

Great franchisees. Great brands.™

dineEquity™

Modeling Assumptions for the Sale of Applebee's Company-Operated Restaurants

Forward-Looking Information

Statements contained in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by words such as "may," "will," "should," "expect," "anticipate," "believe," "estimate," "intend," "plan" and other similar expressions. These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to be materially different from those expressed or implied in such statements. These factors include, but are not limited to: the effect of general economic conditions; the Company's substantial indebtedness; risk of future impairment charges; the Company's results in any given period differing from guidance provided to the public; the highly competitive nature of the restaurant business; the Company's business strategy failing to achieve anticipated results; risks associated with the restaurant industry; shortages or interruptions in the supply or delivery of food; changing health or dietary preferences; our dependence upon our franchisees; our engagement in business in foreign markets; harm to our brands' reputation; litigation; environmental liability; liability relating to employees; failure to comply with applicable laws and regulations; failure to effectively implement restaurant development plans; concentration of Applebee's franchised restaurants in a limited number of franchisees; credit risk from IHOP franchisees operating under our previous business model; termination or non-renewal of franchise agreements; franchisees breaching their franchise agreements; insolvency proceedings involving franchisees; changes in the number and quality of franchisees; inability of franchisees to fund capital expenditures; third-party claims with respect to intellectual property assets; heavy dependence on information technology; failure to protect the integrity and security of individually identifiable information; failure to execute on a business continuity plan; inability to attract and retain talented employees; risks associated with retail brand initiatives; failure of our internal controls; and other factors discussed from time to time in the Company's Annual and Quarterly Reports on Forms 10-K and 10-Q and in the Company's other filings with the Securities and Exchange Commission. The forward-looking statements contained in this release are made as of the date hereof and the Company assumes no obligation to update or supplement any forward-looking statements.



Non-GAAP Financial Measures

This presentation includes references to the Company's non-GAAP financial measures "adjusted net income available to common stockholders (adjusted EPS)," "EBITDA," "free cash flow," and "segment EBITDA." "Adjusted EPS" is computed for a given period by deducting from net income (loss) available to common stockholders for such period the effect of any impairment and closure charges, any gain or loss related to debt extinguishment, any intangible asset amortization, any non-cash interest expense, any debt modification costs, any gain or loss related to the disposition of assets and any income tax impact of operational restructuring incurred in such period. This is presented on an aggregate basis and a per share (diluted) basis. The Company defines "EBITDA" for a given period is defined as income before income taxes less interest expense, loss on retirement of debt and Series A preferred stock, depreciation and amortization, impairment and closure charges, non-cash stock-based compensation, gain/loss on disposition of assets and other charge backs as defined by its credit agreement. "Free cash flow" for a given period is defined as cash provided by operating activities, plus receipts from notes and equipment contracts receivable ("long-term notes receivable"), less dividends paid and capital expenditures. "Segment EBITDA" for a given period is defined as gross segment profit plus depreciation and amortization as well as interest charges related to the segment. Management utilizes EBITDA for debt covenant purposes and free cash flow to determine the amount of cash remaining for general corporate and strategic purposes after the receipts from long-term notes receivable, and the funding of operating activities, capital expenditures and preferred dividends. Management believes this information is helpful to investors to determine the Company's adherence to debt covenants and the Company's cash available for these purposes. Adjusted EPS, EBITDA, free cash flow and segment EBITDA are supplemental non-GAAP financial measures and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with United States generally accepted accounting principles.



Applebee's Transition to More Highly Franchised Business Model

- The sale of company-operated Applebee's restaurants furthers DineEquity's strategic objective of transitioning Applebee's into a more highly franchised restaurant system. The Company believes a more heavily franchised business model requires less capital investment and reduces the volatility of its cash flow performance. Additionally, cash proceeds and the transfer of lease obligations associated with the sale of Company restaurants has been and will continue to be primarily utilized to reduce the Company's total debt.
- Since the acquisition of Applebee's International in November 2007, DineEquity has completed the sale of 342 company-operated restaurants in line with its strategy to transition Applebee's into a more highly franchised system. This, along with other debt reduction activities, has enabled us to reduce total debt by approximately \$719 million as of December 31, 2011.
- DineEquity intends to continue its strategy to opportunistically sell company-operated Applebee's restaurants over time and further reduce its total debt levels. As of March 1, 2012, Applebee's has approximately 137 restaurants that remain for sale, excluding approximately 23 Company restaurants that will be kept as a test market in Kansas City, Missouri.
- As the credit markets improve and the economy strengthens, DineEquity believes this will create more opportunities to attract buyers of our highly valuable company-operated Applebee's. Improvement in same-restaurant sales and EBITDA performance at these restaurants should enhance the Company's ability to achieve the valuations that meet its expectations and create value for shareholders.
- The further sale of Applebee's company-operated restaurants will be driven by the Company's ability to find quality franchise operators who have access to capital and a willingness to enter into transactions at valuations that meet its expectations. DineEquity has the financial flexibility to be a patient seller and the timing of transactions will continue to be highly variable.



Key Modeling Assumptions: 137 Remaining Restaurants* Per Restaurant Data Based on Full-Year 2011 Results

Anticipated Financial Considerations of Selling Company Restaurants

	<u>Per Restaurant</u>
• Operating Data	
– Average Restaurant Volume	~\$2.2M
– Restaurant Operating Profit	~15.9%
– Depreciation & Other	~\$78K
– FICA Tip Credit	~\$10K
• Sale Transaction Data	
– Tax Basis	~\$318K
– Net Working Capital Impact	~\$120K

Anticipated Financial Benefits of Selling Company Restaurants

	<u>Per Restaurant</u>
• Operating Data	
– Franchise Royalty Revenue	4% of Sales
– G&A Savings	~\$40K
– Capital Expenditure Reduction	~\$50K
• Sale Transaction Data	
– Financing Obligation Reduction (71 restaurants**)	~\$1.7M
– Net cash proceeds used to reduce debt	

Total Financial Impact Per Restaurant : Restaurant Operating Profit Plus Depreciation & Other Offset by Royalty Revenue and G&A Savings = ~\$300K per restaurant

* All amounts are annual approximations based on the twelve months ended as of December 31, 2011; Excludes 23 test market restaurants in Kansas City;

** The Company expects the majority of the 71 restaurants to be released and removed from the balance sheet.



Reconciliation of Total Financial Impact Per Restaurant

GAAP Average Restaurant Volume	\$2.2M
GAAP Restaurant Operating Profit	\$350K
Depreciation and other	\$78K
Less:	
4% Royalty (on \$2.2M)	(\$88K)
G&A Savings	<u>(\$40K)</u>
Total Financial Impact per Restaurant	\$300K

** All amounts are annual approximations based on the twelve months ended as of December 31, 2011*



2011 Pro Forma EBITDA

Non-GAAP Financial Measures
(In millions)
(Unaudited)

Twelve Months Ended December 31, 2011

	EBITDA*	Refranchising Adjustment (1)	Pro Forma EBITDA*
U.S. GAAP Income before income taxes	\$ 105.0	\$ (58.3)	\$ 46.7
Interest charges	151.3	(2.3)	149.0
Loss on extinguishment of debt	11.2	-	11.2
Depreciation and amortization	50.2	(3.3)	46.9
Non-cash stock-based compensation	9.5	-	9.5
Impairment and closure charges	29.6	-	29.6
Other	6.8	-	6.8
Gain on disposition of assets	(43.3)	47.1	3.8
EBITDA	<u>\$ 320.4</u>	<u>\$ (16.8)</u>	<u>\$ 303.6</u>

(1) To reflect pro forma impact of the franchising of 149 company operated Applebee's restaurants (132 sold in 2011 and 17 sold in Q1 2012). This impact reflects the financial results of these 149 restaurants as if they were operated under a franchise agreement for the twelve months ended December 31st, 2011

* Numbers may not add due to rounding

