	6,260	6,597	(337)	(5.1)%
Total revenues	$ 165,106	152,425	12,681	8.3 %	$ 464,148	444,898	19,250	4.3 %
Segment profit	$ 129,719	119,434	10,285	8.6 %	$ 360,241	335,963	24,278	7.2 %

Dunkin' Donuts U.S. revenues increased $12.7 million and $19.3 million for the three and nine months ended September 30, 2017, respectively, due primarily to increased franchise fees driven by additional renewal income and increased royalty income driven by systemwide sales growth. Also contributing to the increase in revenues for the three months ended September 30, 2017 was an increase in other revenues driven by transfer fee income. Additionally, the increase in revenues for the nine months ended September 30, 2017 was due to an increase in rental income driven by an increase in the number of leases for franchised locations. These increases in revenues were offset by a decline in sales at company-operated restaurants as there were no company-operated points of distribution during 2017.

Dunkin' Donuts U.S. segment profit increased $10.3 million for the three months ended September 30, 2017 driven primarily by the increases in franchise fees, royalty income, and other revenues, as well as lease-related liabilities recorded in the prior year period as a result of lease terminations. The increases in segment profit were negatively impacted by an increase in general and administrative expenses, as well as gains recognized in connection with the sale of company-operated restaurants in the prior year period.

Dunkin' Donuts U.S. segment profit increased $24.3 million for the nine months ended September 30, 2017 driven primarily by the increases in royalty income, franchise fees, and rental margin. Additionally, the prior year period was unfavorably impacted by the operating results of company-operated restaurants. The increases in segment profit were negatively impacted by gains recognized in connection with the sale of company-operated restaurants in the prior year period, as well as an increase in general and administrative expenses.

Dunkin' Donuts International

	Three months ended				Nine months ended			
	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %
	(In thousands, except percentages)							
Royalty income	$ 4,442	4,125	317	7.7%	$ 13,011	12,583	428	3.4 %
Franchise fees	704	323	381	118.0%	1,958	3,856	(1,898)	(49.2)%
Other revenues	11	1	10	1,000.0%	(22)	478	(500)	(104.6)%
Total revenues	$ 5,157	4,449	708	15.9%	$ 14,947	16,917	(1,970)	(11.6)%
Segment profit	$ 1,439	705	734	104.1%	$ 4,782	6,438	(1,656)	(25.7)%

Dunkin' Donuts International revenues for the three months ended September 30, 2017 increased by $0.7 million due primarily to increased franchise fees and royalty income.

Dunkin' Donuts International revenues for the nine months ended September 30, 2017 decreased by $2.0 million primarily as a result of a decline in franchise fees, as well as a decrease in other revenues due to a decrease in transfer fees, offset by an increase in royalty income. The decline in franchise fees for the nine-month period was due primarily to a significant market development fee recognized upon entry into a new market in the prior year period.

Segment profit for Dunkin' Donuts International for the three months ended September 30, 2017 increased $0.7 million primarily as a result of the increase in revenues and a decrease in general and administrative expenses, offset by a decrease in net income from our South Korea joint venture.

Segment profit for Dunkin' Donuts International for the nine months ended September 30, 2017 decreased $1.7 million primarily as a result of the decrease in revenues and a decrease in net income from our South Korea joint venture, offset by a decrease in general and administrative expenses.

Baskin-Robbins U.S.

	Three months ended				Nine months ended			
	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %
	(In thousands, except percentages)							
Royalty income	$ 8,501	8,499	2	0.0 %	$ 24,265	23,546	719	3.1 %
Franchise fees	557	273	284	104.0 %	885	790	95	12.0 %
Rental income	798	787	11	1.4 %	2,346	2,221	125	5.6 %
Sales of ice cream and other products	771	805	(34)	(4.2)%	2,179	2,037	142	7.0 %
Other revenues	3,124	3,417	(293)	(8.6)%	8,970	9,486	(516)	(5.4)%
Total revenues	$ 13,751	13,781	(30)	(0.2)%	$ 38,645	38,080	565	1.5 %
Segment profit	$ 10,466	11,085	(619)	(5.6)%	$ 28,773	29,123	(350)	(1.2)%

Baskin-Robbins U.S. revenues for the three months ended September 30, 2017 decreased slightly due primarily to a decrease in other revenues driven by a decrease in licensing income, offset by an increase in franchise fees driven by additional renewal income.

Baskin-Robbins U.S. revenues for the nine months ended September 30, 2017 increased $0.6 million due primarily to an increase in royalty income, sales of ice cream and other products, and rental income, offset by a decrease in other revenues driven by a decrease in licensing income.

Baskin-Robbins U.S. segment profit for the three months ended September 30, 2017 decreased $0.6 million due primarily to an increase in general and administrative expenses.

Baskin-Robbins U.S. segment profit for the nine months ended September 30, 2017 decreased $0.4 million due primarily to increases in general and administrative expenses and a decrease in other revenues driven by a decrease in licensing income, offset by the increase in royalty income.

Baskin-Robbins International

	Three months ended				Nine months ended			
	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %	September 30, 2017	September 24, 2016	Increase (Decrease) $	Increase (Decrease) %
	(In thousands, except percentages)							
Royalty income	$ 1,966	2,081	(115)	(5.5)%	$ 5,255	5,226	29	0.6 %
Franchise fees	173	205	(32)	(15.6)%	524	524	—	— %
Rental income	129	121	8	6.6 %	355	340	15	4.4 %
Sales of ice cream and other products	26,512	25,340	1,172	4.6 %	82,602	83,119	(517)	(0.6)%
Other revenues	30	157	(127)	(80.9)%	140	369	(229)	(62.1)%
Total revenues	$ 28,810	27,904	906	3.2 %	$ 88,876	89,578	(702)	(0.8)%
Segment profit	$ 11,420	11,154	266	2.4 %	$ 31,900	30,617	1,283	4.2 %

Baskin-Robbins International revenues for the three months ended September 30, 2017 increased $0.9 million due primarily to an increase in sales of ice cream products to our licensees in the Middle East, offset by decreases in royalty income and other revenues.

Baskin-Robbins International revenues for the nine months ended September 30, 2017 decreased $0.7 million due primarily to a decrease in sales of ice cream products to our licensees in the Middle East, as well as a decrease in other revenues.

Baskin-Robbins International segment profit for the three months ended September 30, 2017 increased $0.3 million as a result of an increase in net income from our Japan joint venture, as well as an increase in net margin on ice cream driven primarily by an increase in sales volume, offset by the decreases in royalty income and other revenues.

Baskin-Robbins International segment profit for the nine months ended September 30, 2017 increased $1.3 million as a result of an increase in net income from our Japan joint venture, as well as a decrease in general and administrative expenses primarily due to expenses incurred in the prior year period related to brand-building activities, offset by the decrease in other revenues.

Liquidity and capital resources

As of September 30, 2017, we held $267.0 million of cash and cash equivalents and $76.1 million of short-term restricted cash that was restricted under our securitized financing facility. Included in cash and cash equivalents is $106.8 million of cash held for advertising funds and reserved for gift card/certificate programs. Cash reserved for gift card/certificate programs also includes cash that will be used to fund initiatives from the gift card breakage liabilities (see note 5 to the unaudited consolidated financial statements included herein). In addition, as of September 30, 2017, we had a borrowing capacity of $74.1 million under our $100.0 million 2015 Variable Funding Notes (as defined below).

As a result of the adoption of new accounting standards during fiscal year 2017 that impacted the consolidated statements of cash flows (see note 2(f) to the unaudited consolidated financial statements included herein), the “Operating, investing, and financing cash flows” and “Adjusted operating and investing cash flow” sections below have been revised to reflect these changes for all periods presented.

Operating, investing, and financing cash flows

Net cash provided by operating activities was $121.5 million for the nine months ended September 30, 2017, as compared to $131.3 million in the prior year period. The $9.7 million decrease in operating cash flows was driven primarily by unfavorable cash flows related to our gift card program due primarily to the timing of holidays and our prior year fiscal year end, the timing of receipts and payments related to the sale of Dunkin’ K-Cup® pods and the related franchisee profit-sharing program, and a decrease in cash paid for income taxes. Additionally, other changes in working capital contributed to the decrease in operating cash flows. Offsetting these decreases were an increase in pre-tax net income related to operating activities, excluding non-cash items, and payments made in connection with the settlement of the Bertico litigation in the prior year period.

Net cash used in investing activities was $9.1 million for the nine months ended September 30, 2017, as compared to net cash provided by investing activities of $4.1 million in the prior year period. The $13.2 million decrease in investing cash flows was driven primarily by a decrease in proceeds received from the sale of real estate and company-operated restaurants of $15.5 million, offset primarily by a reduction in capital expenditures of $1.4 million.

Net cash used in financing activities was $201.1 million for the nine months ended September 30, 2017, as compared to $126.8 million in the prior year period. The $74.3 million increase in financing cash outflows was driven primarily by incremental cash used in the current year period for repurchases of common stock of $97.2 million, as well as additional cash used to pay the increased quarterly dividend of $5.6 million, offset by incremental cash generated from the exercise of stock options in the current year period of $28.3 million.

Adjusted operating and investing cash flow

Net cash flows from operating activities for the nine months ended September 30, 2017 and September 24, 2016 include decreases of $69.2 million and $37.5 million, respectively, in cash held for advertising funds and reserved for gift card/certificate programs, which were primarily driven by the seasonality of our gift card program. Excluding cash held for advertising funds and reserved for gift card/certificate programs, we generated $181.7 million and $172.9 million of adjusted operating and investing cash flow during the nine months ended September 30, 2017 and September 24, 2016, respectively.

The increase in adjusted operating and investing cash flow was due primarily to an increase in pre-tax net income related to operating activities, excluding non-cash items, payments made in connection with the settlement of the Bertico litigation in the prior year period, and a reduction in capital expenditures. Offsetting these increases were a decrease in proceeds from the sale of real estate and company-operated restaurants, the timing of receipts and payments related to the sale of Dunkin’ K-Cup® pods and the related franchisee profit-sharing program, other changes in working capital, and a decrease in cash paid for income taxes.

Adjusted operating and investing cash flow is a non-GAAP measure reflecting net cash provided by operating and investing activities, excluding the cash flows related to advertising funds and gift card/certificate programs. We use adjusted operating and investing cash flow as a key liquidity measure for the purpose of evaluating our ability to generate cash. We also believe adjusted operating and investing cash flow provides our investors with useful information regarding our historical cash flow results. This non-GAAP measurement is not intended to replace the presentation of our financial results in accordance with GAAP, and adjusted operating and investing cash flow does not represent residual cash flows available for discretionary expenditures. Use of the term adjusted operating and investing cash flow may differ from similar measures reported by other companies.

Adjusted operating and investing cash flow is reconciled from net cash provided by operating activities determined under GAAP as follows (in thousands):

	Nine months ended	
	September 30, 2017	September 24, 2016
Net cash provided by operating activities	$ 121,529	131,259
Plus: Decrease in cash held for advertising funds and gift card/certificate programs	69,224	37,511
Plus (less): Net cash provided by (used in) investing activities	(9,099)	4,107
Adjusted operating and investing cash flow	$ 181,654	172,877

Borrowing capacity

Our securitized financing facility included original aggregate borrowings of approximately $2.60 billion, consisting of $2.50 billion 2015 Class A-2 Notes (as defined below) and $100.0 million of 2015 Variable Funding Notes (as defined below) which were undrawn at closing. As of September 30, 2017, there was approximately $2.44 billion of total principal outstanding on the 2015 Class A-2 Notes, while there was $74.1 million in available commitments under the 2015 Variable Funding Notes as $25.9 million of letters of credit were outstanding.

In January 2015, DB Master Finance LLC (the “Master Issuer”), a limited-purpose, bankruptcy-remote, wholly-owned indirect subsidiary of Dunkin’ Brands Group, Inc. (“DBGI”), issued Series 2015-1 3.262% Fixed Rate Senior Secured Notes, Class A-2-I (the “2015 Class A-2-I Notes”) with an initial principal amount of $750.0 million and Series 2015-1 3.980% Fixed Rate Senior Secured Notes, Class A-2-II (the “2015 Class A-2-II Notes” and, together with the 2015 Class A-2-I Notes, the “2015 Class A-2 Notes”) with an initial principal amount of $1.75 billion. In addition, the Master Issuer issued Series 2015-1 Variable Funding Senior Secured Notes, Class A-1 (the “2015 Variable Funding Notes” and, together with the 2015 Class A-2 Notes, the “2015 Notes”), which allowed the Master Issuer to borrow up to $100.0 million on a revolving basis. The 2015 Variable Funding Notes could also be used to issue letters of credit.

In October 2017, the Master Issuer issued Series 2017-1 3.629% Fixed Rate Senior Secured Notes, Class A-2-I (the “2017 Class A-2-I Notes”) with an initial principal amount of $600.0 million and Series 2017-1 4.030% Fixed Rate Senior Secured Notes, Class A-2-II (the “2017 Class A-2-II Notes” and, together with the 2017 Class A-2-I Notes, the “2017 Class A-2 Notes”) with an initial principal amount of $800.0 million. In addition, the Master Issuer issued Series 2017-1 Variable Funding Senior Secured Notes, Class A-1 (the “2017 Variable Funding Notes” and, together with the 2017 Class A-2 Notes, the “2017 Notes”), which allows for the issuance of up to $150.0 million of 2017 Variable Funding Notes and certain other credit instruments, including letters of credit.

A portion of the proceeds of the 2017 Notes was used to repay the remaining $731.3 million of principal outstanding on the 2015 Class A-2-I Notes and to pay related transaction fees. The additional net proceeds will be used for general corporate purposes, which may include a return of capital to the Company’s shareholders. In connection with the issuance of the 2017 Variable Funding Notes, the Master Issuer terminated the commitments with respect to its existing 2015 Variable Funding Notes.

The 2015 Notes and 2017 Notes were each issued in a securitization transaction pursuant to which most of the Company’s domestic and certain of its foreign revenue-generating assets, consisting principally of franchise-related agreements, real estate assets, and intellectual property and license agreements for the use of intellectual property, are held by the Master Issuer and certain other limited-purpose, bankruptcy-remote, wholly-owned indirect subsidiaries of the Company that act as guarantors of the 2015 Class Notes and 2017 Notes and that have pledged substantially all of their assets to secure the 2015 Notes and 2017 Notes.

The 2015 Notes and 2017 Notes were issued pursuant to a base indenture and supplemental indentures (collectively, the “Indenture”) under which the Master Issuer may issue multiple series of notes. The legal final maturity date of the 2015 Class

A-2-II Notes and 2017 Class A-2 Notes is in February 2045 and November 2047, respectively, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the 2015 Class A-2-II Notes will be repaid by February 2022, the 2017 Class A-2-1 Notes will be repaid by November 2024, and the 2017 Class A-2-II Notes will be repaid by November 2027 (the "Anticipated Repayment Dates"). Principal amortization payments, payable quarterly are required to be made on the 2015 Class A-2-II, 2017 Class A-2-I Notes, and 2017 Class A-2-II Notes equal to $17.5 million, $6.0 million, and $8.0 million, respectively, per calendar year through the respective Anticipated Repayment Dates. No principal payments are required if a specified leverage ratio, which is a measure of outstanding debt to earnings before interest, taxes, depreciation, and amortization, adjusted for certain items (as specified in the Indenture), is less than or equal to 5.0 to 1.0. If the 2015 Class A-2-II Notes or the 2017 Class A-2 Notes have not been repaid or refinanced by their respective Anticipated Repayment Dates, a rapid amortization event will occur in which residual net cash flows of the Master Issuer, after making certain required payments, will be applied to the outstanding principal of the 2015 Class A-2-II Notes and the 2017 Class A-2 Notes. Various other events, including failure to maintain a minimum ratio of net cash flows to debt service, may also cause a rapid amortization event.

It is anticipated that the principal and interest on the 2017 Variable Funding Notes will be repaid in full on or prior to November 2022, subject to two additional one-year extensions.

In order to assess our current debt levels, including servicing our long-term debt, and our ability to take on additional borrowings, we monitor a leverage ratio of our long-term debt, net of cash ("Net Debt"), to adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA"). This leverage ratio, and the related Net Debt and Adjusted EBITDA measures used to compute it, are non-GAAP measures, and our use of the terms Net Debt and Adjusted EBITDA may vary from other companies, including those in our industry, due to the potential inconsistencies in the method of calculation and differences due to items subject to interpretation. Net Debt reflects the gross principal amount outstanding under our securitized financing facility and capital lease obligations, less short-term cash, cash equivalents, and restricted cash, excluding cash reserved for gift card/certificate programs. Adjusted EBITDA is defined in our securitized financing facility as net income before interest, taxes, depreciation and amortization, and impairment charges, as adjusted for certain items that are summarized in the table below. Net Debt should not be considered as an alternative to debt, total liabilities, or any other obligations derived in accordance with GAAP. Adjusted EBITDA should not be considered as an alternative to net income, operating income, or any other performance measures derived in accordance with GAAP, as a measure of operating performance, or as an alternative to cash flows as a measure of liquidity. Net Debt, Adjusted EBITDA, and the related leverage ratio have important limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. However, we believe that presenting Net Debt, Adjusted EBITDA, and the related leverage ratio are appropriate to provide additional information to investors to demonstrate our current debt levels and ability to take on additional borrowings.

As of September 30, 2017, we had a Net Debt to Adjusted EBITDA ratio of 4.4 to 1.0. The following is a reconciliation of our Net Debt and Adjusted EBITDA to the corresponding GAAP measures as of and for the twelve months ended September 30, 2017, respectively (in thousands):

	September 30, 2017
Principal outstanding under Class A-2 Notes	$ 2,437,500
Total capital lease obligations	7,793
Less: cash and cash equivalents	(266,981)
Less: restricted cash, current	(76,141)
Plus: cash held for gift card/certificate programs	106,768
Net Debt	$ 2,208,939

	Twelve months ended September 30, 2017
Net income	$ 211,537
Interest expense	100,588
Income tax expense	129,920
Depreciation and amortization	41,547
Impairment charges	688
EBITDA	484,280
Adjustments:	
Share-based compensation expense	15,529
Other[(a)]	2,266
Total adjustments	17,795
Adjusted EBITDA	$ 502,075

(a) Represents costs and fees associated with various franchisee-related investments, bank fees, legal reserves, the allocation of share-based compensation expense to the advertising funds, and other non-cash gains and losses.

Based upon our current level of operations and anticipated growth, we believe that the cash generated from our operations and amounts available under our 2017 Variable Funding Notes will be adequate to meet our anticipated debt service requirements, capital expenditures, and working capital needs for at least the next twelve months. We believe that we will be able to meet these obligations even if we experience no growth in sales or profits. There can be no assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available under our 2017 Variable Funding Notes or otherwise to enable us to service our indebtedness, including our securitized financing facility, or to make anticipated capital expenditures. Our future operating performance and our ability to service, extend, or refinance the securitized financing facility will be subject to future economic conditions and to financial, business, and other factors, many of which are beyond our control.

Recently Issued Accounting Standards

See note 2(f) to the unaudited consolidated financial statements included in Item 1 of Part I of this 10-Q, for a detailed description of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the foreign exchange or interest rate risks discussed in Part II, Item 7A "Quantitative and Qualitative Disclosures about Market Risk" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Item 4. Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2017. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2017, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

During the quarterly period ended September 30, 2017, there were no changes in the Company's internal controls over financial reporting that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

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Part II. Other Information

Item 1. Legal Proceedings

We are engaged in several matters of litigation arising in the ordinary course of our business as a franchisor. Such matters include disputes related to compliance with the terms of franchise and development agreements, including claims or threats of claims of breach of contract, negligence, and other alleged violations by us. As of September 30, 2017, $6.3 million is recorded within other current liabilities in the consolidated balance sheet in connection with all outstanding litigation.

Item 1A. Risk Factors.

There have been no material changes from the risk factors disclosed in Part I, Item 1A "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

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

The following table contains information regarding purchases of our common stock made during the quarter ended September 30, 2017 by or on behalf of Dunkin' Brands Group, Inc. or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Securities Exchange Act of 1934:

	Issuer Purchases of Equity Securities			
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs(1)
07/02/17 - 07/29/17	260,444	$ 52.87	260,444	$ 136,231,545
07/30/17 - 09/02/17	253,436	52.93	253,436	122,817,161
09/03/17 - 09/30/17	—	—	—	122,817,161
Total	513,880	$ 52.90	513,880	

(1) On October 25, 2017, our board of directors approved a share repurchase program of up to $650.0 million of outstanding shares of our common stock. Under the program, purchases may be made in the open market or in privately negotiated transactions from time to time subject to market conditions. The authorization is valid for a period of two years and replaces our $250.0 million share repurchase program that was approved by our board of directors on May 10, 2017 and which was set to expire two years after such approval.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

On November 8, 2017, the Board of Directors (the "Board") of Dunkin' Brands Group, Inc. (the "Company") approved the Dunkin' Brands Group, Inc. Executive Change in Control Severance Plan (the "Plan"), which applies to the senior executives, officers and directors of the Company, including the Company's Chief Executive Officer (the "CEO"), Chief Financial Officer (the "CFO") and the other named executive officers ("NEOs") listed in the Company's proxy statement filed with the Securities and Exchange Commission on March 27, 2017. The Plan was presented to the Compensation Committee of the Board at its meeting in May 2017 and approved by the Compensation Committee and recommended to the full Board in August 2017. The Plan became effective upon the Board's approval.

Under the terms of the Plan, if the individual participating in the Plan is terminated by the Company or an affiliate for any reason other than, death, Disability or Cause or resigns for Good Reason (each as defined in the Plan) during the 18-month period following a change in control (the "Change in Control Protection Period"), such individual is entitled to receive (i) a lump sum payment equal to the greater of (a) an amount equal to two weeks of base salary per year of service (capped at one year) or (b) a multiple of the individual's annual base salary (200% for the CEO and the President of Dunkin' Donuts U.S. and Canada, and 150% for Senior Vice Presidents, including the CFO and other NEOs), (ii) a lump sum payment equal to 100% of the individual's target annual cash bonus in the most recent calendar year (or, if greater, the year in which the change in control occurs), and (iii) Company-subsidized continuation of medical and dental benefits for the period specified in the Plan (24 months for the CEO and the President of Dunkin' Donuts U.S. and Canada, and 18 months for the CFO and other NEOs). The severance benefits provided under the Plan in connection with a qualifying termination are in lieu of any other severance plans, policies or practices of the Company, including employment or severance-benefit agreements.

Change in control is defined in the Plan and includes the acquisition of shares of the Company representing more than 40% of the Company's capital stock; a merger, consolidation or reorganization where pre-transaction shareholders do not continue to hold at least 60% of the Company's voting power; a change in the majority of the Board within a two-year period; and a complete liquidation of the Company or a sale or disposition by the Company or all or substantially all of its assets.

The Plan also provides for that, if any payments to be made to an individual under the Plan or otherwise would be subject to the "golden parachute" excise tax rules of the Internal Revenue Code, then the individual will receive either (i) the full amount of the payments or (ii) an amount that is reduced by the minimum necessary to allow the individual to avoid golden parachute excise taxes, whichever results in a greater after-tax amount to the individual.
All severance payments under the Plan are conditioned on the individual's execution and non-revocation of a release of claims in favor of the Company and on the individual agreeing to certain non-competition, non-solicitation and confidentiality obligations in favor of the Company.

No other material changes were made to the severance arrangements of the CEO, CFO and other NEOs, including with respect to equity incentive awards (i.e., the treatment of stock options, restricted stock units and performance restricted stock units in connection with a change in control or the payment of severance under circumstances other than those covered by the Plan).

This summary of the Plan does not purport to be complete and is subject to and qualified in its entirety by reference to the text of the Plan, which has been filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

(a) Exhibits:

10.1	Dunkin' Brands Group, Inc. Executive Change in Control Severance Plan
10.2	Purchase Agreement dated September 14, 2017 among DB Master Finance LLC as Master Issuer, DB Master Finance Parent LLC, DB Franchising Holding Company LLC, DB Mexican Franchising LLC, DD IP Holder LLC, BR IP Holder, BR UK Franchising LLC, Dunkin' Donuts Franchising LLC, Baskin-Robbins Franchising LLC, DB Real Estate Assets I LLC and DB Real Estate Assets II LLC, each as Guarantor, Dunkin' Brands, Inc., as manager, the Company and Dunkin' Brands Holdings, Inc., as parent companies, and Guggenheim Securities, LLC and Barclays Capital Inc., as representatives of the initial purchasers (incorporated by reference to (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 001-35258, filed with the SEC on September 15, 2017).
31.1	Principal Executive Officer Certification Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Principal Financial Officer Certification Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Ex. 101.INS* XBRL Instance Document

Ex. 101.SCH* XBRL Taxonomy Extension Schema Document

Ex. 101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document

Ex. 101.LAB* XBRL Taxonomy Extension Label Linkbase Document

Ex. 101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document

Ex. 101.DEF* XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

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

DUNKIN' BRANDS GROUP, INC.

Date:	November 8, 2017	By:	/s/ Nigel Travis
			Nigel Travis, Chairman and Chief Executive Officer

DUNKIN' BRANDS GROUP, INC.
EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN

Introduction

The purpose of the Plan is to provide separation pay and other benefits to certain U.S.-based executive and key employees of the Company upon a separation of service in connection with a Change in Control. Accordingly, the Board, with the approval of the Compensation Committee, has adopted the Plan, effective on the Effective Date.

The Plan supersedes any and all severance plans, policies and/or practices of the Company and any of its Affiliates in effect for Eligible Employees that provide for severance payments under the circumstances described herein (i.e., a qualifying termination following a change in control), including offer letters or employment contracts that provide for the payment and provision of severance compensation and benefits less favorable to the Eligible Employee than the Severance Benefits provided for herein. The Severance Benefits payable under the Plan shall apply to Qualifying Terminations on and after the Effective Date. In no event shall a Participant receive severance compensation and benefits under the Plan and under any other severance plan, policy or practice of the Company or any Affiliate or under any employment, severance-benefit, change in control or similar agreement with the Company or any of its Affiliates. The Severance Benefits are intended to be supplemental unemployment benefits and are not intended to be deferred compensation. No individual shall have a legally binding right to such benefits.

The Company, as the Plan sponsor, has the sole discretion to determine whether an employee may be considered eligible for Severance Benefits under the Plan. All actions taken by the Company shall be in its role as the sponsor of the Plan, and not as a fiduciary. The Plan is unfunded, has no trustee, and is administered by the Compensation Committee of the Board.

All capitalized terms in this Introduction shall have the meaning ascribed to them in Article 2 below.

Article 1. Establishment, Term and Purpose

1.1. Establishment of the Plan. The Company has established the Severance Plan, effective as of the Effective Date. The Plan is intended to be an "employee welfare benefit plan" (within the meaning of section 3(1) of ERISA) maintained for the purpose of providing benefits for a select group of management or highly compensated employees and it shall be administered and construed accordingly.

1.2. Term of the Plan. The Plan, as set forth herein, is effective as of the Effective Date and will continue until terminated or amended by action of the Board or the Compensation Committee in accordance with Section 12.8.

1.3. Purpose of the Plan. The purpose of the Plan is to provide Severance Benefits to Eligible Employees in the event of a Qualifying Termination.

Article 2. Definitions

When used in the Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

2.1. "Accrued Compensation" means (i) an Eligible Employee's Base Salary earned or accrued but unpaid through the Eligible Employee's Separation Date; (ii) reimbursement for reasonable business expenses incurred in the ordinary course of the Eligible Employee's duties and unreimbursed prior to the Eligible Employee's Separation Date and payable in accordance with Company policies as in effect from time to time; provided, however, that claims for such reimbursement are submitted to the Company or an Affiliate within 60 days following the Eligible Employee's Separation Date; and (iii) payment for all unused, accrued vacation as of the Separation Date.

2.2. "Administrator" means the Compensation Committee, except that the Compensation Committee may delegate (i) to one or more of its members (or one or more other members of the Board, including the full Board) such of its duties, powers and responsibilities as it may determine; (ii) to one or more officers of the Company the power to exercise some or all of its authority in administering the Plan in accordance with the terms of the Plan; and (iii) to such employees or other persons as it determines such ministerial tasks as it deems appropriate. In the event of any delegation described in the preceding sentence, the term "Administrator" shall include the person or persons so delegated to the extent of such delegation.

2.3. "Affiliates" means any corporation or other entity that stands in a relationship to the Company that would result in the Company and such corporation or other entity being treated as one employer under Section 414(b) and Section 414(c) of the Code.

2.4. "Base Salary" means an Eligible Employee's annual base salary at the rate in effect on the Separation Date (or, in the case of a termination of employment under prong (i) of the definition of Good Reason, at the rate in effect prior to any reduction in such annual base salary).

2.5. "Beneficiary" means a Participant's estate.

2.6. "Board" means the Board of Directors of the Company.

2.7. “Cause” means: (i) a material breach by the Participant of his or her employment agreement with the Company or an Affiliate of the Company, or any material written policy of the Company or its Affiliates generally applicable to similarly situated employees of the Company or its Affiliates; (ii) the material failure by the Participant to reasonably and substantially perform his or her duties to the Company or any of its Affiliates, which failure has a material adverse effect on the financial condition or reputation of the Company or its Affiliates, other than by reason of death, Disability, illness or incapacity; (iii) the Participant’s willful misconduct or gross negligence which is injurious to the Company or an Affiliate of the Company; or (iv) the commission by the Participant of a felony or other serious crime involving moral turpitude. In the case of clauses (i), (ii) and (iii) above, the Company shall permit the Participant no less than 30 days to cure such breach or failure if reasonably susceptible to cure. In the case of any Participant who is party to an employment, severance-benefit, change in control or similar agreement with the Company or any of its Affiliates that contains a definition of “Cause,” the definition set forth in such agreement shall apply with respect to such Participant under the Plan during the term of such agreement.

2.8. “Change in Control” means the first to occur of any of the following events:

(a) an event in which any “person” as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (i) the Company, (ii) any subsidiary of the Company, (iii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of any subsidiary of the Company, and (iv) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes the “beneficial owner” (as defined in Section 13(d) of the Exchange Act), together with all affiliates and associates (as such terms are used in Rule 12b-2 of the General Rules and Regulations under the Exchange Act) of such person, directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company’s then outstanding securities;

(b) the consummation of the merger or consolidation of the Company with any other company, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, more than 60% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) after which no “person” “beneficially owns” (with the determination of such “beneficial ownership” on the same basis as set forth in clause (a) of this definition) securities of the Company or the surviving entity of such merger or consolidation representing 40% or more of the combined voting power of the securities of the Company or the surviving entity of such merger or consolidation;

(c) if during any period of two consecutive years (not including any period prior to the date the Plan was initially adopted), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has conducted or threatened a proxy contest, or has entered into an agreement with the Company to effect a transaction described in clause (a), (b) or (d) of this definition) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office, who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or

(d) the complete liquidation of the Company or the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding the foregoing, to the extent any amount constituting "nonqualified deferred compensation" subject to Code Section 409A would become payable under the Plan by reason of a Change in Control or a termination of employment following a Change in Control, to the extent necessary to not result in adverse tax consequences under Code Section 409A, it shall become payable only if the event or circumstances constituting the Change in Control would also constitute a change in the ownership or effective control of the Company, or a change in the ownership of a substantial portion of the Company's assets, within the meaning of subjection (a)(2)(A)(v) of Code Section 409A and the Treasury Regulations thereunder. To the extent that a Participant is entitled to severance payments or benefits under an individual employment, severance or similar agreement that constitute "nonqualified deferred compensation" subject to Code Section 409A, amounts hereunder will only be paid in a lump sum to the extent consistent with Code Section 409A and otherwise will be paid on the schedule provided for in such agreement.

2.9. "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as from time to time amended and in effect.

2.10. "Code" means the U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect.

2.11. "Committee" means the Compensation Committee of the Board, or any other committee appointed by the Board to perform the functions of the Compensation Committee.

2.12. "Company" means Dunkin' Brands Group, Inc., or any successor thereto.

2.13. "Confidential Information" means all non-public information, trade secrets, and proprietary information of the Company and its Affiliates, including financial information, plans and strategy, research, franchisee, consumer and marketing information, and any other such information the Company deems confidential from time to time.

2.14. "Disability" means a physical or mental incapacity or disability of an Eligible Employee that renders the Eligible Employee unable to substantially perform all of his or her duties and responsibilities to the Company and its Affiliates (with or without any reasonable accommodation) (i) for 120 days in any 12-month period or (ii) for a period of 90 successive days in any 12-month period. If any question arises as to whether an Eligible Employee has a Disability, then at the request of the Administrator the Eligible Employee shall submit to a medical examination by a qualified third-party health care provider selected by the Administrator to whom the Eligible Employee or his or her duly appointed guardian, if any, has no reasonable objection to determine whether the Eligible Employee has a Disability and such determination shall be conclusive of the issue for the purposes of the Plan. If such question shall arise and the Eligible Employee shall fail to submit to such medical examination, the Administrator's determination of the issue shall be conclusive of the issue for the purposes of the Plan.

2.15. "Effective Date" means the date on which the Plan was adopted by the Committee.

2.16. "Eligible Employee" means each senior executive of the Company or an Affiliate in a position designated as Director or above (Bands 08 or higher) who meets the eligibility requirements of Article 3.

2.17. "ERISA" means the Employee Retirement Income Security Act of 1974, as from time to time amended and in effect.

2.18. "Exchange Act" means the Securities Exchange Act of 1934, as from time to time amended and in effect.

2.19. "Good Reason" means the occurrence, without the Eligible Employee's express written consent, of any of the events or conditions described herein, provided that, the Eligible Employee shall deliver written notice to the Company or an applicable Affiliate of the occurrence of Good Reason within 90 days following the date on which the Eligible Employee first knew of such occurrence and the Company or the applicable Affiliate shall not have fully corrected the situation within 30 days following delivery of such notice. The following occurrences shall constitute Good Reason for purposes of the Plan: (i) a material reduction in the Eligible Employee's Base Salary or target annual cash bonus opportunity, (ii) a material diminution in the nature and scope of the Eligible Employee's responsibilities, duties, authority or status (provided that each of (a) a change in reporting relationships resulting from the director or indirect control of the Company (or a successor corporation) by another corporation, (b) any diminution of the business of the Company or any of its Affiliates and (c) any sale of transfer of equity, property or other assets of the Company or any of its Affiliates (including any such sale or transfer or any other transaction or series of such transactions that results in a Change in Control) shall be deemed not to constitute "Good Reason") or (iii) a relocation that would result in the Eligible Employee's principal location of employment being moved 50 miles away from the Eligible Employee's principal location of employment as in effect immediately prior to the consummation of a Change in Control; provided, however, that "Good Reason" shall cease to exist for an event (i) on the 90th day following the date on which the Eligible Employee knew or reasonably should have known of such event and failed to give notice as described above, or (ii) on the 30th day following the expiration of the 30-day cure period if the

Company or the applicable Affiliate failed to correct the event or condition and the Eligible Employee has not terminated his or her employment as of such date. In the case of any Participant who is party to an employment, severance-benefit, change in control or similar agreement with the Company or any of its Affiliates that contains a definition of "Good Reason," the definition set forth in such agreement shall apply with respect to such Participant under the Plan during the term of such agreement.

2.20. "Involuntary Termination" means the termination of an Eligible Employee's employment by the Company or an Affiliate for any reason other than death, Disability or Cause; provided that in no event shall a transfer of an Eligible Employee's employment between the Company and any of its Affiliates or between any Affiliates result in an Involuntary Termination.

2.21. "Participant" means an Eligible Employee who has satisfied and continues to satisfy the conditions for participation in Article 3 and thereby becomes and continues to be eligible to receive and retain Severance Benefits under the Plan.

2.22. "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its Affiliates.

2.23. "Plan" means this Dunkin' Brands Group, Inc. Executive Change in Control Severance Plan, as amended from time to time (to the extent permitted herein).

2.24. "Qualifying Termination" means (i) an Involuntary Termination, or (ii) a voluntary termination for Good Reason, in each case, which termination occurs within the 18-month period following the date of the consummation of a Change in Control.

2.25. "Separation Agreement" means a separation agreement in the form attached hereto as Exhibit A (with only such changes permitted following a Change in Control as may be required to comply with applicable law, in the reasonable determination of the Administrator).

2.26. "Separation Date" means an Eligible Employee's last active day of employment with the Company or an Affiliate (or any successor thereto), as specified by the Company in the Separation Agreement.

2.27. "Severance Benefits" means the payment and provision of severance compensation and benefits as provided in Section 4.1 herein.

2.28. "Voluntary Resignation" means any retirement or voluntary resignation from employment other than for Good Reason.

Article 3. Participation and Eligibility

3.1. Participant. Each Eligible Employee who (i) experiences a Qualifying Termination, (ii) complies with the conditions set forth in Article 6, (iii) satisfies the conditions of Section 3.2 regarding the execution of the Separation Agreement, and (iv) complies in all respects with the terms and conditions set forth in the Separation Agreement, shall be a Participant and shall be entitled to receive and retain the Severance Benefits described in the Plan.

Notwithstanding the foregoing, the following employees are not eligible to participate in the Plan:

(a) Employees who are classified as "temporary employees" or "contract employees" for payroll purposes;

(b) Employees who are not employed in the U.S.; and

(c) Employees who are covered by a collective bargaining agreement, if any.

3.2. Separation Agreement. As a condition of receiving benefits hereunder, an Eligible Employee who otherwise meets the requirements for participation under Section 3.1 shall be required to enter into an effective Separation Agreement with the Company or an Affiliate. The Separation Agreement must be executed within the time period prescribed in the Separation Agreement, which in no event shall be later than the 45th day following the Separation Date, and must become effective not later than the eighth day following the date of execution. Provided that the Eligible Employee complies in all respects with the terms and conditions of the Separation Agreement and the Plan, the Eligible Employee shall become and remain a Participant and the Company or an Affiliate shall provide the Participant with the payments and benefits set forth in Section 4.1. An Eligible Employee's continued compliance with the conditions contained in the Plan and with the terms and conditions set forth in the Separation Agreement shall be an express condition to the Eligible Employee's status as a Participant and to his or her right to receive and retain the payments and benefits provided in Section 4.1.

Article 4. Severance Benefits

4.1. Severance Benefits. A Participant shall be entitled to receive from the Company or an Affiliate, in addition to the Accrued Compensation, the following Severance Benefits:

(a) Base Salary in an amount equal to the greater of two weeks per year of service (capped at one year) as of the Separation Date, or:

(i) for the CEO of the Company and the President of Dunkin' Donuts U.S. and Canada: an amount equal to 200% of the Participant's Base Salary;

(ii) for Senior Vice Presidents: an amount equal to 150% of the Participant's Base Salary;

(iii) for Vice Presidents: an amount equal to 100% of the Participant's Base Salary;

(iv) for Directors: an amount equal to 50% of the Participant's Base Salary;

(b) an amount equal to 100% of the Participant's target annual cash bonus (as determined pursuant to the Company's Short Term Incentive Plan or any successor or similar plan) for the most recent calendar year or, if greater, the year in which the Change in Control occurs;

(c) provided the Participant is eligible for and properly elects in a timely manner continuation coverage under COBRA and continues to pay the portion of the premium that the Participant would have been required to pay for such coverage under the terms of such coverage had the Participant remained an active employee, the Company or Affiliate shall pay, on a monthly and taxable basis, the employer portion of the premium (plus the additional amount, if any, charged for administrative costs as permitted by COBRA) for continued health and dental plan participation under COBRA for the Participant and for the Participant's qualified beneficiaries (as that term is defined under COBRA) until the earliest of: (i) the expiration of the 24-month period following the date on which the Participant's participation in such plans as an employee ceases, for the CEO of the Company and the President of Dunkin' Donuts U.S. and Canada; the 18-month period, for Senior Vice Presidents, the 12-month period, for Vice Presidents; and the 6-month period, for Directors; (ii) the date on which the Participant becomes eligible for comparable benefit coverage with a subsequent employer or through self-employment, or (iii) the date on which the Participant is no longer eligible for coverage under COBRA for any reason (except that payment of the employer portion of the COBRA premium described in this Section 4.1(c) shall continue for the remainder of the period described in clause (i) of this Section 4.1(c) in the event of the Participant's death during such period, but only to the extent the Participant's qualified beneficiaries properly and timely elect, and remain eligible for, continuation coverage under COBRA); provided, however, that if the payments or benefits to be provided pursuant to this Section 4.1(c) would subject the Company (or an Affiliate) or the Participant to adverse penalties or excise taxes, the Company or an Affiliate shall arrange to provide the Participant (or his or her qualified beneficiaries) with a substantially similar benefit;

(d) All equity awards will be governed by the applicable equity award agreement and the Company's 2011 or 2015 Omnibus Long Term Incentive Plan or other equity plan sponsored or maintained by the Company, as applicable;

(e) A Participant may use certain services of an outplacement firm of the Company's selection for a period of 12 months following the Separation Date; and

(f) Except as expressly noted, participation in all Company employee benefit plans will end as of the Separation Date.

4.2. Timing of Payments.

(a) **In General**. Except as otherwise provided in Article 9 or elsewhere herein, provided that the Participant has complied with the terms and conditions of the Separation Agreement and the Plan, any payments due under Section 4.1(a) and (b) shall be payable in a lump sum in accordance with the Company's normal payroll practices, with the payment being due and payable on the next payroll date as soon as administratively practicable following the date on which the Separation Agreement becomes effective, but not later than the date that is 60 days following the Separation Date, and any payments due under Section 4.1(c) shall commence on the next payroll date as soon as administratively practicable following the date on which the Separation Agreement becomes effective, but not later than the date that is 60 days following the Separation Date, with the first payment to include any payments that would have been paid during such period had it not been for this provision. Notwithstanding the foregoing, if the Separation Date occurs in one taxable year and the date that is 60 days following the Separation Date occurs in a second taxable year, to the extent required by Code Section 409A, such payment shall not be made prior to the first day of the second taxable year. For the avoidance of doubt, if an Eligible Employee does not execute a Separation Agreement within the period specified in Section 3.2 or if an Eligible Employee revokes an executed Separation Agreement within the time period permitted by law, the Eligible Employee shall not become a Participant, shall not be entitled to any Severance Benefits, and neither the Company nor any of its Affiliates shall have any further obligations to the Eligible Employee under the Plan. Regardless of whether the Eligible Employee executes or revokes the Separation Agreement, the Eligible Employee is entitled to receive the Accrued Compensation.

4.3. Voluntary Resignation; Termination for Death or Disability. If an Eligible Employee's employment terminates on account of (a) Voluntary Resignation, (b) death, or (c) Disability, then the Eligible Employee shall not be entitled to receive Severance Benefits under the Plan and shall be entitled only to receive his or her Accrued Compensation. Except as described in this Section 4.3, neither the Company nor any of its Affiliates shall have any further obligations to the Eligible Employee under the Plan.

4.4. Termination for Cause. If an Eligible Employee's employment terminates on account of termination by the Company or an Affiliate for Cause, the Eligible Employee shall not be entitled to receive Severance Benefits and shall be entitled only to receive his or her Accrued Compensation. Except as described in this Section 4.4, neither the Company nor any of its Affiliates shall have any further obligations to such Eligible Employee or Participant as applicable under the Plan.

4.5. Severance Benefits in the Event of Death of a Participant. If a Participant dies while any amount would still be payable to him or her hereunder had he or she continued to live, all such amounts, unless otherwise provided herein, shall be paid to the Participant's Beneficiary within 60 days from the date of the Participant's death or, with respect to the payments due under Section 4.1(c) in the time period provided for under such section. For the avoidance of doubt, the benefits provided under Section 4.1(e) of this Agreement shall immediately cease.

Article 5. Code Section 4999 Excise Tax.

Anything in the Plan to the contrary notwithstanding, in the event that it shall be determined that any payment or benefit made or provided, or to be made or provided, by the Company or any of its Affiliates (or any successor thereto) to or for the benefit of a Participant, whether pursuant to the terms of the Plan, any other agreement, plan, program or arrangement of or with the Company or any of its Affiliates (or any successor thereto) or otherwise (any such payment or benefit, individually, the "**Payment**" and collectively, the "**Payments**"), will be subject to the excise tax imposed by Code Section 4999 or any comparable tax imposed by any replacement or successor provision of United States tax law (the "**Excise Tax**"), then such Participant shall be entitled to receive (a) the amount of such Payments, reduced such that no portion thereof shall fail to be tax deductible under Code Section 280G (the "**Limited Amount**"), or (b) if the Payments (without regard to clause (a)), reduced by all taxes applicable thereto (including, for the avoidance of doubt, the Excise Tax), would be greater than the Limited Amount reduced by all taxes applicable thereto, the full amount of the Payments. In the event that it is determined that the aggregate amount of the Payments will be reduced in accordance with this Article 5, the Payments shall be reduced on a nondiscretionary basis in such a way as to minimize the reduction in the economic value deliverable to the Participant. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Code Section 409A, and where more than one payment has the same value for this purpose and they are payable at different times, they will be reduced on a pro-rata basis. All determinations to be made under this Article 5 shall be made by the nationally recognized independent public accounting firm or valuation firm selected by the Company in its reasonable discretion ("**Accounting Firm**"), which Accounting Firm shall provide its determinations and any supporting calculations to the Administrator and the Participant within 10 days of the Separation Date. Any such determination by the Accounting Firm shall be binding upon the Company, its Affiliates and the Participant. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Article 5 shall be borne solely by the Company or an Affiliate.

Article 6. Conditions to Receipt and Retention of Severance Benefits

Receipt and retention of Severance Benefits is expressly conditioned upon each Eligible Employee's continued compliance with any non-competition, non-solicitation and/or confidentiality obligations contained in any agreement between the Eligible Employee and the Company or any of its Affiliates or their respective subsidiaries, and with the conditions contained in this Article 6, both before and after becoming a Participant. In the event such an individual fails to comply with any of these conditions: (i) the individual shall cease to be entitled to receive any Severance Benefits, (ii) the individual shall return any Severance Benefits previously paid to or for him or her, and (iii) the Plan shall be entitled to recover any such Severance Benefits not returned by the individual.

6.1. Non-Competition. During an Eligible Employee's employment with the Company or an Affiliate, and for the 12-month period following his or her Separation Date, such Eligible Employee shall not, without prior written consent from the Company, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with the Company and its Affiliates in any markets where the Company and its Affiliates do business, or plan to do business as of the Separation Date. Competitors include any entity in the manufacturing, distribution or sale of coffee, donuts and/or bakery products, ice cream or similar products competitive with the Company, including but not limited to those entities listed on Schedule 1. The foregoing shall not prevent the Eligible Employee from owning up to one percent (1%) of the outstanding securities of a publicly held corporation that may compete with the Company.

6.2. Non-Solicitation.

(a) During an Eligible Employee's employment with the Company or an Affiliate, and for the 12-month period following his or her Separation Date, such Eligible Employee shall not, not directly or indirectly (a) solicit or encourage any franchisee of the Company or its Affiliates to terminate or diminish its relationship with it or them; or (b) seek to persuade any such franchisee or prospective franchisee of the Company or its Affiliates to conduct with anyone else any business or activity which such franchisee or prospective franchisee conducts with the Company or its Affiliates.

(b) During an Eligible Employee's employment with the Company or an Affiliate, and for the 12-month period following his or her Separation Date, such Eligible Employee may not, and will not assist any other party to, (a) hire or solicit for hiring any employee of the Company or its Affiliates or seek to persuade any employee of the Company or its Affiliates to discontinue employment or (b) solicit or encourage any independent contractor or vendor providing services to the Company or its Affiliates to terminate or diminish its relationship with them. For purposes hereof, general solicitations not directed at a particular person or advertising in media directed at the general public shall not provide the basis for a claim by the Company that a Participant violated this provision.

(c) For avoidance of doubt, this Section 6.2 shall not apply to any period following separation from service with the Company or an Affiliate with respect to any Eligible Employee who declines to enter into a Separation Agreement unless they have otherwise executed a Non-Compete/Non-Solicitation/Confidentiality Agreement.

6.3. Confidentiality. Other than as required by applicable law or for the proper performance of his or her duties and responsibilities to the Company or any of its Affiliates during his or her employment with the Company or any of its Affiliates, no Eligible Employee shall disclose to any Person or use any Confidential Information obtained by such individual incident to his or her employment or other association with the Company or any of its Affiliates. As of the Separation Date, Eligible Employees must return all such Confidential Information, materials that incorporate or reference such Confidential Information, and all copies thereof. The confidentiality condition under this Section 6.3 shall not apply to information which is generally known or readily available to the public at the time of disclosure or becomes generally known through no wrongful act on the part of the Eligible Employee or any other Person having an obligation of confidentiality to the Company or any of its Affiliates. Notwithstanding the foregoing, nothing in the Plan limits, restricts or in any other way affects an Eligible Employee's communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity, or requires an Eligible Employee to provide prior notice to the Company of the same. An Eligible Employee cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (b) in a complaint or other document filed under seal in a lawsuit or other proceeding. Notwithstanding this immunity from liability, an Eligible Employee may be held liable if he or she unlawfully accesses trade secrets by unauthorized means.

Article 7. Withholding of Taxes; Funding

7.1. Withholding of Taxes; Taxes. The Company and any Affiliate shall be entitled to withhold from any amounts payable under the Plan all taxes as legally shall be required (including, without limitation, any United States federal taxes, and any other state, city, or local taxes). Each Participant shall be solely responsible for the payment of all taxes that become due as a result of a payment to the Participant under the Plan.

7.2. Funding. The Plan shall be funded out of the general assets of the Company or an Affiliate as and when Severance Benefits are payable under the Plan. All Participants shall be solely general creditors of the Company.

Article 8. Successors and Assignment

8.1. Successors to the Company. The Company or an Affiliate will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of the business and/or assets of the Company or an Affiliate or of any division or subsidiary thereof to expressly assume and agree to perform the Company's or an Affiliate's obligations under the Plan in the same manner and to the same extent that the Company or the Affiliate would be required to perform them if no such succession had taken place.

8.2. Assignment by the Participant. Except in the event of death, a Participant does not have the power to transfer, assign, anticipate, mortgage or otherwise encumber any rights or any amounts payable under the Plan; nor will any such rights or amounts payable under the Plan be subject to seizure, attachment, execution, garnishment or other legal or equitable process, or for the payment of any debts, judgments, alimony, or separate maintenance, or be transferable by operation of law in the event of bankruptcy, insolvency, or otherwise. In the event a Participant attempts to assign, transfer or dispose of such right, or if an attempt is made to subject such light to such process, such assignment, transfer or disposition will be null and void.

Article 9. Code Section 409A

9.1. Notwithstanding the other provisions hereof, the Plan is intended to comply with the requirements of Code Section 409A, to the extent applicable, and this Plan shall be interpreted to avoid any penalty sanctions under Code Section 409A. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with Code Section 409A and, if necessary, any such provision shall be deemed amended to comply with Code Section 409A and regulations thereunder. If any payment or benefit cannot be provided or made at the time specified herein without incurring any accelerated or additional tax under Code Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such accelerated or additional tax will not be imposed. All payments to be made upon a termination of employment under the Plan may only be made upon a “separation from service” (as defined in Treasury regulation section 1.409A-1(h), after giving effect to the presumptions contained therein) to the extent required under Code Section 409A. For purposes of Code Section 409A, each payment made under the Plan shall be treated as a separate payment. In no event may a Participant, directly or indirectly, designate the calendar year of payment of any severance benefit payable hereunder.

9.2. Reimbursements provided under the Plan, if any, shall be made or provided in accordance with the requirements of Code Section 409A including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during a limited period of time specified in the Plan; (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year; (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

9.3. To the maximum extent permitted under Code Section 409A, the severance benefits payable under the Plan are intended to comply with the “short-term deferral exception” under Treas. Reg. §1.409A-l(b)(4), and any remaining amount is intended to comply with the “separation pay exception” under Treas. Reg. §1.409A-l(b)(9)(iii); provided, however, any portion of the severance benefits that are payable under the Plan to a Participant during the six-month period following the Participant’s Separation Date that does not qualify within either of the foregoing exceptions and constitutes deferred compensation subject to the requirements of Code Section 409A shall hereinafter be referred to as the "**Excess Amount**". If at the time of the Participant's separation from service, the Company's (or any entity required to be aggregated with the Company under Code Section 409A) stock is publicly traded on an established securities market or otherwise and the Participant is a "specified employee" (as defined in Code Section 409A and determined in the sole discretion of the Company (or any successor thereto) in accordance with the Company's (or any successor thereto) "specified employee" determination policy), then the Company shall postpone the commencement of the payment of the portion of the Excess Amount that is payable within the six-month period following the Participant's Separation Date for six months following the Participant's Separation Date. The delayed Excess Amount shall be paid in a lump sum to the Participant within 10 days following the date that is six months following the Participant's Separation Date and any remaining installments shall continue to be paid to the Participant in accordance with the original schedule provided herein. If the Participant dies during such six-month period and prior to the payment of the portion of the Excess Amount that is required to be delayed on account of Code Section 409A, such Excess Amount shall be paid to the personal representative of the Participant's Beneficiary within 60 days after the Participant's death.

Article 10. Claims Procedures

10.1. Claims. (a) Any request or claim for severance benefits under the Plan shall be deemed to be filed when a written request is made by the claimant or the claimant's authorized representative which is reasonably calculated to bring the claim to the attention of the Administrator.

(b) The Administrator, or its designee, shall advise the claimant or such claimant's, representative, in writing or in electronic form, of its decision within 90 days of receipt of the claim for severance benefits under the Plan, unless special circumstances require an extension of such 90-day period for not more than an additional 90 days. Where such extension is necessary, the claimant shall be given written notice of the delay before the expiration of the initial 90-day period, which notice shall set forth the reasons for the delay and the date the Administrator expects to render its decision. If the extension is necessary because the claimant has failed to submit the information necessary to decide the claim, the Administrator's period for responding to such claim shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.

(c) The Administrator's response to a claim shall (i) be in writing or in electronic form; (ii) be written in a manner calculated to be understood by the claimant; and (iii) in the case of an adverse benefit determination: (A) set forth the specific reason(s) for the denial of benefits; (B) contain specific references to Plan provisions on which the denial is based; (C) describe any additional material and information, if any, necessary for the claim for benefits to be perfected and an explanation of why such material or information is necessary; and (D) describe the Plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review. If a notice of the denial of a claim is not furnished within 90 days (or 180 days in the case of an extension for special circumstances) then the claim is deemed denied and the Participant may proceed to the appeals stage.

10.2. Appeals. (a) If the claimant or the claimant's authorized representative fails to appeal the Administrator's adverse benefit determination, in writing, within 60 days after its receipt by the claimant, the Administrator's determination shall become final and conclusive.

(b) If the claimant or the claimant's authorized representative appeals the Administrator's adverse benefit determination in a timely fashion, the Administrator shall reexamine all issues relevant to the original denial of benefits. Any such claimant or his or her duly authorized representative may review any relevant documents, records and other information, free of charge, including documents and records that were relied upon in making the benefit determination, documents submitted, considered or generated in the course of making the benefit determination (even if such documents were not relied upon in making the benefit determination), and documents that demonstrate compliance, in making the benefit determination, with the Plan's required administrative processes and safeguards. In addition, the claimant or his or her duly authorized representative may submit written comments, documents, records and other information relating to such claim for benefits. In the course of the review, the Administrator shall take into account all comments, documents, records and other information submitted by the claimant or his or her duly authorized representative relating to such claim, regardless of whether it was submitted or considered as part of the initial benefit determination.

(c) The Administrator shall advise the claimant or such claimant's representative, in writing or in electronic form, of its decision within 60 days of receipt of the written appeal, unless special circumstances require an extension of such 60-day period for not more than an additional 60 days. Where such extension is necessary, the claimant shall be given written notice of the delay before the expiration of the initial 60-day period, which notice shall set forth the reasons for the delay and the date the Administrator expects to render its decision. If the extension is necessary because the claimant has failed to submit the information necessary to decide the claim, the Administrator's period for responding to such claim shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information. In the event of an adverse benefit determination on appeal, the Administrator shall advise the claimant, in a manner calculated to be understood by the claimant of: (i) the specific reason(s) for the adverse benefit determination; (ii) the specific Plan provisions on which the decision was based; (iii) the claimant's right to receive, upon request and free of charge, and have reasonable access to, copies of all documents, records and other information relevant to such claim; and (iv) a statement describing any voluntary appeals procedures offered by the Plan, the claimant's right to obtain information about such procedures, and a statement of the claimant's right to bring an action under section 502(a) of ERISA.

10.3. Exhaustion. No person may bring an action for any alleged wrongful denial of Plan benefits in a court of law unless the claims procedures set forth above are exhausted and a final determination is made by the Administrator. If a Participant or other interested person challenges a decision of the Administrator, such challenge must be filed in the court of law within one year following the denial of the appeal described in Section 10.2(c), and a review by the court of law will be limited to the facts, evidence and issues presented to the Administrator during the claims procedure set forth above. Facts and evidence that become known to the Participant or other interested person after having exhausted the claims procedure must be brought to the attention of the Administrator for reconsideration of the claims determination. Issues not raised with the Administrator will be deemed waived.

Article 11. Administration and ERISA Rights

11.1. The Committee will be the administrator and the named fiduciary of the Plan for purposes of ERISA. The Committee may, however, delegate to any person, committee or entity any of its power or duties under the Plan. The Administrator will be the sole judge of the application and interpretation of the Plan, and will have the discretionary authority to construe the provisions of the Plan and to resolve disputed issues of fact. The Administrator will have the sole authority to make determinations regarding eligibility for benefits. The decisions of the Administrator in all matters relating to the Plan that are within the scope of its authority (including, but not limited to, eligibility for benefits, Plan interpretations, and disputed issues of fact) will be final and binding on all parties. The Administrator will have such powers as may be necessary to discharge its duties, including but not limited to, the following:

i) To construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits under the Plan;

ii) To prescribe procedures to be followed by participants filing applications for benefits;

iii) To prepare and distribute, in such manner as the Administrator determines to be appropriate, information explaining the Plan;

iv) To receive from the Company and from Participants and employees such information as will be necessary for the proper administration of the Plan;

v) To furnish the Company, upon request, such annual reports with respect to the administration of the Plan as are reasonable and appropriate;

vi) To receive, review and keep on file (as it deems convenient and proper) reports of benefit payments by the Company and reports for disbursements of expenses directed by the Administrator;

vii) To appoint and compensate persons to assist in the administration of the Plan and any other agents it deems advisable, including legal counsel; and

viii) To make all appropriate filings with governmental agencies on behalf of the Plan.

Article 12. Miscellaneous

12.1. Employment Status. Except as may be provided under any other agreement between an Eligible Employee and the Company or an Affiliate, the employment of the Eligible Employee by the Company or an Affiliate is “at will”, and may be terminated by either the Eligible Employee or the Company or an Affiliate at any time, subject to applicable law. Nothing contained herein shall constitute an employment contract or guarantee of employment or confer any other rights except as set forth herein. Nothing in the Plan will be construed to create any right to employment or re-employment with the Company.

12.2. Other Payments. Except as otherwise provided in the Plan, no Eligible Employee shall be entitled to any cash payments or other severance benefits under any of the Company’s or any Affiliate’s then current severance pay policies or under any individual employment, severance or similar agreement for a termination that is covered by the Plan for the Eligible Employee. Acceptance of benefits under the Plan constitutes a waiver of any other separation or severance benefits from the Company, including without limitation any separation or severance benefits offered under a participant’s employment agreement or offer letter. In the event a Participant receives a judgment for or relating to any other separation benefits from the Company, the amounts paid out under the Plan will be reduced by such judgment.

12.3. No Mitigation. Participants shall not be required to mitigate the amount of any Severance Benefit provided for in the Plan by seeking other employment or otherwise, nor shall the amount of any Severance Benefit provided for herein be reduced by any compensation earned by other employment or otherwise, except (i) as provided in Section 4.1(c) or (ii) in the event the Participant is re-employed by the Company or an Affiliate, in which case Severance Benefits shall cease upon the date of re-employment.

12.4. Overpayments. If a Participant receives payments in excess of the amounts specified in Section 4, the Company, it its sole discretion, may elect to deduct such overpayments from any future payments to the Participant. If all payments have been made to the Participant, the Participant will be obligated to repay any overpayments upon demand from the Company.

12.5. Conflicts. The Plan document is the sole authority for any disputes regarding the Plan. In the event there is any conflict between the terms of the Plan and any other document or oral statements describing the terms of the Plan, the Plan document will control. In the event it is determined that the Plan conflicts, or may conflict, with ERISA, the Plan will be interpreted to conform to ERISA.

12.6. No Oral Promises. No person has the authority to modify or waive or vary the terms of the Plan. No oral promise of benefits or payments under or relating to the Plan will create a right in favor of any employee or impose any obligation on the Company or the Plan. Any interpretation of the Plan or obligation under or relating to the Plan must be in writing and signed by the Administrator or its designee to be binding.

12.7. Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular, and the singular shall include the plural.

12.8. Amendment or Termination. The Board and the Committee may, in their sole discretion, amend or terminate the Plan, in whole or in part, at any time and for any reason or no reason without the consent of Participants; provided that the Plan may not be amended or terminated during the period commencing on the Change in Control and ending on the 18-month anniversary of such Change in Control, except for amendments that are required to comply with any changes in applicable law, and provided further that no amendment to the Plan may discontinue or change any payments to a Participant who has entered into an effective Separation Agreement under the Plan prior to the effective date of the amendment or termination of the Plan. If the Plan is terminated, no Severance Benefits will be payable under the Plan to any Eligible Employee who has not entered into an effective Separation Agreement under the Plan prior to the effective date of such termination. For the avoidance of doubt, any Separation Agreement that took effect prior to the date the Plan is amended or terminated shall remain in full force and effect in accordance with its terms.

12.9. Governing Law. To the extent not preempted by the laws of the United States, the Plan shall be construed and enforced under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without regard to the conflict of laws principles thereof.

12.10. Liability. No member of the Committee, no Administrator, and no officer, director or employee of the Company or any Affiliate shall be liable for any inaction with respect to his or her functions under the Plan unless such action or inaction is adjudged to be due to gross negligence, willful misconduct or fraud. Further, no member of the Committee or Administrator shall be personally liable merely by virtue of any instrument executed by him or her or on his or her behalf as a member of the Committee or as an Administrator.

12.11. Indemnification. The Company shall indemnify, to the fullest extent permitted by law and its Certificate of Incorporation and By-laws (but only to the extent not covered by insurance) its officers and directors (and any employee involved in carrying out the functions of the Company under the Plan), each member of the Committee and each Administrator against any expenses, including amounts paid in settlement of a liability, which are reasonably incurred in connection with any legal action to which such person is a party by reason of his or her duties or responsibilities with respect to the Plan, except with regard to matters as to which he or she shall be adjudged in such action to be liable for gross negligence, willful misconduct or fraud in the performance of his or her duties.

12.12. Headings. The headings of the Plan are inserted for convenience of reference only and shall have no effect upon the meaning of provisions hereof.

12.13. Incompetency. In the event that the Administrator finds that a Participant is unable to care for his or her affairs because of illness or accident, then benefits payable hereunder, unless claim has been made therefor by a duly appointed guardian, committee, or other legal representative, may be paid in such manner as the Administrator shall determine, and the application thereof shall be a complete discharge of all liability for any payments or benefits to which such Participant was or would have been otherwise entitled under the Plan.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed this 3rd day of November, 2017.

Dunkin' Brands Group, Inc.

/s/ Richard J. Emmett

By: Richard J. Emmett

Title: Chief Legal and Human Resources Officer

[Schedule 1]

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER, DUNKIN' BRANDS GROUP, INC.

I, Nigel Travis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dunkin' Brands Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2017	/s/ Nigel Travis
Date	Nigel Travis Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER, DUNKIN' BRANDS GROUP, INC.

I, Katherine Jaspon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dunkin' Brands Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2017	/s/ Katherine Jaspon
Date	Katherine Jaspon Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Dunkin' Brands Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2017, as filed with the Securities and Exchange Commission (the "Report"), I, Nigel Travis, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

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

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Nigel Travis

Nigel Travis
Chairman and Chief Executive Officer

Dated: November 8, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Dunkin' Brands Group, Inc. and will be retained by Dunkin' Brands Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Dunkin' Brands Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2017, as filed with the Securities and Exchange Commission (the "Report"), I, Katherine Jaspon, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

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

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Katherine Jaspon

Katherine Jaspon
Chief Financial Officer

Dated: November 8, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Dunkin' Brands Group, Inc. and will be retained by Dunkin' Brands Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.