

PUTNAM HIGH INCOME BOND FUND
Form 497
December 10, 2004

Filed pursuant to Rule 497(b)

Important information for shareholders of

PUTNAM HIGH INCOME OPPORTUNITIES TRUST AND
PUTNAM HIGH INCOME BOND FUND

The document you hold in your hands contains a combined prospectus/proxy statement and proxy card. A proxy card is, in essence, a ballot. When you complete and sign your proxy card, the Trustees of your fund will vote on your behalf exactly as you have indicated. If you simply sign the proxy card, it will be voted in accordance with the Trustees' recommendations on page 12. The Trustees recommend that shareholders vote in favor of the proposal described in this document and listed on your proxy card.

Please take a few moments and decide how you want to vote. When shareholders don't return their proxies in sufficient numbers, follow-up solicitations are required, which may cost your fund money.

You can vote by returning your proxy card in the envelope provided. Or you can call our toll-free number, or go to the Web. See your proxy card for the phone number and Web address. If you have any questions, please call 1-800-780-7316 or call your financial advisor.

[Putnam Scales Logo]

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PROXY CARD(S) ENCLOSED

If you have any questions, please call 1-800-780-7316 or your financial advisor.

A Message from the Chairman

Dear Shareholder of Putnam High Income Opportunities Trust:

[Photo of John A. Hill]

I am writing to you to ask for your vote on an important matter that affects your investment in Putnam High Income Opportunities Trust ("High Income Opportunities Trust"). While you are, of course, welcome to join us at the meeting, most shareholders cast their vote by filling out and signing the enclosed proxy card, by calling or by voting via the Internet.

We are asking for your vote on the following matter:

Approving a proposed merger of High Income Opportunities Trust into Putnam High Income Bond Fund ("High Income Bond Fund"). In this merger, the shares of High Income Opportunities Trust would, in effect, be exchanged on a tax-free basis for shares of High Income Bond Fund with

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an equal total net asset value.

The proposed merger is not intended to change significantly the nature of your investment. The investment objectives and policies of High Income Bond Fund and your fund are substantially similar. Both are closed-end funds that seek to provide high current income as a primary objective and capital appreciation as a secondary objective by investing in a portfolio of lower-grade and nonrated convertible securities and non-convertible, high-yield securities.

The proposal is intended to result in a combined fund that is more attractive to investors than either of the two funds separately. Putnam Investment Management, LLC believes that creating a broader shareholder base for the combined fund's shares may attract more interest in the combined fund than is currently the case with either fund, which may result in higher trading levels for the combined fund's shares. However, there can be no guarantee that the proposed merger will have the intended effect.

Your vote is important to us. We appreciate the time and consideration I am sure you will give this important matter. If you have questions about the proposal, please call 1-800-225-1581 or call your financial advisor.

Sincerely yours,

[Signature of John A. Hill]

John A. Hill, Chairman

A Message from the Chairman

Dear Shareholder of Putnam High Income Bond Fund:

[Photo of John A. Hill]

I am writing to you to ask for your vote on an important matter that affects your investment in Putnam High Income Bond Fund ("High Income Bond Fund"). While you are, of course, welcome to join us at the meeting, most shareholders cast their vote by filling out and signing the enclosed proxy card, by calling or by voting via the Internet.

We are asking for your vote on the following matter:

Approving a proposed merger of Putnam High Income Opportunities Trust ("High Income Opportunities Trust") into High Income Bond Fund. In this merger, the shares of High Income Opportunities Trust would, in effect, be exchanged on a tax-free basis for shares of High Income Bond Fund with an equal total net asset value.

The proposed merger is not intended to change significantly the nature of your investment. The investment objectives and policies of High Income Opportunities Trust and your fund are substantially similar. Both are closed-end funds that seek to provide high current income as a primary objective and capital appreciation as a secondary objective by investing in a portfolio of lower-grade and nonrated convertible securities and non-convertible, high-yield securities. Although the proposed merger will not materially affect the operation of your fund, we are required by the rules of the New York Stock Exchange to solicit your vote on this matter.

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The proposal is intended to result in a combined fund that is more attractive to investors than either of the two funds separately. Putnam Investment Management, LLC believes that creating a broader shareholder base for the combined fund's shares may attract more interest in the combined fund than is currently the case with either fund, which may result in higher trading levels for the combined fund's shares. However, there can be no guarantee that the proposed merger will have the intended effect.

Your vote is important to us. We appreciate the time and consideration I am sure you will give this important matter. If you have questions about the proposal, please call 1-800-780-7316 or call your financial advisor.

Sincerely yours,

[Signature of John A. Hill]

John A. Hill, Chairman

PUTNAM HIGH INCOME OPPORTUNITIES TRUST ("HIGH INCOME OPPORTUNITIES TRUST") AND PUTNAM HIGH INCOME BOND FUND ("HIGH INCOME BOND FUND")

Notice of a Joint Meeting of Shareholders

* This is the formal agenda for the joint meeting of shareholders. It tells you what matter will be voted on and the time and place of the meeting.

To the Shareholders of High Income Opportunities Trust:

A Meeting of Shareholders of High Income Opportunities Trust will be held on Thursday, January 13, 2005, at 11:00 a.m., Boston time, on the twelfth floor of One Post Office Square, Boston, Massachusetts, to consider the following:

Approving an Agreement and Plan of Reorganization and the transactions contemplated thereby, including the transfer of all of the assets of High Income Opportunities Trust to High Income Bond Fund in exchange for the issuance and delivery of shares of beneficial interest of High Income Bond Fund and the assumption by High Income Bond Fund of all of the liabilities of High Income Opportunities Trust, and the distribution of such shares to the shareholders of High Income Opportunities Trust in complete liquidation of High Income Opportunities Trust. See page 10.

To the Shareholders of High Income Bond Fund:

A Meeting of Shareholders of High Income Bond Fund will be held on Thursday, January 13, 2005, at 11:00 a.m., Boston time, on the twelfth floor of One Post Office Square, Boston, Massachusetts, to consider the following:

1. Approving an Agreement and Plan of Reorganization and the transactions contemplated thereby, including the transfer of all of the assets of High Income Opportunities Trust to High Income Bond Fund in exchange for the issuance and delivery of shares of beneficial interest of High Income Bond Fund and the assumption by High Income Bond Fund of all of the liabilities of High Income Opportunities Trust, and the distribution of such shares to the shareholders of High Income Opportunities Trust in complete liquidation of High Income Opportunities

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Trust. See page 10.

By the Trustees

John A. Hill, Chairman
George Putnam, III, President

Jameson A. Baxter
Charles B. Curtis
Myra R. Drucker
Charles E. Haldeman, Jr.
Ronald J. Jackson
Paul L. Joskow
Elizabeth T. Kennan
John H. Mullin, III
Robert E. Patterson
A.J.C. Smith
W. Thomas Stephens
Richard B. Worley

WE URGE YOU TO MARK, SIGN, DATE AND MAIL THE ENCLOSED PROXY IN THE POSTAGE-PAID ENVELOPE PROVIDED OR RECORD YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET SO THAT YOU WILL BE REPRESENTED AT THE MEETING.

December 3, 2004

Prospectus/Proxy Statement

December 3, 2004

This Prospectus/Proxy Statement relates to the proposed merger of Putnam High Income Opportunities Trust ("High Income Opportunities Trust") into Putnam High Income Bond Fund ("High Income Bond Fund"), each located at One Post Office Square, Boston, MA 02109; 1-617-292-1000. As a result of the proposed merger, each shareholder of High Income Opportunities Trust would receive a number of full and fractional shares of High Income Bond Fund of equal net asset value at the date of the exchange to the total net asset value of the shareholder's High Income Opportunities Trust shares.

This Prospectus/Proxy Statement is being mailed on or about December 10, 2004. It explains concisely what you should know before voting on the matter described herein or investing in High Income Bond Fund, a closed-end management investment company. Please read this Prospectus/Proxy Statement and keep it for future reference.

A Statement of Additional Information (the "SAI"), dated December 3, 2004, relating to the proposed merger has been filed with the Securities and Exchange Commission ("SEC") and is incorporated by reference into this Prospectus/Proxy Statement. For a free copy of the SAI, please contact us at 1-800-225-1581.

The securities offered by this Prospectus/Proxy Statement have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of this Prospectus/Proxy Statement. Any representation to the contrary is a criminal offense.

Shares of High Income Bond Fund are not deposits or obligations of, or guaranteed or endorsed by, any financial institution, are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or

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any other agency, and involve risk, including the possible loss of principal amount invested.

This document will give you the information you need to vote on the proposal. Much of the information is required under rules of the SEC; some of it is technical. If there is anything you don't understand, please call 1-800-780-7316, or call your financial advisor. Like High Income Bond Fund, High Income Opportunities Trust is in the family of funds managed by Putnam Investment Management, LLC ("Putnam Management"). High Income Bond Fund and High Income Opportunities Trust are collectively referred to herein as the "funds," and each is referred to individually as a "fund."

The common shares of High Income Bond Fund are listed on the New York Stock Exchange (the "NYSE") under the symbol "PCF," and the common shares of High Income Opportunities Trust are listed on the NYSE under the symbol "PCV." You may inspect reports, proxy material and other information concerning either High Income Bond Fund or High Income Opportunities Trust at the NYSE.

High Income Bond Fund and High Income Opportunities Trust are subject to the informational requirements of the Securities Exchange Act of 1934 and, as a result, file reports and other information with the SEC. You may review and copy information about the funds, including the SAI, at the SEC's public reference room at 450 Fifth Street, NW, Washington, D.C.; or at the public reference facilities in its Northeast and Midwest regional offices, at 233 Broadway, New York, NY, and 175 W. Jackson Boulevard, Suite 900, Chicago, IL. You may call the SEC at 1-800-SEC-0330 for information about the operation of the public reference room. You may obtain copies of this information, with payment of a duplication fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102. You may also access reports and other information about the funds on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>.

I. Synopsis

* The responses to the questions that follow provide an overview of key points typically of concern to shareholders considering a proposed merger between closed-end funds. These responses are qualified in their entirety by the remainder of the Prospectus/Proxy Statement, which contains additional information and further details regarding the proposed merger.

1. What is being proposed?

The Trustees of the funds are recommending that shareholders of each fund approve the merger of High Income Opportunities Trust into High Income Bond Fund and the related transactions contemplated by the Agreement and Plan of Reorganization among each of the funds and Putnam Management, dated as of November 18, 2004 (the "Agreement"). The Agreement is attached to this Prospectus/Proxy Statement as Appendix A. If approved by shareholders of each fund, all of the assets of High Income Opportunities Trust will be transferred to High Income Bond Fund in exchange for the issuance and delivery to High Income Opportunities Trust of shares of High Income Bond Fund (the "Merger Shares") with a net asset value equal to the value of High Income Opportunities Trust's assets net of liabilities and for the assumption by High Income Bond Fund of all of the liabilities of High Income Opportunities Trust. Immediately following the transfer, the Merger Shares received by High Income Opportunities Trust will be distributed to its shareholders, pro rata.

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2. What will happen to my shares as a result of the proposed merger?

If you are a shareholder of High Income Opportunities Trust, your shares will, in effect, be exchanged on a tax-free basis for shares of High Income Bond Fund with an equal aggregate net asset value on the date of the merger. It is possible, however, that the market value of such shares may differ. See question 12 below.

If you are a shareholder of High Income Bond Fund, your shares of High Income Bond Fund will not be directly affected by the merger, but will represent interests in a larger fund pursuing the same investment objectives and policies.

3. Why is the merger being proposed at this time?

Putnam Management proposed the merger of High Income Opportunities Trust into High Income Bond Fund to the funds' Trustees because it believes the proposed merger may result in a combined fund that is more attractive to investors than either of the two funds separately. Putnam Management believes that creating a broader shareholder base for the combined fund's shares may attract more interest in the combined fund than is currently the case with either fund, which may result in higher trading levels for the combined fund's shares. However, there can be no guarantee that the proposed merger will have the intended effect.

In addition, the merger would offer shareholders of both funds the opportunity to invest in a larger fund with substantially similar investment policies and the potential to achieve greater economies of scale and a lower expense ratio. In addition, the funds are managed by the same investment teams with a common investment process and similar objectives; therefore, the proposed merger would permit the funds' investment teams to concentrate their efforts and resources more efficiently.

Both funds invest significantly in both high-yield bonds and convertible securities. Convertible securities typically are bonds, preferred stocks or warrants that can be converted into or exchanged for common stock. The convertible securities portion of High Income Bond Fund is a heavily income-oriented portfolio composed of so-called "broken" convertibles, which are convertibles whose underlying equity has fallen to the point where the convertibles trade based primarily on their fixed-income attributes. The convertible securities portion of High Income Opportunities Trust was originally more equity-oriented, emphasizing smaller capitalization issuers. In 2002, however, shareholders approved a number of investment policy changes for these funds, including changing the convertible securities portion of High Income Opportunities Trust to permit it to focus its convertible holdings on larger capitalization and "broken" convertibles. As a result, the management of the two funds has converged, and there is now no practical difference in how the funds are managed.

For these reasons, Putnam Management recommended that High Income Opportunities Trust, which had assets of \$73.9 million as of October 31, 2004, be combined with High Income Bond Fund, which had assets of \$117.3 million as of October 31, 2004. As High Income Bond Fund is larger than High Income Opportunities Trust, the Trustees believe that it is appropriate for the smaller High Income Opportunities Trust to be merged into High Income Bond Fund.

* * *

The Trustees of the Putnam Funds, who serve as Trustees of each of the

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funds involved in the proposed merger, have carefully considered Putnam Management's recommendations. Following a review of the anticipated benefits and costs of the proposed merger to the shareholders of each fund, the Trustees of the funds, including all of the independent Trustees, who are not "interested persons" of Putnam Management, unanimously determined that the proposed merger is in the best interests of each fund and recommend that shareholders vote FOR approval of the proposed merger.

4. How do the investment goals, policies and restrictions of the two funds compare?

Investment Goals

The investment goals of the funds are identical. Each fund seeks high current income as a primary objective and capital appreciation as a secondary objective. The management of the two funds has converged, and there is now no practical difference in how the funds are managed. As of July 31, 2004, each fund had 47-48% of its net assets in convertible securities and 43-44% in high-yield bonds.

Investment Policies

The funds share substantially similar fundamental investment policies, though there are three differences that Putnam Management believes are of little practical importance. First, High Income Opportunities Trust may borrow up to 10% of the value of its total assets. By contrast, High Income Bond Fund may borrow up to 15% of the value of its total assets. Second, High Income Bond Fund may not purchase securities restricted as to resale if, as a result, such investments would exceed 10% of the value of its net assets. By contrast, High Income Opportunities Trust has a non-fundamental policy under which it may invest up to 15% of its net assets in securities that are restricted as to resale. Third, while both funds are generally prohibited from issuing senior securities (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")), High Income Opportunities Trust is permitted to issue shares of beneficial interest with preference rights.

The funds share substantially similar non-fundamental investment policies. Each fund will invest, under normal circumstances, at least 80% of its net assets in fixed income securities (including debt instruments, convertible securities and preferred stock) rated below investment grade (e.g., below BBB/Baa) by at least one nationally recognized rating agency (or nonrated securities Putnam Management believes are of comparable credit quality). There are two differences in non-fundamental investment policies that Putnam Management believes are of little practical importance because, as discussed above, there is now no practical difference in how the funds are managed. First, High Income Bond Fund may invest up to 20% of its net assets in securities principally traded in foreign markets. By contrast, High Income Opportunities Trust may only invest up to 15% of its assets in securities principally traded in foreign markets. Second, High Income Bond Fund may not invest in the securities of registered open-end investment companies, except as they may be acquired as part of a merger or consolidation or acquisition of assets or by purchases in the open market involving only customary brokers' commissions. High Income Opportunities Trust is not subject to a corresponding restriction.

5. How do the management fees and other expenses of the two funds compare, and what are they estimated to be following the proposed merger?

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The following tables summarize the maximum fees and expenses you may pay when investing in the funds, expenses that each of the funds incurred for its most recent fiscal year as well as the pro forma expenses of High Income Bond Fund. As shown below, the merger is expected to result in decreased total expenses for shareholders of each fund. For more information on the management fees paid by the funds, see "Information about the Funds--Management" below.

	High Income Opportunities Trust	High Income Bond Fund	
Shareholder Transaction Expenses			
Maximum sales charge imposed on purchases (as a percentage of offering price)	None (a)	None (a)	
Dividend Reinvestment Plan	None (b)	None (b)	
Annual Fund Operating Expenses (expenses that are deducted from fund assets)			
	High Income Opportunities Trust	High Income Bond Fund	High Income Bond Fund (Pro forma combined)
Management Fees	1.35%*	0.75%	0.75%
Other Expenses	0.44%	0.34%	0.29%**
Total Annual Fund Operating Expenses	1.79%	1.09%	1.04%***+

Reflects information for the respective fiscal years ended August 31, 2004 for High Income Bond Fund and February 29, 2004 for High Income Opportunities Trust.

(a) Shares of either fund purchased on the secondary market are not subject to sales charges but may be subject to brokerage commissions or other charges. The table does not include an underwriting commission paid by shareholders in the initial offering of each fund.

(b) Each participant in a fund's dividend reinvestment plan pays a proportionate share of the brokerage commissions incurred with respect to open market purchases in connection with such plan. With respect to each fund's most recent fiscal year, participants in each fund's dividend reinvestment plan incurred brokerage commissions representing less than \$.01 per share.

* Includes a quarterly investment management fee based on the average weekly net asset value of the fund at the annual rate of 1.10% and a quarterly administrative service fee based on the average weekly net asset value of the fund at the annual rate of 0.25%.

** Does not reflect non-recurring expenses related to the merger estimated at \$77,046 for High Income Opportunities Trust and \$26,887 for High Income Bond Fund. If such expenses had been reflected, Pro Forma "Other Expenses" and Total Annual Fund Operating Expenses would have been 0.35% and 1.10%, respectively.

+ Putnam Management estimates that the combined fund will incur lower total annual fund operating expenses during the year following the completion of the merger than the expenses incurred by High Income Bond Fund during its most recent fiscal year due largely to the spreading of certain fixed costs over a larger fund.

The tables are provided to help you understand the expenses of investing in the funds and your share of the operating expenses that each fund

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incurs and that Putnam Management expects the combined fund to incur in the first year following the merger. The expenses shown in the table do not reflect the application of credits related to expense offset arrangements that reduce certain fund expenses.

Examples

These examples translate the "Total Annual Fund Operating Expenses" shown in the preceding table into dollar amounts. By doing this, you can more easily compare the cost of investing in the funds. The examples make certain assumptions. They assume that you invest \$1,000 in a fund for the time periods shown. They also assume, as required by the SEC, a 5% return on your investment each year and that a fund's operating expenses remain the same. The examples are hypothetical; your actual costs and returns may be higher or lower.

	1 Year	3 Years	5 Years	10 Years
High Income Bond Fund	\$11	\$35	\$60	\$133
High Income Opportunities Trust	\$18	\$56	\$97	\$211
High Income Bond Fund (Pro forma combined)	\$11	\$33	\$57	\$127

6. How does the investment performance of the funds compare?

As shown in the table below, over the most recent fiscal year, the total return at NAV of High Income Opportunities Trust approximated that of High Income Bond Fund. Each fund's performance at market price may differ from its results at NAV. Although market price performance generally reflects investment results, it may also be influenced by several factors, including changes in investor perceptions of each fund or its investment adviser, market conditions, fluctuations in supply and demand for each fund's shares and changes in each fund's distributions.

TOTAL RETURN FOR PERIODS ENDED 8/31/04

	High Income Bond Fund		High Income Opportunities Trust	
	NAV	Market Price	NAV	Market Price
1 year	16.40%	12.06%	15.43%	8.01%
5 years	58.79%	36.49%	29.56%	22.95%
Annual average	9.69%	6.42%	5.32%	4.22%
10 years	139.54%	104.14%	--	--
Annual average	9.13%	7.40%	--	--
Life of High Income Opportunities Trust*	116.97%	86.36%	91.47%	69.35%
Annual average*	8.81%	7.02%	7.34%	5.91%

* From 6/29/95.

The performance information does not account for taxes.

COMPARATIVE RETURNS FOR PERIODS ENDED 8/31/04

	Merrill Lynch All-Convertible Index*	JP Morgan Global High Yield Index**	Lipper Convertible Securities Funds (closed-end) category average***
1 year	9.72%	14.62%	10.59%
5 years	31.43%	38.05%	21.12%
Annual average	5.62%	6.66%	3.80%

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10 years	158.46%	115.52%	113.01%
Annual average	9.96%	7.98%	7.78%
Life of High Income	--	--	341.44%
Bond Fund (7/9/87)	--	--	9.02%
Annual average			
Life of High Income			
Opportunities Trust			
(6/29/95)	132.87%	92.36%	91.30%
Annual average	9.66%	7.40%	7.27%

* Primary benchmark for High Income Bond Fund and High Income Opportunities Trust. This index began operations on 12/31/87.

** Secondary benchmark for High Income Bond Fund and High Income Opportunities Trust. This index began operations on 12/31/93.

*** Over the 1-, 5- and 10-year periods ended 8/31/04, there were 13, 8 and 7 funds, respectively, in this Lipper category.

Index and Lipper results should be compared to each fund's performance at NAV.

7. What are the federal income tax consequences of the proposed merger?

For federal income tax purposes, no gain or loss will be recognized by the funds or their shareholders directly as a result of the proposed merger. Certain other tax consequences are discussed below under "Information about the Proposed Merger--Federal Income Tax Consequences."

8. Will my dividend be affected by the proposed merger?

The merger will not result in a change in dividend policy. Because the funds' earning rates are currently substantially similar, the merger will not result in any immediate material change in current dividend rate. As of October 15, 2004, the dividend rates for High Income Bond Fund and High Income Opportunities Trust were 6.61% and 6.48%, respectively, and the estimated dividend rate for shares of High Income Bond Fund on a pro forma basis, after giving effect to the merger, would have been 6.62%. As of October 15, 2004, the SEC yields for shares of High Income Bond Fund and High Income Opportunities Trust were 5.58% and 4.48%, respectively. Over the longer term, the level of dividends will depend on market conditions and the ability of Putnam Management to invest the fund's assets, including those received in the merger, in securities meeting High Income Bond Fund's investment objectives and policies.

High Income Bond Fund will not permit any holder of High Income Opportunities Trust shares holding certificates for such shares at the time of the merger to receive cash dividends or other distributions, receive certificates for Merger Shares or pledge Merger Shares until such certificates for High Income Opportunities Trust shares have been surrendered, or, in the case of lost certificates, until an adequate surety bond has been posted.

If a shareholder is not, for the reason above, permitted to receive cash dividends or other distributions on Merger Shares, High Income Bond Fund will pay all such dividends and distributions in additional shares, notwithstanding any election the shareholder may have made previously to receive dividends and distributions on High Income Opportunities Trust shares in cash.

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9. Do the procedures for purchasing and selling shares of the two funds differ?

No. The procedures for purchasing and selling shares of each fund are identical. As closed-end funds, the funds are not required to redeem outstanding shares, and do not continuously offer shares. The funds' shares currently may be bought and sold at prevailing market prices on the NYSE. High Income Bond Fund will apply to list the Merger Shares on the NYSE. It is a condition to the closing of the merger that the Merger Shares be approved for listing.

10. How will I be notified of the outcome of the vote?

If the proposed merger is approved and you are a shareholder of High Income Opportunities Trust, you will receive a confirmation after the reorganization is completed, indicating your new account number, the number of shares you are receiving and the procedures for surrendering your certificates, if you have any. Otherwise, you will be notified in the next annual report of your fund.

11. Will the number of shares I own change?

If you are a shareholder of High Income Opportunities Trust, the number of shares you own will change, but the total net asset value of the shares of High Income Bond Fund you receive will equal the total net asset value of the shares of High Income Opportunities Trust that you hold at the time of the merger. If you are a shareholder of High Income Bond Fund, the number of High Income Bond Fund shares you own will not change. Even though the net asset value per share of each fund is different, the total net asset value of a shareholder's holdings will not change as a result of the merger. Of course, the Merger Shares may trade on the NYSE at a discount from net asset value, which might be greater or less than the trading discount of High Income Opportunities Trust shares at the time of the merger.

12. Will the market value of my investment change?

Shares of each fund will continue to be traded on the NYSE (in the case of High Income Opportunities Trust, until the time of the merger), and may at times trade at a market price greater or less than net asset value. In recent years, shares of both funds have traded at a discount to net asset value. Depending on market conditions immediately prior to the exchange, shares of High Income Bond Fund may trade at a larger or smaller discount to net asset value than shares of High Income Opportunities Trust. This could result in the Merger Shares having a market value that is greater or less than the market value the High Income Opportunities Trust shares currently have.

13. Why is the vote of High Income Bond Fund's shareholders being solicited?

Although High Income Bond Fund will continue its legal existence and operations as before, we are required by the rules of the NYSE to solicit the vote of High Income Bond Fund's shareholders on this matter.

14. What percentage of shareholders' votes is required to approve the merger?

Approval of the merger will require the "yes" vote of the holders of:

* a majority of the outstanding shares of High Income Bond Fund voted, if holders of more than 50% of such shares vote, and

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* the lesser of (1) more than 50% of the outstanding shares of High Income Opportunities Trust or (2) 67% or more of the shares present at a meeting if more than 50% of the outstanding shares are represented at the meeting in person or by proxy.

The Trustees believe that the proposed merger is in the best interests of each fund's shareholders. Accordingly, the Trustees unanimously recommend that shareholders vote FOR approval of the proposed merger.

II. Risk Factors

* What are the risks of High Income Bond Fund, and how do they compare with those of High Income Opportunities Trust?

The risks of an investment in High Income Bond Fund (the "fund" as used in the following discussion of main risks) are generally similar to the risks of an investment in High Income Opportunities Trust.

The main risks that could adversely affect the value of the fund's shares and the total return on your investment include:

* The risk that the issuers of the fund's fixed-income investments will not make timely payments of interest and principal. Because the fund invests significantly in junk bonds, it is subject to heightened credit risk. Investors should carefully consider the risks associated with an investment in the fund.

* The risk that the stock price of one or more of the companies in the fund's portfolio will fall, or will fail to rise. Many factors can adversely affect a stock's performance, including both general financial market conditions and factors related to a specific company or industry. This risk is generally greater for small and mid-sized companies, which tend to be more vulnerable to adverse developments.

* The risk that movements in financial markets will adversely affect the value of the fund's investments. This risk includes interest rate risk, which means that the prices of the fund's investments are likely to fall if interest rates rise. Interest rate risk is generally higher for investments with longer maturities.

* The risks of investing outside the United States, such as currency fluctuations, economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments. These risks are increased for investments in emerging markets.

* The risk that the fund's shares may trade at a discount to net asset value. Although the market price of the fund's shares generally reflects investment results, it may also be influenced by several factors, including changes in investor perceptions of the fund or its investment adviser, market conditions, fluctuations in supply and demand for the fund's shares and changes in fund distributions. As a result, the fund cannot predict whether its shares will trade at, below or above net asset value.

* What are the main investment strategies and related risks of High Income Bond Fund, and how do they compare with those of High Income Opportunities Trust?

Because the funds share substantially similar goals and policies, the risks described below for an investment in High Income Bond Fund are

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virtually identical to the risks of an investment in High Income Opportunities Trust.

Any investment carries with it some level of risk that generally reflects its potential for reward. Putnam Management pursues High Income Bond Fund's goal by investing, under normal circumstances, at least 80% of its net assets in fixed income securities (including debt instruments, convertible securities and preferred stock) rated below investment grade (e.g., below BBB/Baa) by at least one nationally recognized rating agency (or nonrated securities Putnam Management believes are of comparable credit quality). Convertible securities typically are bonds, preferred stocks or warrants that can be converted into or exchanged for common stock. A convertible security tends to provide a higher yield than the underlying stock, which may cushion it against declines in the price of that stock. The convertible bonds the fund buys usually have intermediate- to long-term maturities (three years or longer). The fund may invest in companies of any capitalization.

Putnam Management will consider, among other factors, a company's financial strength, competitive position in its industry, projected future earnings, cash flows and dividends when deciding whether to buy or sell investments. A description of the risks associated with the fund's main investment strategies follows:

Interest rate risk. The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the value of existing debt instruments, and rising interest rates generally decrease the value of existing debt instruments. Changes in a debt instrument's value usually will not affect the amount of interest income paid to the fund, but will affect the value of the fund's shares. Interest rate risk is generally greater for investments with longer maturities.

Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, we might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.

"Premium" investments offer coupon rates higher than prevailing market rates. However, they involve a greater risk of loss, because their values tend to decline over time.

Credit risk. Investors normally expect to be compensated in proportion to the risk they are assuming. Thus, debt of issuers with poor credit prospects usually offers higher yields than debt of issuers with more secure credit. Higher-rated investments generally offer lower credit risk.

The fund invests, under normal circumstances, at least 80% of its net assets in fixed income securities (including debt instruments, convertible securities and preferred stock) rated below investment grade (e.g., below BBB/Baa) by at least one nationally recognized rating agency (or nonrated securities Putnam believes are of equivalent credit quality). We will not necessarily sell an investment if its rating is reduced after we buy it.

Investments rated below BBB or its equivalent are known as "junk bonds." This rating reflects a greater possibility that the issuers may be unable to make timely payments of interest and principal and thus

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default. If this happens, or is perceived as likely to happen, the values of those investments will usually be more volatile and are likely to fall. A default or expected default could also make it difficult for us to sell the investments at prices approximating the values we had placed on them. Lower-rated debt usually has a more limited market than higher-rated debt, which may at times make it difficult for us to buy or sell certain debt instruments or to establish their fair value. Credit risk is generally greater for investments that are issued at less than their face value and that are required to make interest payments only at maturity rather than at intervals during the life of the investment. Although investment-grade investments generally have lower credit risk, they may share some of the risks of lower-rated investments.

Credit ratings are based largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility or liquidity. Although Putnam Management considers credit ratings in making investment decisions, Putnam Management performs its own investment analysis and does not rely on ratings assigned by the rating agencies. The fund depends more on Putnam Management's ability in buying lower-rated debt than it does in buying investment-grade debt. The fund may have to participate in legal proceedings or take possession of and manage assets that secure the issuer's obligations. This could increase the fund's operating expenses and decrease its net asset value.

A company's convertible securities generally receive payments only after the company has paid the holders of its non-convertible debt; for this reason, the credit risk of a company's convertible securities is generally greater than that of its non-convertible debt.

Common stocks. Common stock represents an ownership interest in a company. The value of a company's stock may fall as a result of factors directly relating to that company, such as decisions made by its management or lower demand for the company's products or services. A stock's value may also fall because of factors affecting not just the company, but also companies in the same industry or in a number of different industries, such as increases in production costs. The value of a company's stock may also be affected by changes in financial markets that are relatively unrelated to the company or its industry, such as changes in interest rates or currency exchange rates. In addition, a company's stock generally pays dividends only after the company invests in its own business and makes required payments to holders of its bonds and other debt. For this reason, the value of a company's stock will usually react more strongly than its bonds and other debt to actual or perceived changes in the company's financial condition or prospects. Stocks of smaller companies may be more vulnerable to adverse developments than those of larger companies.

The price of a convertible security normally varies with the price of the underlying stock. Companies Putnam Management believes are undergoing positive change and whose stock Putnam Management believes is undervalued by the market may have experienced adverse business developments or may be subject to special risks that have caused their stocks to be out of favor. If Putnam Management's assessment of a company's prospects is wrong, or if other investors do not similarly recognize the value of the company, then the price of the company's stock may fall or may not approach the value that Putnam Management has placed on it.

Foreign investments. The fund may invest up to 20% of its net assets in foreign investments. Foreign investments involve certain special risks.

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For example, their values may decline in response to changes in currency exchange rates, unfavorable political and legal developments, unreliable or untimely information, and economic and financial instability. In addition, the liquidity of these investment may be more limited than for most U.S. investments, which means we may at times be unable to sell them at desirable prices.

Foreign settlement procedures may also involve additional risks. These risks are generally greater in the case of developing (also known as emerging) markets with less developed legal and financial systems.

Certain of these risks may also apply to some extent to U.S.-traded investments that are denominated in foreign currencies, investments in U.S. companies that are traded in foreign markets or investments in U.S. companies that have significant foreign operations. Special U.S. tax considerations may apply to the fund's foreign investments.

Small and mid-sized companies. These companies, some of which may have a market capitalization of less than \$1 billion, are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group. Stocks of these companies often trade less frequently and in limited volume, and their prices may fluctuate more than stocks of larger companies. Stocks of small and mid-sized companies may therefore be more vulnerable to adverse developments than those of larger companies.

Derivatives. Putnam Management may engage in a variety of transactions involving derivatives, such as futures, options, warrants and swap contracts. Derivatives are financial instruments whose value depends upon, or is derived from, the value of something else, such as one or more underlying investments, pools of investments, indexes or currencies. Putnam Management may use derivatives both for hedging and non-hedging purposes. However, Putnam Management may also choose not to use derivatives, based on its evaluation of market conditions or the availability of suitable derivatives. Investments in derivatives may be applied toward meeting a requirement to invest in a particular kind of investment if the derivatives have economic characteristics similar to that investment.

Derivatives involve special risks and may result in losses. The successful use of derivatives depends on Putnam Management's ability to manage these sophisticated instruments. The prices of derivatives may move in unexpected ways due to the use of leverage or other factors, especially in unusual market conditions, and may result in increased volatility. The use of derivatives may also increase the amount of taxes payable by shareholders.

Other risks arise from our potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for the fund's derivatives positions at any time. In fact, many over-the-counter instruments (investments not traded on an exchange) will not be liquid. Over-the-counter instruments also involve the risk that the other party to the derivative transaction will not meet its obligations. For further information about the risks of derivatives, see the statement of additional information (SAI).

Anti-takeover provisions. The fund's agreement and declaration of trust includes provisions that could limit the ability of other persons or entities to acquire control of the fund or to cause it to engage in certain transactions or to modify its structure. Such provisions may have the effect of depriving shareholders of an opportunity to sell their shares at a premium over prevailing market prices or inhibiting the fund's conversion

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to open-end status.

Possible conversion to open-end status. Under the fund's agreement and declaration of trust, as amended, because the fund's shares traded on the NYSE at an average discount of more than 10%, determined as of the end of the last trading day in each week during the period of twelve calendar weeks preceding September 1, 2004, the Trustees are required to submit to the next annual meeting of the fund's shareholders, which is currently expected to take place in June 2005, a proposal to convert the fund from a "closed-end company" to an "open-end company," as defined in the Investment Company Act of 1940, as amended (the "1940 Act"). If the fund's shareholders were to approve this proposal, the fund's management team may, upon conversion, be forced to maintain a portion of the fund's portfolio in cash due to cash flows from sales and redemptions of fund shares. In addition, a conversion to open-end status may result in a lower yield because of increased fund expenses.

Market price of shares. Shares of closed-end investment companies often trade at a discount to their net asset values, and the fund's shares may likewise trade at a discount, although it is possible that they may trade at a premium above net asset value. Net asset value will be reduced immediately following the merger as a result of merger-related expenses. Although the market price of the fund's shares generally reflects investment results, it may also be influenced by several factors, including changes in investor perceptions of the fund or its investment adviser, market conditions, fluctuations in supply and demand for the fund's shares and changes in fund distributions. As a result, the fund cannot predict whether its shares will trade at, below or above net asset value.

Other investments. In addition to the main investment strategies described above, the fund may make other types of investments, such as investments in non-convertible preferred stocks and asset-backed securities, which may be subject to other risks, as described in the SAI.

Alternative strategies. Under normal market conditions, Putnam Management keeps the fund's portfolio fully invested, with minimal cash holdings. However, at times Putnam Management may judge that market conditions make pursuing the fund's usual investment strategies inconsistent with the best interests of the fund's shareholders. Putnam Management then may temporarily use alternative strategies that are mainly designed to limit losses. However, Putnam Management may choose not to use these strategies for a variety of reasons, even in very volatile market conditions. These strategies may cause the fund to miss out on investment opportunities, and may prevent the fund from achieving its goal.

Changes in policies. The fund's Trustees may change the fund's goal, investment strategies and other policies without shareholder approval, except as otherwise indicated.

An investment in High Income Bond Fund may not be appropriate for all investors, and there is no assurance that High Income Bond Fund will achieve its investment objectives. High Income Bond Fund is designed primarily as a long-term investment and not as a trading vehicle.

III. Information about the Proposed Merger

General. The shareholders of each fund are being asked to approve a merger between High Income Opportunities Trust and High Income Bond Fund pursuant to the Agreement, which is attached to this Prospectus/Proxy

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Statement as Appendix A. Although the term "merger" is used for ease of reference, the transaction is structured as a transfer of all of the assets of High Income Opportunities Trust to High Income Bond Fund in exchange for the assumption by High Income Bond Fund of all of the liabilities of High Income Opportunities Trust and for the issuance and delivery to High Income Opportunities Trust of shares of High Income Bond Fund equal in aggregate net asset value to the net value of the assets transferred to High Income Bond Fund.

After receipt of the Merger Shares, High Income Opportunities Trust will distribute the Merger Shares to its shareholders, in proportion to their existing shareholdings, in complete liquidation of High Income Opportunities Trust, and the legal existence of High Income Opportunities Trust as a separate business trust under Massachusetts law will be terminated. Each shareholder of High Income Opportunities Trust will receive a number of full and fractional Merger Shares equal in aggregate net asset value at the date of the exchange to the aggregate net asset value of the shareholder's High Income Opportunities Trust shares.

Prior to the date of the transfer (the "Exchange Date"), High Income Opportunities Trust will declare a dividend that will have the effect of distributing to shareholders all of its remaining investment company income (computed without regard to the deduction for dividends paid) and net realized capital gains, if any, through the Exchange Date.

The Trustees have voted unanimously to approve the proposed merger and to recommend that shareholders also approve the merger. The actions contemplated by the Agreement and the related matters described therein will be consummated only if approved by the affirmative vote of the holders of a majority of the outstanding shares of High Income Bond Fund voted, if holders of more than 50% of such shares vote, and the lesser of (1) more than 50% of the outstanding shares of High Income Opportunities Trust or (2) 67% or more of the shares present at a meeting if more than 50% of the outstanding shares of High Income Opportunities Trust are represented at the meeting in person or by proxy.

The Agreement provides that the investment restrictions of High Income Opportunities Trust will be temporarily amended to the extent necessary to effect the transactions contemplated by the Agreement.

In the event that the merger does not receive the required approvals, each fund will continue to be managed as a separate fund in accordance with its current investment objective and policies, and the Trustees may consider such alternatives as may be in the best interests of each fund's respective shareholders.

Trustees' Considerations Relating to the Proposed Merger. The Trustees of the Putnam Funds, who serve as Trustees of each of the funds involved in the proposed merger, have carefully considered the anticipated benefits and costs of the proposed merger from the perspective of each fund. The Contract Committee of the Trustees of the Putnam Funds, which consists solely of Trustees who are not "interested persons" of the funds as defined in the 1940 Act (the "independent Trustees"), reviewed the terms of the proposed merger. The Contract Committee and the Trustees were assisted in this process by independent legal counsel for both the funds and the independent Trustees. Following the conclusion of this process, the Trustees, including all of the independent Trustees, determined that the proposed merger of High Income Opportunities Trust into High Income Bond Fund would be in the best interests of each fund and its shareholders, and that the interests of existing shareholders of each fund would not be diluted by the proposed merger. The Trustees unanimously approved the

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proposed merger and recommended its approval by shareholders of each fund.

In evaluating the proposed merger, the Trustees first considered the underlying investment rationale articulated by Putnam Management. The Trustees noted the similarity of the funds' investment objectives, policies and restrictions. The Trustees also considered the historical investment performance of each fund and its current distribution rate, as well as the expected savings in annual fund operating expenses for shareholders of the combined fund, based on Putnam Management's unaudited estimates of the funds' expense ratios as of July 31, 2004 and the expected pro forma expense ratio based on combined assets of the funds as of the same date, as shown in the table below:

	Total Expenses
High Income Bond Fund	1.08%
High Income Opportunities Trust	1.78%
High Income Bond Fund Pro Forma Combined	1.04%

The Trustees also considered the tax effects of the proposed merger. In particular, using data as of July 31, 2004, they reviewed the historical and pro forma tax attributes of the funds and examined the effect of a hypothetical merger occurring as of that date on certain tax losses of the funds (see "Federal Income Tax Consequences" below). The Trustees noted that since the funds had relatively similar gain/loss positions at that time, there was no significant prospect that one fund's shareholders would have been placed at a disadvantage, for example, due to the spreading of their losses (which are a potential tax benefit) among a larger group of shareholders. The Trustees also noted that, at that time, since each fund had significant capital loss carryforwards of its own, the impact of the loss limitation rules governing the use of pre-merger losses by the combined fund was expected to be modest. The effect of this limitation on the proposed merger, however, will depend on the amount of losses in each fund at the time of the merger.

The Trustees took into account the expected costs of the proposed merger, including proxy solicitation costs, fees associated with registering the sale of High Income Bond Fund's shares to be issued in the proposed merger, accounting fees and legal fees. The Trustees weighed these costs (and the estimated portfolio transaction expenses described below) against the quantifiable expected benefits of the proposed merger and considered Putnam Management's agreement to bear these costs to the extent they exceed certain limits established by the Trustees and set forth in the Agreement. Accordingly, the funds are expected to bear these costs in the following amounts:

High Income Bond Fund	\$26,887 (0.02% of July 31, 2004 assets)
High Income Opportunities Trust	\$77,046 (0.10% of July 31, 2004 assets)

The Trustees also took into account a number of factors, including: (1) a comparison of the investment objectives and policies of the funds; (2) the classification and performance rating of each fund by independent research firms such as Morningstar, Inc. and Lipper Inc.; (3) the performance history of each fund; (4) the performance history of each fund as compared to its benchmark indexes; (5) the volatility of each fund's portfolio relative to the market; (6) the composition of each fund's management team; (7) the net assets, average duration and average credit quality of each fund; (8) the current dividend rates and SEC yield for each fund; and (9) the terms of the Agreement.

Agreement and Plan of Reorganization. The proposed merger will be governed by the Agreement, a copy of which is attached as Appendix A.

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The Agreement provides that High Income Bond Fund will acquire all of the assets of High Income Opportunities Trust in exchange for the assumption by High Income Bond Fund of all of the liabilities of High Income Opportunities Trust and for the issuance of and delivery to High Income Opportunities Trust of Merger Shares equal in aggregate net asset value to the value of the transferred assets net of assumed liabilities. The shares will be issued on the next full business day (the "Exchange Date") following the time as of which the funds' shares are valued for determining net asset value for the merger (4:00 p.m., Boston time, on January 21, 2005, or such other date as may be agreed upon by the parties (the "Valuation Time")). The following discussion of the Agreement is qualified in its entirety by the full text of the Agreement.

High Income Opportunities Trust will sell all of its assets to High Income Bond Fund, and in exchange, High Income Bond Fund will assume all of the liabilities of High Income Opportunities Trust and deliver to High Income Opportunities Trust a number of full and fractional Merger Shares having an aggregate net asset value equal to the value of assets of High Income Opportunities Trust, less the value of the liabilities of High Income Opportunities Trust assumed by High Income Bond Fund. The Agreement provides that the investment restrictions of High Income Opportunities Trust will be temporarily amended to the extent necessary to effect the transactions contemplated by the Agreement.

Immediately following the Exchange Date, High Income Opportunities Trust will distribute pro rata to its shareholders of record, as of the close of business on the Exchange Date, the full and fractional Merger Shares received by High Income Opportunities Trust. As a result of the proposed merger, each shareholder of High Income Opportunities Trust will receive a number of Merger Shares equal in aggregate net asset value at the Exchange Date to the net asset value of High Income Opportunities Trust shares held by the shareholder. This distribution will be accomplished by the establishment of accounts on the share records of High Income Bond Fund in the name of such shareholders, each account representing the respective number of full and fractional Merger Shares due such shareholder. New certificates for Merger Shares will be issued only upon written request. If you hold certificates for shares of High Income Opportunities Trust, you will not, following the merger, be able to receive any cash dividends or transfer your High Income Bond Fund shares until you have delivered your High Income Opportunities Trust share certificates to Putnam Fiduciary Trust Company.

The consummation of the merger is subject to the conditions set forth in the Agreement. The Agreement may be terminated and the merger abandoned at any time, before or after approval by the shareholders, prior to the Exchange Date, by mutual consent of High Income Bond Fund and High Income Opportunities Trust or, if any condition set forth in the Agreement has not been fulfilled and has not been waived by the party entitled to its benefits, by such party.

If shareholders of each fund approve the proposed merger, High Income Opportunities Trust will liquidate such of its portfolio securities as High Income Bond Fund shall indicate it does not wish to acquire. The Agreement provides that the liquidation will be substantially completed prior to the Exchange Date, unless otherwise agreed upon by High Income Opportunities Trust and High Income Bond Fund. High Income Opportunities Trust shareholders will bear the portfolio trading costs associated with this liquidation to the extent that it is completed prior to the Exchange Date. There can be no assurance that such liquidation will be accomplished prior to the Exchange Date. To the extent the liquidation is not accomplished prior to the Exchange Date,

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the costs of the liquidation will be borne by the shareholders of the combined fund, including current shareholders of High Income Bond Fund. Putnam Management does not expect that High Income Bond Fund will require High Income Opportunities Trust to make any significant dispositions of securities in connection with the proposed merger.

Except for the trading costs associated with the liquidation described above, the fees and expenses for the merger and related transactions are estimated to be \$200,428, of which \$103,933 is expected to be paid by the funds and the balance will be paid by Putnam Management. These fees and expenses, including legal and accounting expenses, portfolio transfer taxes (if any) or other similar expenses incurred in connection with the consummation of the proposed merger and related transactions contemplated by the Agreement, will be allocated ratably between the two funds in proportion to their net assets as of the Valuation Time, except that the costs of proxy materials and proxy solicitations for each fund will be borne by that fund. However, to the extent that any payment by either fund of such fees or expenses would result in the disqualification of High Income Bond Fund or High Income Opportunities Trust as a "regulated investment company" within the meaning of Section 851 of the Internal Revenue Code of 1986, as amended (the "Code"), such fees and expenses will be paid directly by the party incurring them.

Description of the Merger Shares. The Merger Shares, which are shares of High Income Bond Fund, will be issued to High Income Opportunities Trust's shareholders in accordance with the procedures under the Agreement as described above. The Merger Shares are fully paid and nonassessable when issued and will have no preemptive or conversion rights. The Merger Shares will be transferable without restriction except that Merger Shares received by affiliated persons of the fund may be resold only in compliance with the Securities Act of 1933, as amended, or the regulations thereunder.

Under Massachusetts law, shareholders could, under certain circumstances, be held personally liable for the obligations of High Income Bond Fund. However, High Income Bond Fund's agreement and declaration of trust disclaims shareholder liability for acts or obligations of High Income Bond Fund and requires that notice of such disclaimer be given in each agreement, obligation or instrument entered into or executed by High Income Bond Fund or its Trustees. The agreement and declaration of trust provides for indemnification out of fund property for all loss and expense of any shareholder held personally liable for the obligations of High Income Bond Fund. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which High Income Bond Fund would be unable to meet its obligations. The likelihood of such circumstances is remote. The shareholders of High Income Opportunities Trust are currently subject to this same risk of shareholder liability.

Federal Income Tax Consequences. As a condition to each fund's obligation to consummate the reorganization, each fund will receive a tax opinion from Ropes & Gray LLP, counsel to the funds (which opinion would be based on certain factual representations and certain customary assumptions), to the effect that, on the basis of the existing provisions of the Code, current administrative rules and court decisions, for federal income tax purposes:

(i) the acquisition by High Income Bond Fund of substantially all of the assets of High Income Opportunities Trust solely in exchange for Merger Shares and the assumption by High Income Bond Fund of liabilities of High Income Opportunities Trust followed by the distribution by High Income Opportunities Trust to its shareholders of Merger Shares in

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complete liquidation of High Income Opportunities Trust, all pursuant to the Agreement, constitutes a reorganization within the meaning of Section 368(a) of the Code, and High Income Opportunities Trust and High Income Bond Fund will each be a "party to a reorganization" within the meaning of Section 368(b) of the Code;

(ii) under Section 361 of the Code, no gain or loss will be recognized by High Income Bond Fund or High Income Opportunities Trust upon the transfer of High Income Opportunities Trust's assets to and the assumption of High Income Opportunities Trust's liabilities by High Income Bond Fund or upon the distribution of the Merger Shares to High Income Opportunities Trust's shareholders in liquidation of High Income Opportunities Trust;

(iii) under Section 354 of the Code, no gain or loss will be recognized by shareholders of High Income Opportunities Trust on the exchange of their shares of High Income Opportunities Trust for Merger Shares;

(iv) under Section 358 of the Code, the aggregate tax basis of the Merger Shares received by High Income Opportunities Trust's shareholders will be the same as the aggregate tax basis of High Income Opportunities Trust shares exchanged therefor;

(v) under Section 1223(1) of the Code, the holding periods of the Merger Shares received by the shareholders of High Income Opportunities Trust will include the holding periods of High Income Opportunities Trust shares exchanged therefor, provided that at the time of the reorganization High Income Opportunities Trust shares are held by such shareholders as a capital asset;

(vi) under Section 1032 of the Code, no gain or loss will be recognized by High Income Bond Fund upon the receipt of assets of High Income Opportunities Trust in exchange for Merger Shares and the assumption by High Income Bond Fund of the liabilities of High Income Opportunities Trust;

(vii) under Section 362(b) of the Code, the tax basis in the hands of High Income Bond Fund of the assets of High Income Opportunities Trust transferred to High Income Bond Fund will be the same as the tax basis of such assets in the hands of High Income Opportunities Trust immediately prior to the transfer;

(viii) under Section 1223(2) of the Code, the holding periods of the assets of High Income Opportunities Trust in the hands of High Income Bond Fund will include the periods during which such assets were held by High Income Opportunities Trust; and

(ix) High Income Bond Fund will succeed to and take into account the items of High Income Opportunities Trust described in Section 381(c) of the Code, subject to the conditions and limitations specified in Sections 381, 382, 383 and 384 of the Code and regulations thereunder.

Ropes & Gray LLP will express no view with respect to the effect of the reorganization on any transferred asset as to which any unrealized gain or loss is required to be recognized at the end of a taxable year (or on the termination or transfer thereof) under federal income tax principles.

High Income Bond Fund will file the tax opinion with the SEC shortly after the completion of the proposed merger. This description of the federal income tax consequences of the proposed merger is made without regard to the particular facts and circumstances of any shareholder. Shareholders

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are urged to consult their own tax advisors as to the specific consequences to them of the proposed merger, including the applicability and effect of state, local and other tax laws.

High Income Bond Fund's ability to carry forward the pre-merger losses of High Income Opportunities Trust will be limited as a result of the merger. The effect of this limitation, however, will depend on the amount of losses in each fund at the time of the merger. For example, if the merger were to have occurred on July 31, 2004, approximately 20% of High Income Opportunities Trust's losses would have been unavailable post-merger due to the tax law's loss limitation rules. High Income Bond Fund's losses, however, would have been available to help mitigate the effect of this limitation. If no merger occurred on July 31, 2004, High Income Opportunities Trust would have been able to realize gains equal to approximately 30% of its pre-merger net asset value over the years remaining until its capital loss carryforwards expire without creating any tax liability. In contrast, post-merger, the shareholders of High Income Opportunities Trust would have been shielded from realized gains of approximately 19% of post-merger net asset value.

Capitalization. The following table shows the capitalization of the funds as of August 31, 2004, and on a pro forma combined basis, giving effect to the proposed acquisition of assets at net asset value as of that date:

(UNAUDITED)

	High Income Bond Fund	High Income Opportunities Trust	Pro Forma Adjustment	High Income Bond Fund Pro Forma Combined*
Net assets+ (000's omitted)	\$115,776	\$73,025	(104)*	\$188,697*
Shares outstanding (000's omitted)	13,826	3,713	5,002**	22,541**
Net asset value per share	\$8.37	\$19.67	--	\$8.37

* Pro forma combined net assets reflect legal, accounting and SEC registration merger-related costs and, for each fund, its separate proxy solicitation costs, for an estimated aggregate of \$26,887 for High Income Bond Fund and \$77,046 for High Income Opportunities Trust.

** Reflects the issuance of an estimated 8,715,429 shares of High Income Bond Fund in a tax-free exchange for the net assets of High Income Opportunities Trust based on the net assets of High Income Opportunities Trust as of 08/31/04, less anticipated merger expenses, divided by the net asset value per share of High Income Bond Fund on that date.

Unaudited pro forma combining financial statements of the funds as of August 31, 2004, and for the twelve-month period then ended, are included in the SAI. Because the Agreement provides that High Income Bond Fund will be the surviving fund following the proposed merger and because High Income Bond Fund's investment objective and policies will remain unchanged, the pro forma combining financial statements reflect the transfer of the assets and liabilities of High Income Opportunities Trust to High Income Bond Fund as contemplated by the Agreement.

The Trustees, including the independent Trustees, unanimously recommend

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approval of the proposed merger.

IV. Information about the Funds

High Income Bond Fund and High Income Opportunities Trust are both Massachusetts business trusts and are both diversified, closed-end management investment companies. High Income Bond Fund was organized on April 28, 1987, and High Income Opportunities Trust was organized on February 23, 1995.

Financial Highlights. The financial highlights tables are intended to help you understand the funds' recent financial performance. Certain information reflects financial results for a single fund share. The total returns represent the rate that an investor would have earned or lost on an investment in the relevant fund, assuming reinvestment of all dividends and distributions. This information has been derived from the funds' financial statements. For High Income Bond Fund's last five fiscal years, High Income Bond Fund's financial statements have been audited by PricewaterhouseCoopers LLP. Its report and the fund's financial statements are included in the fund's annual report to shareholders, which is available upon request. For High Income Opportunities Trust's last five fiscal years (excluding the unaudited information for the six months ended August 31, 2004), High Income Opportunities Trust's financial statements have been audited by KPMG LLP. Its report and the fund's financial statements are included in the fund's annual report to shareholders, which is available upon request.

FINANCIAL HIGHLIGHTS

PUTNAM HIGH INCOME BOND FUND

(For a common share outstanding throughout the period)

Per-share operating performance	Year ended August 31					
	2004	2003	2002	2001	2000	1999
Net asset value, beginning of period	\$7.73	\$6.56	\$7.30	\$8.09	\$8.32	\$8.82
Investment operations:						
Net investment income (a)	0.57 (d)	0.58	0.60	0.67	0.74	0.82
Net realized and unrealized gain (loss) on investments	0.63	1.15	(0.72)	(0.71)	(0.12)	(0.33)
Total from investment operations	1.20	1.73	(0.12)	(0.04)	0.62	0.49
Less distributions:						
From net investment income	(.56)	(0.56)	(0.62)	(0.75)	(0.85)	(0.81)
From net realized gains on investments	--	--	--	--	--	(0.18)
Total distributions	(.56)	(0.56)	(0.62)	(0.75)	(0.85)	(0.99)
Net asset value, end of period	\$8.37	\$7.73	\$6.56	\$7.30	\$8.09	\$8.32
Market price, end of period	\$7.62	\$7.31	\$6.35	\$7.45	\$7.94	\$8.81
Total return at market price (%) (b)	12.06	24.73	(6.77)	3.91	0.78	10.29
Ratios and supplemental data						
Net assets, end of period (in thousands)	\$115,776	\$106,934	\$90,561	\$100,130	\$110,839	\$113,576
Ratio of expenses to average net assets (%) (c)	1.09 (d)	1.13	1.10	1.14	1.11	1.11
Ratio of net investment income to average						

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net assets (%)	6.88 (d)	8.20	8.65	8.91	9.03	9.72
Portfolio turnover (%)	61.92	69.94	56.70	106.41	26.31	78.62

Per-share operating performance	Year ended August 31			
	1998	1997	1996	1995
Net asset value, beginning of period	\$10.35	\$9.48	\$9.49	\$9.13
Investment operations:				
Net investment income	0.90	0.86	0.88	0.79
Net realized and unrealized gain (loss) on investments	(1.20)	0.92	(0.04)	0.42
Total from investment operations	(0.30)	1.78	0.84	1.21
Less distributions:				
From net investment income	(0.85)	(0.85)	(0.85)	(0.85)
From net realized gains on investments	(0.38)	(0.06)	--	--
Total distributions	(1.23)	(0.91)	(0.85)	(0.85)
Net asset value, end of period	\$8.82	\$10.35	\$9.48	\$9.49
Market price, end of period	\$8.94	\$10.56	\$10.13	\$10.00
Total return at market price (%) (b)	(4.74)	14.29	10.63	12.60
Ratios and supplemental data				
Net assets, end of period (in thousands)	\$119,193	\$138,400	\$125,864	\$124,911
Ratio of expenses to average net assets (%) (c)	1.13	1.03	1.06	1.00
Ratio of net investment income to average net assets (%)	9.01	8.80	9.19	8.73
Portfolio turnover (%)	59.13	58.88	56.82	61.19

(a) Per share net investment income has been determined on the basis of the weighted average number of shares outstanding during the period.

(b) Total return assumes dividend reinvestment.

(c) The ratio of expenses to average net assets for the period ended August 31, 1996 and thereafter includes amounts paid through expense offset arrangements. Prior period ratios exclude these amounts.

(d) Reflects waivers of certain fund expenses in connection with investments in Putnam Prime Money Market Fund during the period. As a result of such waivers, the expenses of the fund for the period ended August 31, 2004 reflect a reduction of less than 0.01% of average net assets.

FINANCIAL HIGHLIGHTS

PUTNAM HIGH INCOME OPPORTUNITIES TRUST

(For a common share outstanding throughout the period)

Per-share	Six months ended	Year ended	Year ended	Year ended
	August 31 (Unaudited)	February 29	Year ended February 28	February 28

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operating performance	2004	2004	2003	2002	2001	2000
Net asset value, beginning of period	\$20.14	\$16.39	\$17.56	\$19.81	\$24.03	\$22.93
Investment operations:						
Net investment income (a)	.64 (e)	1.31	1.11	1.17	1.33	1.38
Net realized and unrealized gain (loss) on investments	(.50)	3.76	(1.06)	(2.20)	(3.69)	1.81
Total from investment operations	.14	5.07	0.05	(1.03)	(2.36)	3.19
Less distributions:						
From net investment income	(.61)	(1.32)	(1.22)	(1.22)	(1.58)	(1.73)
From net realized gain on investments	--	--	--	--	(0.28)	(0.36)
Total distributions	(.61)	(1.32)	(1.22)	(1.22)	(1.86)	(2.09)
Net asset value, end of period	\$19.67	\$20.14	\$16.39	\$17.56	\$19.81	\$24.03
Market price, end of period	\$17.50	\$18.44	\$15.73	\$16.55	\$18.88	\$18.75
Total return at market price (%) (b)	(1.78)*	26.26	2.77	(5.95)	11.00	(7.49)
Ratios and supplemental data						
Net assets, end of period (total funds) (in thousands)	\$73,025	\$74,778	\$60,837	\$65,192	\$73,540	\$89,214
Ratio of expenses to average net assets (%) (c)	.87* (e)	1.79	1.81	1.78	1.72	1.71
Ratio of net investment income to average net assets (%)	3.24* (e)	7.09	6.75	6.34	6.13	5.89
Portfolio turnover (%)	29.99*	68.16	111.75	116.87	99.42	65.85

FINANCIAL HIGHLIGHTS

PUTNAM HIGH INCOME OPPORTUNITIES TRUST

(For a common share outstanding throughout the period)

Per-share operating performance	For the period	
	1997	June 29, 1995+ to February 29, 1996
Net asset value, beginning of period	\$26.43	\$24.85 (d)
Investment operations:		
Net investment income (a)	1.77	1.17
Net realized and unrealized gain (loss) on investments	1.54	1.63
Total from investment operations	3.31	2.80
Less distributions:		
From net investment income	(2.00)	(1.15)
From net realized gain on investments	(1.34)	(0.07)
Total distributions	(3.34)	(1.22)
Net asset value, end of period	\$26.40	\$26.43
Market price, end of period	\$24.38	\$22.63
Total return at market price (%) (b)	23.54	(4.53)*
Ratios and supplemental data		
Net assets, end of period (total funds) (in thousands)	\$97,791	\$97,881
Ratio of expenses to average		

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net assets (%) (c)	1.72	1.14*
Ratio of net investment income to average net assets (%)	6.66	4.56*
Portfolio turnover (%)	70.33	38.92*

+ Commencement of operations.

* Not annualized.

- (a) Per share net investment income has been determined on the basis of the weighted average number of shares outstanding during the period.
- (b) Total return assumes dividend reinvestment.
- (c) Includes amounts paid through expense offset and brokerage services arrangements.
- (d) Represents initial net asset value of \$25.00 less offering expenses of \$0.15. Original offering price was \$25.03 to reflect actual cost incurred.
- (e) Reflects waivers of certain fund expenses in connection with investments in Putnam Prime Money Fund during the period. As a result of such waivers, the expenses of the fund for the period ended August 31, 2000, were 0.01% of average net assets.

Investment Restrictions. Each fund has adopted the following investment restrictions that may not be changed without the affirmative vote of a "majority of the outstanding voting securities" of the fund, which is defined in the 1940 Act to mean the affirmative vote of the lesser of (1) more than 50% of the outstanding shares of the fund, or (2) 67% or more of the shares present at a meeting if more than 50% of the outstanding shares of the fund are represented at the meeting in person or by proxy. High Income Bond Fund may not:

- (i) Borrow money or issue senior securities (as defined in the 1940 Act), except that the fund may borrow amounts not exceeding 15% of the value (taken at the lower of cost or current value) of its total assets (not including the amount borrowed) at the time the borrowing is made for temporary purposes (including repurchasing its shares while effecting an orderly liquidation of portfolio securities) or for emergency purposes.
- (ii) Underwrite securities issued by other persons except to the extent that, in connection with the disposition of its portfolio investments, it may be deemed to be an underwriter under the federal securities laws.
- (iii) Purchase securities restricted as to resale if, as a result, such investments would exceed 10% of the value of the fund's net assets.
- (iv) Purchase or sell real estate, although it may purchase securities of issuers which deal in real estate, securities which are secured by interests in real estate and securities which represent interests in real estate or interests in real estate acquired through the exercise of its rights as a holder of debt obligations secured by real estate or interests therein.
- (v) Purchase or sell commodities or commodity contracts, except that it may purchase or sell financial futures contracts and related options. High Income Opportunities Trust may also enter into foreign exchange contracts and other financial transactions not involving physical

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commodities.

(vi) Make loans, except by purchase of debt obligations in which the fund may invest consistent with its investment policies (including without limitation debt obligations issued by other Putnam funds), by entering into repurchase agreements or by lending its portfolio securities.

(vii) With respect to 75% of its total assets, invest in the securities of any issuer if, immediately after such investment, more than 5% of the total assets of the fund (taken at current value) would be invested in the securities of such issuer; provided that this limitation does not apply to obligations issued or guaranteed as to interest or principal by the U.S. government or its agencies or instrumentalities.

(viii) With respect to 75% of its total assets, acquire more than 10% of the outstanding voting securities of any issuer.

(ix) Purchase securities (other than securities of the U.S. government, its agencies or instrumentalities) if, as a result of such purchase, more than 25% of the fund's total assets would be invested in any one industry.

The following non-fundamental investment policy of High Income Bond Fund may be changed by the Trustees without shareholder approval:

The fund may not invest in the securities of registered open-end investment companies, except as they may be acquired as part of a merger or consolidation or acquisition of assets or by purchases in the open market involving only customary brokers' commissions.

High Income Opportunities Trust shares substantially the same fundamental investment restrictions with respect to restrictions (ii) and (iv) through (ix) above. However, High Income Opportunities Trust substitutes the following for High Income Bond Fund's restriction (i) above, so that High Income Opportunities Trust may not:

* Issue senior securities, as defined in the 1940 Act, other than shares of beneficial interest with preference rights, except to the extent such issuance might be involved with respect to borrowings described under the restriction below (borrowing money) or with respect to transactions involving futures contracts, options and other financial instruments.

* Borrow money in excess of 10% of the value (taken at the lower of cost or current value) of its total assets (not including the amount borrowed) at the time the borrowing is made, and then only from banks as a temporary measure (not for leverage) in situations which might otherwise require the untimely disposition of portfolio investments or for extraordinary or emergency purposes. Such borrowings will be repaid before any additional investments are purchased.

In addition, with respect to High Income Bond Fund's restriction (iii) above (a prohibition against purchasing securities restricted as to resale if, as a result, such investments would exceed 10% of the value of the fund's net assets), High Income Opportunities Trust has no similarly stated fundamental restriction. Instead, High Income Opportunities Trust has a non-fundamental policy under which it may invest up to 15% of its net assets in securities that are restricted as to resale.

Finally, with respect to High Income Bond Fund's non-fundamental investment policy regarding investing in the securities of registered

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open-end investment companies, High Income Opportunities Trust has no corresponding restriction.

All percentage limitations on investments will apply at the time of investment and shall not be considered violated unless an excess or deficiency occurs or exists immediately after and as a result of such investment. Except for the fundamental investment restrictions listed above, the other investment policies described in this Prospectus/Proxy Statement are not fundamental and may be changed by approval of the Trustees. As a matter of policy, the Trustees would not materially change the fund's investment objectives without shareholder approval.

Management. Each fund's Trustees oversee the general conduct of each fund's business. The funds have the same Trustees. The Trustees have retained Putnam Management to be each fund's investment manager, responsible for making investment decisions for each fund and managing each fund's other affairs and business. Putnam Management's address is One Post Office Square, Boston, MA 02109.

Putnam Management is paid for management and investment advisory services quarterly based on the average net assets of each fund. High Income Bond Fund pays such fee at the following annual rates: 0.75% on the first \$500 million of average weekly net assets, 0.65% of the next \$500 million, 0.60% of the next \$500 million and 0.55% of any excess over \$1.5 billion of such average net asset value. High Income Opportunities Trust pays such fee at the annual rate of 1.10% of average weekly net assets. In addition, High Income Opportunities Trust pays a separate administrative services fee at the annual rate of 0.25% of average weekly net assets.

Putnam Management is one of America's oldest and largest money management firms. Putnam Management's staff of experienced portfolio managers and research analysts selects securities and constantly supervises each fund's portfolio. By pooling an investor's money with that of other investors, a greater variety of securities can be purchased than would be the case individually; the resulting diversification helps reduce investment risk. Putnam Management has been managing mutual funds since 1937.

Putnam Management is a subsidiary of Putnam Investment Management Trust, a Massachusetts business trust owned by Putnam, LLC, which is also the parent company of Putnam Retail Management Limited Partnership, Putnam Advisory Company, LLC (a wholly-owned subsidiary of The Putnam Advisory Company Trust) and Putnam Fiduciary Trust Company. Putnam, LLC, which generally conducts business under the name Putnam Investments, is a wholly-owned subsidiary of Putnam Investments Trust, a holding company that, except for a minority stake owned by employees, is owned by Marsh & McLennan Companies, Inc., a publicly-owned holding company whose principal businesses are international insurance and reinsurance brokerage, employee benefit consulting and investment management.

Putnam Management has retained its affiliate, Putnam Investments Limited ("PIL"), to manage a separate portion of the assets of each fund as determined by Putnam Management from time to time. Subject to the supervision of Putnam Management, PIL is responsible for making investment decisions for the portion of the assets of each fund that it manages.

PIL provides a full range of international investment advisory services to institutional and retail clients.

Putnam Management (and not each fund) pays a quarterly sub-management fee to PIL for its services at the annual rate of 0.40% of the average

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aggregate net asset value of the portion of the assets of each fund that may be managed by PIL from time to time. PIL's address is Cassini House, 57-59 St James's Street, London, England, SW1A 1LD.

Putnam Management's and PIL's investment professionals are organized into investment management teams, with a particular team dedicated to a specific asset class. The members of the Large-Cap Value and Core Fixed Income Teams are responsible for the day-to-day management of each fund. The names of all team members can be found at www.putnaminvestments.com.

The following team members coordinate the teams' management of each fund's portfolio. Their experience as investment professionals over the last five years is shown.

Portfolio leader	Since	Employer	Positions Over Last Five Years
David L. King	2002	Putnam Management 1983 - Present	Senior Portfolio Manager
Portfolio member	Since	Employer	Positions Over Last Five Years
Robert L. Salvin	2004	Putnam Management 2000 - Present	Convertible Specialist. Previously, Analyst, Equity Capital Market Specialist
		BancBoston Robertson Stephens Prior to July 2000	Managing Director of High Yield Debt Capital Markets

The funds pay all expenses not assumed by Putnam Management, including Trustees' fees, auditing, legal, custodial, investor servicing and shareholder reporting expenses. The funds also reimburse Putnam Management for the compensation and related expenses of certain fund officers and their staff who provide administrative services. The total reimbursement is determined annually by the Trustees.

Putnam Fiduciary Trust Company, One Post Office Square, Boston, Massachusetts 02109, is the custodian of the funds' securities. Putnam Investor Services, P.O. Box 41203, Providence, Rhode Island 02940-1203, a division of Putnam Fiduciary Trust Company, is the investor servicing, transfer and dividend disbursing agent for the funds.

Regulatory Matters and Litigation. On April 8, 2004, Putnam Management entered into agreements with the SEC and the Massachusetts Securities Division representing a final settlement of all charges brought against Putnam Management by those agencies on October 28, 2003 in connection with excessive short-term trading by Putnam employees and, in the case of the charges brought by the Massachusetts Securities Division, by participants in some Putnam-administered 401(k) plans. The settlement with the SEC requires Putnam Management to pay \$5 million in disgorgement plus a civil monetary penalty of \$50 million, and the settlement with the Massachusetts Securities Division requires Putnam Management to pay \$5 million in restitution and an administrative fine of \$50 million. The settlements also leave intact the process established under an earlier partial settlement with the SEC under which Putnam Management agreed to pay the amount of restitution determined by an independent consultant, which may exceed the disgorgement and restitution amounts specified above, pursuant to a plan to be developed by the independent consultant.

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Putnam Management, and not the investors in any Putnam fund, will bear all costs, including restitution, civil penalties and associated legal fees stemming from both of these proceedings. The SEC's and Massachusetts Securities Division's allegations and related matters also serve as the general basis for numerous lawsuits, including purported class action lawsuits filed against Putnam Management and certain related parties, including certain Putnam funds. Putnam Management has agreed to bear any costs incurred by Putnam funds in connection with these lawsuits. Based on currently available information, Putnam Management believes that the likelihood that the pending private lawsuits and purported class action lawsuits will have a material adverse financial impact on the fund is remote, and the pending actions are not likely to materially affect its ability to provide investment management services to its clients, including the Putnam funds.

Review of these matters by counsel for Putnam Management and by separate independent counsel for the Putnam funds and their independent Trustees is continuing.

Description of Fund Shares. The Trustees of each fund have authority to issue an unlimited number of shares of beneficial interest without par value. Except for the Merger Shares to be issued in the merger, neither fund has a present intention of offering additional shares, other than under its dividend reinvestment plan. See "Dividend Reinvestment Plan" below. All other offerings of a fund's shares require approval of the Trustees. Any additional offering would be subject to the requirements of the 1940 Act that such shares may not be sold at a price below the then current net asset value per share, exclusive of underwriting discounts and commissions, except in connection with an offering to existing shareholders or with the consent of the holders of a majority of a fund's outstanding common shares.

The outstanding shares of each fund are, and the Merger Shares, when issued and sold, will be fully paid and non-assessable by the fund. The outstanding shares of each fund have, and the Merger Shares will have, no preemptive, conversion, exchange or redemption rights. Each share of a fund has one vote, with fractional shares voting proportionately, and is fully transferable, subject to any limitations imposed by the Securities Act of 1933, as amended, or the regulations thereunder. Common shares of High Income Bond Fund are traded on the NYSE, with an average weekly trading volume for the year ended December 31, 2003 of 99,993 shares. Common shares of High Income Opportunities Trust also are traded on the NYSE, with an average weekly trading volume for the year ended December 31, 2003 of 35,075 shares.

Set forth below is information about each fund's securities as of July 31, 2004 (except where otherwise noted):

HIGH INCOME BOND FUND

Title of Class	Amount Authorized	Amount Held by Fund	Amount Outstanding
Common Shares	unlimited	0	13,825,527

HIGH INCOME OPPORTUNITIES TRUST

Title of Class	Amount Authorized	Amount Held by Fund	Amount Outstanding
Common Shares	unlimited	0	3,712,567

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Repurchase of shares. Because each fund is a closed-end investment company, shareholders of each fund do not, and will not, have the right to redeem their shares. A fund, however, may repurchase its shares from time to time in open-market or private transactions when it can do so at prices below the current net asset value per share and on terms that represent a favorable investment opportunity. The funds currently are authorized to make periodic repurchases of shares in open-market transactions at times when discount levels make such purchases an attractive investment, although neither fund has recently done so or has any current plan to do so.

Shares of the funds trade in the open market at a price which will be a function of several factors. Shares of closed-end investment companies frequently trade at a discount from net asset value, but in some cases trade at a premium. When a fund repurchases its shares at a price below their net asset value, the net asset value of those shares that remain outstanding will be increased, but this does not necessarily mean that the market price of those outstanding shares will be affected either positively or negatively.

Determination of net asset value. The net asset value of each fund's shares are valued as of the close of regular trading on the NYSE each day the exchange is open by dividing the total value of its assets, less liabilities, by the number of its shares outstanding.

Securities for which market quotations are readily available are valued at market values. Short-term investments that have remaining maturities of 60 days or less are valued at amortized cost, which approximates market value. All other securities and assets are valued at their fair value following procedures approved by the Trustees.

Dividend reinvestment plan. Each fund offers a dividend reinvestment plan (each, a "Plan"). If a shareholder is participating in a Plan, all income dividends and capital gains distributions are automatically reinvested in additional shares of a fund. Reinvestment transactions are executed by Investors Bank and Trust Company, 200 Clarendon Street, Boston, MA (617-937-6300) (the "Plan Agent"). If a shareholder is not participating in a Plan, every month the shareholder will receive all dividends and/or capital gains distributions in cash, paid by check and mailed directly to the shareholder. If a shareholder would like to participate in a Plan, the shareholder may instruct Putnam Investor Services (which provides certain administrative and bookkeeping services to a Plan) to enroll the shareholder. The Plan Agent will automatically reinvest subsequent distributions, and Putnam Investor Services will send the shareholder a confirmation in the mail telling the shareholder how many additional shares were issued to the shareholder's account. High Income Opportunities Trust shareholders are automatically enrolled in a Plan and must elect not to participate in a Plan. Holders of High Income Opportunities Trust shares who have elected not to participate in High Income Opportunities Trust's Plan will, if the merger is approved, be deemed to have elected not to participate in High Income Bond Fund's Plan. Holders of High Income Opportunities Trust shares who are participating in High Income Opportunities Trust's Plan will, if the merger is approved, be deemed to have elected to participate in High Income Bond Fund's plan.

Shareholders may contact Putnam Investor Services either in writing, at P.O. Box 41203, Providence, RI 02940-1203, or by telephone at 1-800-225-1581 during normal East Coast business hours.

If the market price of a fund's shares is equal to or exceed their net asset value on the payment date, the shareholder will be issued shares

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of the fund at a value equal to the higher of the net asset value or 95% of the market price on that date. This discount reflects savings in underwriting and other costs that the fund would otherwise incur. If net asset value exceeds the market price of the shares at the time, or if a fund declares any distribution payable only in cash, the Plan Agent will buy fund shares for participating accounts in the open market. If the market price of fund shares rises to exceed the net asset value before the open-market purchase has been completed, or if the Plan Agent is not able to complete the open-market purchases within a specified time (generally seven days), the Plan Agent will invest the uninvested portion in newly issued shares at a value equal to the greatest of:

- * The net asset value of the shares on the date they are issued,
- * 95% of the fair market value of shares on the payment date for the distribution, or
- * 95% of the fair market value of shares on the date they are issued.

Participants may withdraw from a Plan at any time by notifying Putnam Investor Services, either in writing or by telephone. If a participant withdraws from a Plan (or if a Plan is terminated), the participant will receive certificates for whole shares credited to the participant's account, as well as a cash payment for any fraction of a share credited to the participant's account. There is no penalty for withdrawing from or not participating in a Plan.

Putnam Investor Services maintains all participants' accounts in a Plan on behalf of the Plan Agent and furnishes written confirmation of all transactions, including information needed by participants for tax records. Each participant's shares will be held by Putnam Investor Services in the participant's name, and each participant's proxy will include those shares purchased through a Plan.

There are no brokerage charges applied to shares issued directly by a fund as a result of dividends or capital gains distributions. However, each participant pays a proportionate share of brokerage commissions incurred if the Plan Agent purchases additional shares on the open market, in accordance with a Plan. In each case, the cost of shares purchased for each participant's account will be the average cost (including brokerage commissions) of any shares so purchased, plus the cost of any shares issued by a fund. If a participant instructs the Plan Agent to sell the participant's shares, the participant will incur brokerage commissions for the sale.

Reinvesting dividends and capital gains distributions in shares of a fund does not relieve a participant of tax obligations, which are the same as if the participant had received cash distributions. Putnam Investor Services supplies tax information to the participant and to the IRS annually and complies with all IRS withholding requirements. A fund reserves the right to amend a Plan to include service charges, to make other changes or to terminate a Plan upon 30-days' written notice.

If a shareholder's shares are held in the name of a broker or nominee offering a dividend reinvestment service, the shareholder should consult the shareholder's broker or nominee to ensure that an appropriate election is made on the shareholder's behalf. If the broker or nominee holding the shareholder's shares does not provide a reinvestment service, the shareholder may need to register the shareholder's shares in the shareholder's own name in order to participate in a Plan.

In situations where a bank, broker or nominee holds shares for others, a

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Plan will be administered according to instructions and information provided by the bank, broker or nominee.

It may be necessary to suspend operation of High Income Opportunities Trust's Plan for one or two dividend payments immediately prior to the combination so that all purchase activity under the Plan is settled in advance of the effective date of merger. In that event all shareholders, including those in the Plan, will receive those dividends in cash.

Dividends and distributions. Each fund has a policy to make monthly distributions to shareholders from net investment income.

Net investment income of each fund consists of all interest and other income (excluding capital gains and losses) accrued on portfolio assets, less all expenses of each fund allocable thereto. Income and expenses of each fund are accrued each day.

To permit each fund to maintain a more stable monthly distribution, each fund may from time to time pay out less than the entire amount of available net investment income to shareholders earned in any particular period. Any such amount retained by a fund would be available to stabilize future distributions. As a result, the distributions paid by a fund for any particular period may be more or less than the amount of net investment income actually earned by that fund during such period. For information concerning the tax treatment of distributions to common shareholders, see the discussion under "Taxation" below. Both funds intend, however, to make such distributions as are necessary to maintain qualification as a regulated investment company.

Common shareholders may have their dividend or distribution checks sent to parties other than themselves. A "Dividend Order" form is available from Putnam Investor Services, mailing address: P.O. Box 41203, Providence, Rhode Island 02940-1203. After Putnam Investor Services receives this completed form with all registered owners' signatures guaranteed, the shareholder's distribution checks will be sent to the bank or other person that the shareholder has designated.

For information concerning the tax treatment of such dividends and distributions to shareholders, see the discussion under "Taxation" below.

Declaration of Trust and Bylaws. Each fund's agreement and declaration of trust includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the fund, or to cause it to engage in certain transactions or to modify its structure. The affirmative vote of at least two-thirds (three-fourths in the case of High Income Opportunities Trust) of the outstanding shares of a fund is required to authorize any of the following actions:

- (1) merger or consolidation of the fund,
- (2) sale of all or substantially all of the assets of the fund,
- (3) conversion of the fund to an open-end investment company, or
- (4) amendment of the agreement and declaration of trust to reduce the two-thirds (three-fourths in the case of High Income Opportunities Trust) vote required to authorize the actions in (1) through (3) above

unless with respect to any of the foregoing such action has been authorized by the affirmative vote of two-thirds of the total number of

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Trustees (in the case of High Income Opportunities Trust, three-fourths of the total number of Trustees and three-fourths of the total number of Continuing Trustees, which is a Trustee (i) who is not a person or an affiliate of such a person who enters or proposes to enter into any transaction (e.g., a merger or consolidation) with the Trust and (ii) who has been a Trustee for a period of at least twelve months), in which case the affirmative vote of a majority of the shares entitled to vote (in the case of High Income Opportunities Trust, the lesser of (1) more than 50% of the outstanding fund shares or (2) 67% or more of the shares present at a meeting if more than 50% of the outstanding fund shares are represented at the meeting in person or by proxy) is required.

The Trustees have determined that the two-thirds and three-fourths voting requirements described above, which are greater than the minimum requirements under the 1940 Act, are in the best interests of High Income Bond Fund and High Income Opportunities Trust, respectively, and their respective shareholders generally. Please refer to the agreement and declaration of trust of each fund, on file with the SEC, for the full text of these provisions.

These provisions could have the effect of depriving shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of a fund in a tender offer or similar transaction and may have the effect of inhibiting the fund's conversion to open-end status.

Taxation. The following federal tax discussion is based on the advice of Ropes & Gray LLP, counsel to the funds, and reflects provisions of the Code, existing treasury regulations, rulings published by the Service, and other applicable authority, as of the date of this Prospectus/Proxy Statement.

These authorities are subject to change by legislative or administrative action.

The following discussion is only a summary of some of the important tax considerations generally applicable to investments in High Income Bond Fund. For more detailed information regarding tax considerations, see the SAI. There may be other tax considerations applicable to particular investors. In addition, income earned through an investment in High Income Bond Fund may be subject to state and local taxes. Because High Income Bond Fund will be the surviving fund if the merger is approved, the discussion deals only with the taxation of High Income Bond Fund.

High Income Bond Fund intends to qualify each year for taxation as a regulated investment company under Subchapter M of the Code. If the fund so qualifies, it will not be subject to federal income tax on income distributed timely to its shareholders in the form of dividends or capital gain distributions.

To satisfy the distribution requirement applicable to regulated investment companies, amounts paid as dividends by High Income Bond Fund to its shareholders must qualify for the dividends-paid deduction.

The fund's investments in certain debt obligations may cause the fund to recognize taxable income in excess of the cash generated by such obligations. Thus, the fund could be required at times to liquidate other investments in order to satisfy its distribution requirements.

The fund's investments in foreign securities may be subject to foreign withholding taxes. In that case, the fund's yield on those securities would be decreased. Shareholders generally will not be entitled to

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claim a credit or deduction with respect to foreign taxes. In addition, the fund's investments in foreign securities or foreign currencies may increase or accelerate the fund's recognition of ordinary income and may affect the timing or amount of the fund's distributions.

For federal income tax purposes, distributions of investment income other than "tax-exempt dividends" are taxable as ordinary income. Generally, gains realized by a fund on the sale or exchange of investments will be taxable to its shareholders, even though the income from such investments generally will be tax-exempt.

Taxes on distributions of capital gains are determined by how long the fund owned the investments that generated them, rather than how long a shareholder has owned his or her shares. Distributions are taxable to shareholders even if they are paid from income or gains earned by the fund before a shareholder's investment (and thus were included in the price the shareholder paid). Distributions of gains from investments that the fund owned for more than one year will be taxable as capital gains. Distributions of gains from investments that the fund owned for one year or less will be taxable as ordinary income. Distributions are taxable whether shareholders receive them in cash or reinvest them in additional shares through the Dividend Reinvestment Plan.

Any gain resulting from the sale of fund shares will generally also be subject to tax. You should consult your tax advisor for more information on your own tax situation, including possible state and local taxes.

For taxable years beginning on or before December 31, 2008, the fund may designate distributions of investment income derived from dividends of U.S. corporations and some foreign corporations as "qualified dividend income," provided the fund meets holding period and other requirements. Qualified dividend income will be taxed in the hands of individuals at the rates applicable to long-term capital gain, provided the shareholder meets the same holding period and other requirements. Fund dividends representing distributions of interest income and short-term capital gains cannot be designated as qualified dividend income and will not qualify for the reduced rates. In light of this, the fund does not expect a significant portion of fund distributions to be derived from qualified dividend income.

The long-term capital gain rates applicable to most shareholders will be 15% (with lower rates applying to taxpayers in the 10% and 15% ordinary income tax brackets) for taxable years beginning on or before December 31, 2008.

Under current law, the backup withholding tax rate is 28% for amounts paid through 2010 and will be 31% for amounts paid after December 31, 2010. The fund is required to apply backup withholding to certain taxable distributions including, for example, distributions paid to any individual shareholder who fails to properly furnish the fund with a correct taxpayer identification number.

Trading Information. The following chart shows quarterly per share trading information for the past two fiscal years and the current fiscal year of the funds, as listed on the NYSE:

HIGH INCOME BOND FUND (Unaudited)

Quarter Ended	Market High Price (\$)	Market Low Price (\$)	Closing Market Price (\$)	Closing NAV (\$)	Premium or (Discount) to NAV (%)
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8/31/02	7.09	5.75	6.35	6.56	(3.20)
11/30/02	6.52	5.80	6.47	6.69	(3.29)
2/28/03	6.97	6.30	6.87	6.91	(0.58)
5/31/03	7.43	6.80	7.39	7.52	(1.73)
8/31/03	7.90	7.10	7.31	7.73	(5.43)
11/30/03	7.70	7.27	7.38	8.14	(9.34)
2/29/04	8.16	7.36	7.92	8.56	(7.48)
5/31/04	8.02	6.95	7.33	8.27	(11.37)
8/31/04	7.68	7.16	7.62	8.37	(8.96)

HIGH INCOME OPPORTUNITIES TRUST

(Unaudited)

Quarter Ended	Market High Price (\$)	Market Low Price (\$)	Closing Market Price (\$)	Closing NAV (\$)	Premium or (Discount) to NAV (%)
2/28/02	17.25	16.35	16.55	17.56	(5.75)
5/31/02	16.87	16.24	16.39	17.63	(7.03)
8/31/02	16.44	14.14	15.20	15.81	(3.86)
11/30/02	15.70	14.00	15.31	15.97	(4.13)
2/28/03	15.74	14.59	15.73	16.39	(4.03)
5/31/03	17.15	15.50	17.04	17.92	(4.91)
8/31/03	18.00	16.90	17.40	18.30	(4.92)
11/30/03	18.22	17.29	17.47	19.20	(9.01)
2/29/04	19.23	17.70	18.44	20.14	(8.44)
5/31/04	18.77	16.42	17.30	19.44	(11.01)
8/31/04	17.53	16.95	17.50	19.67	(11.03)

On October 31, 2004, the latest practicable date for which such information is available, the market price, net asset value per share and discount to net asset value were \$7.87, \$8.48, and -7.19%, respectively, for High Income Bond Fund and \$17.78, \$19.91, and -10.70%, respectively, for High Income Opportunities Trust.

V. Information about Voting and the Shareholder Meeting

General. This Prospectus/Proxy Statement is furnished in connection with the proposed merger of High Income Opportunities Trust into High Income Bond Fund and the solicitation of proxies by and on behalf of the Trustees for use at the Joint Meeting of Shareholders (the "Meeting"). The Meeting is to be held on January 13, 2005 at 11:00 a.m. at One Post Office Square, 12th Floor, Boston, Massachusetts, or at such later time as is made necessary by adjournment. The Notice of the Meeting, the combined Prospectus/Proxy Statement and the enclosed form of proxy are being mailed to shareholders on or about December 10, 2004.

As of July 31, 2004, there were 3,712,567 outstanding shares of beneficial interest of High Income Opportunities Trust, and 13,825,527 outstanding shares of beneficial interest of High Income Bond Fund. Only shareholders of record on October 22, 2004 will be entitled to notice of and to vote at the Meeting. Each share is entitled to one vote, with fractional shares voting proportionally.

The Trustees know of no matters other than those set forth herein to be brought before the Meeting. If, however, any other matters properly come before the Meeting, it is the Trustees' intention that proxies will be voted on such matters in accordance with the judgment of the persons named in the enclosed form of proxy.

Shareholders who object to the proposed merger will not be entitled

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under Massachusetts law or the agreement and declaration of trust, as amended, of each fund to demand payment for, or an appraisal of, their shares. However, shareholders should be aware that the merger as proposed is not expected to result in recognition of gain or loss to shareholders for federal income tax purposes and that shares of each fund may be sold at any time prior to the consummation of the proposed merger.

Required vote. Proxies are being solicited from each fund's shareholders by its Trustees for the Meeting. Unless revoked, all valid proxies will be voted in accordance with the specification thereon or, in the absence of specifications, FOR approval of the Agreement. The transactions contemplated by the Agreement will be consummated only if approved by the affirmative vote of the holders of:

* a majority of the outstanding shares of High Income Bond Fund voted, if holders of more than 50% of such shares vote, and

* the lesser of (1) more than 50% of the outstanding shares of High Income Opportunities Trust or (2) 67% or more of the shares present at a meeting if more than 50% of the outstanding shares are represented at the meeting in person or by proxy.

Record date, quorum and method of tabulation. Shareholders of record of each fund at the close of business on October 22, 2004 (the "Record Date") will be entitled to vote at the Meeting or any adjournment thereof. The holders of a majority of the shares of each fund outstanding at the close of business on the Record Date present in person or represented by proxy will constitute a quorum for action by shareholders of each fund at the Meeting.

Votes cast by proxy or in person at the meeting will be counted by persons appointed by the relevant fund as tellers for the Meeting. The tellers will count the total number of votes cast "for" approval of the proposal for purposes of determining whether sufficient affirmative votes have been cast. The tellers will count shares represented by proxies that reflect abstentions and "broker non-votes" (i.e., shares held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or the persons entitled to vote and (ii) the broker or nominee does not have the discretionary voting power on a particular matter) as shares that are present and entitled to vote on the matter for purposes of determining the presence of a quorum. Abstentions and broker non-votes have the effect of a negative vote on the proposal.

Share ownership. As of October 31, 2004, the officers and Trustees of each fund as a group beneficially owned less than 1% of the outstanding shares of such fund and, to the knowledge of each fund, no person (other than The Depository Trust Company ("DTC")) owned of record or beneficially 5% or more of the outstanding shares of the fund. In addition, upon consummation of the proposed merger, to the knowledge of the fund, no person (other than DTC) is expected to own of record or beneficially 5% or more of the outstanding shares of the combined fund.

Solicitation of proxies. In addition to soliciting proxies by mail, the Trustees of each fund and employees of Putnam Management, Putnam Fiduciary Trust Company and Putnam Retail Management may solicit proxies in person or by telephone. Each fund may also arrange to have a proxy solicitation firm call you to record your voting instructions by telephone. If you wish to speak to a representative, call 1-800-780-7316. The procedure for solicitation of proxies by telephone is designed to

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authenticate shareholders' identities, to allow them to authorize the voting of their shares in accordance with their instructions and to confirm that their instructions have been properly recorded. Each fund has been advised by counsel that these procedures are consistent with the requirements of applicable law. If these procedures were subject to a successful legal challenge, such votes would not be counted at the Meeting. Each fund is unaware of any such challenge at this time. Shareholders would be called at the phone number Putnam Management has in its records for their accounts, and would be asked for their Social Security number or other identifying information. The shareholders would then be given an opportunity to authorize the proxies to vote their shares at the meeting in accordance with their instructions. To ensure that shareholders' instructions have been recorded correctly, they will also receive a confirmation of their instructions in the mail. A special toll-free number will be available in case the information contained in the confirmation is incorrect.

Shareholders of each fund have the opportunity to submit their voting instructions via the Internet by utilizing a program provided by a third-party vendor hired by Putnam Fiduciary Trust Company, or by "touch-tone" telephone voting. The giving of such a proxy will not affect your right to vote in person should you decide to attend the Meeting. To use the Internet, please access the Internet address found on your proxy card. To record your voting instructions by automated telephone, please call the toll-free number listed on your proxy card. The Internet and automated telephone voting instructions are designed to authenticate shareholder identities, to allow shareholders to give their voting instructions, and to confirm that shareholders' instructions have been recorded properly. Shareholders submitting their voting instructions via the Internet should understand that there may be costs associated with Internet access, such as usage charges from Internet access providers and telephone companies, that must be borne by the shareholders.

Each fund's Trustees have adopted a general policy of maintaining confidentiality in the voting of proxies. Consistent with that policy, each fund may solicit proxies from shareholders who have not voted their shares or who have abstained from voting.

Persons holding shares as nominees will, upon request, be reimbursed for their reasonable expenses in soliciting instructions from their principals. Each fund has retained at its own expense Investor Connect, 60 E. 42nd Street, Suite 405, New York, NY 10165, to aid in the solicitation of instructions for nominee and registered accounts for a fee not to exceed \$2,000 for High Income Bond Fund and \$2,000 for High Income Opportunities Trust, plus out-of-pocket expenses for mailing and phone costs. Subject to Putnam Management's agreement to limit such expenses, the expenses of the preparation of proxy statements and related materials, including printing and delivery costs, are borne by each fund.

Revocation of proxies. Proxies, including proxies given by telephone or over the Internet, may be revoked at any time before they are voted either (i) by a written revocation received by the Clerk of the funds (addressed to the funds' Clerk at the principal office of the funds, One Post Office Square, Boston, Massachusetts 02109), (ii) by properly executing a later-dated proxy, (iii) by recording later-dated voting instructions via the Internet or automated telephone or (iv) by attending the Meeting and voting in person.

Adjournment. If sufficient votes in favor of the proposal set forth in the Notice of the Meeting are not received by the time scheduled for the Meeting, the persons named as proxies may propose adjournments of the

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Meeting for a period or periods of not more than 60 days in the aggregate to permit further solicitation of proxies. Any adjournment will require the affirmative vote of a majority of the votes cast on the question in person or by proxy at the session of the Mttom">

FMR, LLC(2)

16,450,798

15.4
%

Jennison Associates LLC(3)

12,786,835

12.0
%

Morgan Stanley(4)

8,981,068

8.4
%

The Vanguard Group(5)

6,124,573

5.7
%

Directors and executive officers:

Nigel Travis

1,633,804

1.5
%

Paul Carbone

116,376

*

John Costello

86,089

*

Paul Twohig

72,114

*

Richard Emmett

35,750

*

Raul Alvarez

4,671

*

Anthony DiNovi

2,932

*

Sandra Horbach

2,932

*

Michael Hines

8,417

*

Mark Nunnelly

2,932

*

Carl Sparks

1,552

*

Joseph Uva

6,573

*

All Directors, Nominees and Executive Officers as a Group (16 persons)

2,083,341

1.9
%

* Indicates less than 1%

- (1) Reflects sole voting and investment power except as indicated in footnotes below. Includes shares of common stock which the following person had the right to acquire on March 12, 2014 or within sixty (60) days thereafter through the exercise of stock options: Mr. Travis (1,359,427), Mr. Carbone (114,884), Mr. Costello (26,540), Mr. Twohig (40,567), Mr. Emmett (24,250) and all directors, nominees and executive officers as a group (1,655,965). Includes shares of restricted common stock or restricted stock units subject to vesting conditions: Mr. Travis (150,000), Mr. Costello (27,096), Mr. Alvarez (2,054), Mr. DiNovi (2,054), Ms. Horbach (2,054), Mr. Hines (2,054), Mr. Nunnally (2,054), Mr. Sparks (1,552), Mr. Uva (2,054) and all directors, nominees and executive officers as a group (190,972).
- (2) The information regarding FMR LLC is based solely on information included in Amendment No. 4 to its Schedule 13G filed by FMR LLC with the SEC on February 13, 2014. FMR LLC reported that Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 16,370,128 shares of common stock as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity Management & Research Company, and the funds each has sole power to dispose of the 16,370,128 shares owned by the funds. FMR LLC reported its address as 245 Summer Street, Boston, Massachusetts 02210.
- (3) The information regarding Jennison Associates LLC (Jennison) is based solely on information included in Amendment No. 1 to its Schedule 13G filed with the SEC on February 7, 2014. Jennison furnishes investment advice to several investment companies, including separate accounts, and institutional clients. As a result of this role, Jennison may be deemed to be the beneficial owner of the shares held by such companies, accounts and clients. In addition, Prudential Financial, Inc. (Prudential) indirectly owns 100%

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of the equity interests of Jennison and as a result, Prudential may be deemed to have power to exercise or to direct the exercise of such voting and/or dispositive power that Jennison may have with respect to such shares.

- (4) The information regarding Morgan Stanley is based solely on information included in Amendment No. 2 to its Schedule 13G filed by Morgan Stanley with the SEC on February 11, 2014. Morgan Stanley reported that the securities being reported on by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by Morgan Stanley Investment Management Inc., an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E) as amended. Morgan Stanley Investment Management Inc. is a wholly-owned subsidiary of Morgan Stanley. Morgan Stanley reported its address as 1585 Broadway, New York, New York 10036 and reported the address of Morgan Stanley Investment Management Inc. as 522 Fifth Avenue, New York, New York 10036.
- (5) The information regarding The Vanguard Group (Vanguard) is based solely on information included in its Schedule 13G filed by Vanguard with the SEC on February 6, 2014. Vanguard reported its address as 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers to file reports of holdings and transactions in our common stock with the SEC. To facilitate compliance, we have undertaken the responsibility to prepare and file these reports on behalf of our officers and directors. Based on our records and other information, all reports were timely filed during 2013, except for a delay in reporting a sale of shares by William Mitchell, an executive officer, in November 2013. The failure to report this transaction on time was inadvertent and was corrected promptly upon discovery.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section discusses the principles underlying our policies and decisions used to determine the compensation of our executive officers who are named in the 2013 Summary Compensation Table as well as the most important factors relevant to an analysis of those policies and decisions. Our named executive officers for fiscal 2013 are:

Nigel Travis, Chairman and Chief Executive Officer

Paul Carbone, Chief Financial Officer

John Costello, President, Global Marketing and Innovation

Paul Twohig, President, Dunkin' Donuts U.S. and Canada and Dunkin' Donuts and Baskin-Robbins Europe and Latin America

Richard Emmett, Senior Vice President and Chief Legal and Human Resources Officer

Overview of Compensation and Fiscal 2013 Performance

Our compensation strategy focuses on providing a total compensation package that will attract and retain high-caliber executive officers and employees, incentivize them to achieve company and individual performance goals, and align management, employee and shareholder interests over both the short-term and long-term. Our approach to executive compensation reflects our focus on long-term value creation. We believe that by placing a significant equity opportunity in the hands of executives who are capable of driving and sustaining growth, our shareholders will benefit along with the executives who helped create this value.

Compensation philosophy

Our compensation philosophy centers upon:

attracting and retaining industry-leading talent by targeting compensation levels that are competitive when measured against other companies within our industry;

linking compensation actually paid to the achievement of our financial, operating and strategic goals;

rewarding individual performance and contribution to our success; and

aligning the interests of our executive officers with those of our shareholders by delivering a substantial portion of an executive officer's compensation through equity-based awards with a long-term value horizon.

Each of the key elements of our executive compensation program is discussed in more detail below. Our executive compensation program is designed to be complementary and to collectively serve the compensation objectives described above. We have not adopted any formal policies or guidelines for allocating compensation between short-term and long-term compensation, between cash and non-cash compensation, or among different forms of cash and non-cash compensation. The compensation levels of our named executive officers reflect, to a significant degree, the

varying roles and responsibilities of these executives.

Highlights of 2013 performance

We achieved strong financial performance in fiscal 2013, and we believe that our named executive officers were instrumental in helping us to achieve those results. Highlights of our fiscal 2013 performance include the following:

Grew worldwide sales: Grew global systemwide sales by 5.8% over fiscal 2012;

Drove positive comparable store sales in Dunkin' Donuts U.S., Baskin-Robbins U.S. and Baskin-Robbins International: Increased Dunkin' Donuts U.S. comparable store sales by 3.4% and Baskin-Robbins U.S. comparable store sales by 0.8%. Baskin-Robbins International comparable stores sales grew by 1.9% while Dunkin' Donuts International comparable store sales ended at -0.4% versus 2012;

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Expanded global presence: Opened 790 net new Dunkin' Donuts and Baskin-Robbins locations globally, bringing Dunkin' Brands to 18,158 total points of distribution as of year-end 2013;

Increased revenue: Increased revenue from \$658.2 million in fiscal 2012 to \$713.8 million in fiscal 2013 for an 8.5% increase year-on-year;

Increased operating income: Increased operating income 27.3% to \$304.7 million; adjusted operating income increased 10.8% year-on-year to \$340.4 million;

Increased net income: Increased net income 35.6% to \$146.9 million; adjusted net income increased 10.8% to \$165.8 million; and

Increased adjusted earnings per share: Increased adjusted earnings per share by 19.5% versus 2012 to \$1.53.

Based on our global adjusted operating income, the measure that determined our 2013 Dunkin' Brands, Inc. Short-Term Incentive Plan (Annual Plan) funding, we achieved 90% of our target 2013 funding. Global adjusted operating income is a non-GAAP financial measure. In calculating global adjusted operating income we add back amortization and impairment charges to operating income. Global adjusted operating income also includes additional discretionary adjustments considered outside the scope of normal business operations. Both adjusted operating income and adjusted net income are non-GAAP financial measures. An explanation of how we calculate these measures is contained in our Annual Report on Form 10-K for the fiscal year ended December 28, 2013, filed with the Securities and Exchange Commission.

At our 2013 annual meeting of shareholders, over 99% of the votes cast on our say on pay proposal were in favor of the compensation of our executive officers. The Compensation Committee considered this very positive support for our compensation practices and continued to make its compensation-related decisions consistent with the Company's stated executive compensation philosophy.

Compensation framework: policies and process

Roles of Compensation Committee and our Chairman and Chief Executive Officer in compensation decisions

The Compensation Committee oversees our executive compensation program, is responsible for approving the nature and amount of the compensation paid to our executive officers, approving any employment and related agreements entered into with our executive officers, approving equity awards granted to our executive officers and administering our equity compensation plans and awards. Our Chairman and Chief Executive Officer provides recommendations to the Compensation Committee with respect to salary adjustments, annual cash bonus targets and awards and equity incentive awards for our named executive officers and the other executive officers reporting to him. The Compensation Committee meets with our Chairman and Chief Executive Officer at least annually to discuss and review his compensation recommendations for our executive officers. In making compensation decisions for all of our named executive officers, including our Chairman and Chief Executive Officer, the Compensation Committee considers many factors, including the officer's experience, responsibilities, management abilities and job performance, the Company's performance as a whole, current market conditions and pay levels for similar positions at our peer companies listed below. Those factors are considered in a subjective manner without any specific formula or weighting. The Compensation Committee, as the ultimate body that approves the compensation of our executive officers, has the discretion, and has exercised this discretion, to increase or decrease the amounts of compensation recommended by our Chairman and Chief Executive Officer.

Competitive market data and use of compensation consultants

The Compensation Committee engaged Frederic W. Cook & Co., Inc. (Cook) on a limited basis in fiscal 2013 to update the Compensation Committee on trends in executive compensation and say on pay voting and to review our peer group, and to help establish compensation levels for our named executive officers in fiscal 2014. Cook

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had been engaged to review the competitiveness of our executive compensation and to provide recommendations for change, as appropriate, in fiscal 2012, and the Compensation Committee determined that it was not necessary to update that analysis for fiscal 2013, instead using the 2012 analysis to set pay levels for executives for fiscal 2013. This analysis included a study of senior executive total direct compensation levels and opportunities when compared to executives in similar positions at our peer group companies. This analysis also included a review of incentive plan design and annual share usage and the value transferred to executives in respect to long-term incentive compensation for this peer group. The peer group of companies used in Cook's analysis was reviewed and approved by the Compensation Committee. That group consisted of the 14 publicly-traded companies listed below. They were chosen because they are in a similar industry and/or possess a similar business model as the Company, are companies against which we compete for executive talent and are relatively similar in size and market capitalization to the Company. As of April 2011, when the peer group was established, our market capitalization was between the median and the 75th percentile of our peer group companies and our operating income approximated the median of those companies.

Brinker International	Darden Restaurants	Panera Bread	Wendy's Co.
Cheesecake Factory	DineEquity	Ruby Tuesday	Yum! Brands
Chipotle Mexican Grill	Domino's Pizza	Starbucks	
Cracker Barrel	Jack In The Box	Tim Horton's	

In fiscal 2013, the Compensation Committee undertook a comprehensive review of the composition of the peer group with the advice of Cook. Cook recommended a list of comparable companies for compensation comparisons primarily based on the following pre-defined selection criteria:

Comparable Industry/Business Model Quick service and restaurant industry focus; franchise-oriented business model

Peer Company Size Sizing factors included revenue, enterprise value and market capitalization

Statistical Reliability Peer group size of between 12 and 20 companies

Executive Talent Sources Companies with whom Dunkin' Brands competes for talent

As a result of this review, the Compensation Committee deleted Jack In The Box and Ruby Tuesday and added Bloomin' Brands, Burger King, and Green Mountain Coffee Roasters, creating a peer group of 15 companies. The Compensation Committee believes that the revised peer group reflects Dunkin' Brands growth as a global organization and the scale of our operations. This revised group will be used for compensation discussions starting in fiscal 2014. The Compensation Committee intends to review this peer group periodically to ensure that it remains the appropriate comparable group.

Cook provided no other consulting services that were outside the scope of the Compensation Committee relationship. After consideration of the six independence assessment factors provided under the listing rules of NASDAQ, the Compensation Committee has determined that Cook, as advisor to the Committee, was independent and that the work performed by Cook did not raise any conflicts of interest in 2013 that would preclude the Committee from reviewing and considering Cook's analyses when making compensation decisions.

Table of Contents***Elements of named executive officer compensation***

The following is a discussion of the primary elements of the compensation for each of our named executive officers. Compensation for our named executive officers consisted of the following elements for fiscal 2013:

Element	Description	Primary objectives
Base Salary	Fixed cash payment	Attract and retain talented individuals
		Recognize career experience and individual performance
		Provide competitive compensation
Short-Term Incentives	Performance-based annual cash incentives	Promote and reward achievement of the Company's annual financial and strategic objectives and individualized personal goals
Long-Term Incentives	Time-based stock options	Align executive interests with shareholder interests by tying value to long-term stock performance
		Attract and retain talented individuals
Retirement and Welfare Benefits	Medical, dental, vision, life insurance and disability insurance (STD & LTD)	Provide competitive benefits
	401(k) plan	Provide tax-efficient retirement savings
	Deferred Compensation Plan	Provide tax-efficient opportunity to supplement retirement savings
Executive Perquisites	Executive physical for Vice Presidents and above	Promote health and well-being of senior executives
	Supplemental LTD Insurance	Provide competitive benefits
Severance Benefits	Cash and non-cash payments and benefits upon a qualifying termination of employment	Retain and attract key employees
		Provide a level of protection in the event of an involuntary termination of employment

Base salary

We pay our named executive officers a base salary to provide them with a fixed, base level of compensation. The base salaries of our named executive officers are reviewed periodically by our Chairman and Chief Executive Officer (except with respect to his own base salary) and are approved by the Compensation Committee. They are intended to be competitive in light of the level and scope of the executive's position and responsibilities. Adjustments to base salaries are based on the level of an executive's responsibilities and his individual contributions, prior experience and sustained performance. Decisions regarding base salary increases may take into account the named executive officer's current salary, equity holdings, including stock options, and the amounts paid to individuals in comparable positions as determined through an analysis of our peer group and/or published data from industry surveys of similar companies. No formulaic base salary increases are provided to our named executive officers, in line with our strategy of offering total compensation that is cost-effective, competitive and based on the achievement of performance objectives.

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Short-term incentive plan

In addition to receiving base salaries, executives participate in the Annual Plan, our annual management incentive plan. We believe that annual incentives should be based upon actual performance against specific, measurable business objectives. Each year, the Compensation Committee reviews and establishes the performance metrics that will be used under the Annual Plan to help ensure that the program design appropriately motivates our executive officers to achieve important financial and operational goals. The funding of the Annual Plan in fiscal 2013 was based on the level of achievement against our global adjusted operating income target. For fiscal 2013, the Compensation Committee chose global adjusted operating income as the performance metric that would be used to establish the funding levels under the plan in order to ensure that we had a sufficient level of earnings to fund bonuses to be paid out of this plan. In addition, the use of global adjusted operating income provides a link between the compensation payable to our executives and the value we create for our shareholders. Global adjusted operating income is also a key metric used by us and by our shareholders to evaluate business performance.

The Compensation Committee set the global adjusted operating income target for fiscal 2013 at a level it believed was both challenging and achievable. By establishing a target that is challenging, the Compensation Committee believes that the performance of our employees, and therefore our performance, is maximized. By setting a target that is also achievable, the Compensation Committee believes that employees will remain motivated to perform at the high level required to achieve the target.

The potential Annual Plan payout for each eligible employee (based on the employee's target bonus) is aggregated to create an Annual Plan pool at target. The level of funding under the Annual Plan for fiscal 2013 ranged from 0% to 225% of that target pool based on our actual performance relative to the global adjusted operating income target, with a threshold funding level established by the Compensation Committee based on the minimum level of global adjusted operating income performance that would result in any funding under the Annual Plan.

The Compensation Committee approved a modification in the Annual Plan funding schedule in 2013 compared to that in place for fiscal 2012. This modification lowered the threshold for funding from 95% to 90% of global adjusted operating income performance, increased the maximum funding under the Annual Plan from 200% to 225% of target award and also changed the slope of the funding under the Annual Plan (as shown below). The Committee made this change to more appropriately align the level of funding under the Annual Plan with business performance.

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The graph below illustrates the differences between the funding slopes for 2012 and 2013:

Once our global adjusted operating income performance is determined after the close of the fiscal year, the funding level for the Annual Plan is established. The Annual Plan funding is then allocated to participants in the plan based on the achievement of relevant financial or operational business goals such as revenue, comparable store sales and net development (i.e., the number of new store openings minus the number of store closings). These specific goals are chosen due to their impact on our profitability. These goals are categorized into three categories: Primary, Secondary and Personal. Primary business goals are financial goals which are influenced or impacted by the activities of the broader organization/group. The Primary business goals are shared among all executives in order to encourage cross-functional collaboration. Secondary business goals are key financial goals that relate most directly to the executive based on his role within the Company and his ability to impact certain aspects of our business. Personal goals are measurable operational or business goals that relate directly to the duties and responsibilities of the individual executive. Performance against each goal category is measured separately. The goals are weighted as follows: Primary (35%), Secondary (30%) and Personal (35%). This weighting allows each set of goals to be taken into account in a manner that is generally equal, with more weight placed on the achievement of relevant company performance metrics. The achievement of Personal goals is taken into account solely on a discretionary basis. During the year, regular communication takes place within the Company to ensure that all executives are aware of progress against their goals.

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The table below lists the 2013 Primary and Secondary business goals for each named executive officer:

Name and Title	Goal type	Metric
Nigel Travis	Primary	Dunkin Brands Inc. Global Total Revenue
Chairman and Chief Executive Officer	Secondary	Dunkin Brands Inc. Global Comparable Sales (80%) Dunkin Donuts U.S. Net Development (20%)
Paul Carbone	Primary	Dunkin Brands Inc. Global Total Revenue
Chief Financial Officer	Secondary	Dunkin Brands Inc. Global Comparable Sales (80%) Dunkin Donuts U.S. Net Development (20%)
John Costello	Primary	Dunkin Brands Inc. Global Total Revenue
President, Global Marketing and Innovation	Secondary	Dunkin Brands Inc. Global Comparable Sales (80%) Dunkin Donuts U.S. Net Development (20%)
Paul Twohig	Primary	Dunkin Brands Inc. Global Total Revenue
President, Dunkin Donuts U.S. and Canada and Dunkin Donuts and Baskin-Robbins Europe and Latin America	Secondary	Dunkin Brands Inc. U.S. Comparable Sales (60%) Dunkin Donuts U.S. Net Development (40%)
Richard Emmett	Primary	Dunkin Brands Inc. Global Total Revenue
Senior Vice President & Chief Legal and Human Resources Officer	Secondary	Dunkin Brands Inc. Global Comparable Sales (80%) Dunkin Donuts U.S. Net Development (20%)

Personal goals for fiscal 2013 were the relevant strategic and operational goals for the respective named executive officer described below:

creating greater shareholder value by maximizing earnings per share;

increasing franchisee profitability;

driving Dunkin Donuts digital/mobile/loyalty strategy to improve the customer experience and increase brand loyalty;

achieving successful roll-out of store development agreements in California; and

increasing customer satisfaction scores.

The achievement of Personal goals under the Annual Plan is reviewed after the close of the relevant fiscal year and is taken into account by the Compensation Committee on a discretionary basis.

At the conclusion of the fiscal year, global adjusted operating income results are determined by our finance department based on our audited financial results. These results are presented to the Compensation Committee for consideration and approval. The Compensation Committee retains the discretion to adjust (upwards or downwards) global adjusted operating income results for the occurrence of extraordinary events affecting global adjusted operating income performance. In addition, in setting the global adjusted operating income thresholds and determining

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our achievement of such thresholds, the Compensation Committee may exclude certain revenues and expenses related to our business as it deems appropriate. In 2013, the Compensation Committee approved the exclusion of a one-time charge related to a volume guarantee with the franchisee-owned supply chain cooperative regarding the sale of cooler beverages in our restaurants and costs associated with the closure of our

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Peterborough, Ontario manufacturing plant. After the Compensation Committee sets the bonus pool under the Annual Plan based on its determination of the level of our global adjusted operating income achieved, our Chairman and Chief Executive Officer then recommends amounts payable to each named executive officer (other than himself) under the Annual Plan based on performance against his respective Primary, Secondary and Personal goals. The Compensation Committee makes all determinations with respect to Mr. Travis's bonus. Annual Plan awards may be adjusted based on considerations deemed appropriate by the Compensation Committee, including personal performance.

Long-term equity incentive program

The primary goals of our equity incentive program are to align the interests of our named executive officers with the interests of our shareholders and to encourage executive retention through the use of service-based vesting requirements. As discussed below, the Compensation Committee awarded time-based stock options to all named executive officers in 2013 consistent with the terms of our annual long-term equity incentive award program adopted in fiscal 2012.

We consider stock options to be performance-based because no value is created unless the value of our common stock appreciates after grant and the same value is created for our shareholders. Because value is tied to long-term stock performance, we believe that stock options are the best vehicle to align executive interests with shareholder interests.

Prior to our IPO, we granted each of our named executive officers options consisting of time-based options (30% of each grant) and time and performance-based options (70% of each grant), which remain outstanding. The combination of time- and performance-vesting of these awards was designed to compensate executives for their long-term commitment to the Company, while incentivizing sustained increases in our financial performance and helping to ensure that the private equity sponsors that previously owned the Company received an appropriate return on their invested capital before executives received significant value from these grants.

Our pre-IPO time-based options generally vest in equal installments of 20% on each of the first five anniversaries of the vesting commencement date, which is typically the date the option grants were approved by the Compensation Committee. Our pre-IPO performance-based options generally become eligible to vest in tandem with the vesting of our pre-IPO time-based options, but do not actually vest unless a pre-established performance condition has been achieved. Because that condition has been satisfied, to the extent unvested based on service, those options are only subject to the optionee's continued employment to the Company through the applicable vesting date.

The Compensation Committee retains discretion to grant stock options or other equity-based awards to employees at any time, including in connection with a promotion, to reward an employee, for retention purposes or in other circumstances. The Compensation Committee will continue to evaluate the structure and terms of our equity compensation program and may make adjustments going forward.

Fiscal 2013 compensation

Base salaries

Except with respect to our Chairman and Chief Executive Officer, our Compensation Committee determined that it was appropriate to keep the base salary levels of our named executive officers in fiscal 2013 unchanged from fiscal 2012. Consistent with the philosophy of linking compensation actually paid to the achievement of our financial, operating and strategic goals, the Committee opted to approve a proposal to increase their respective Annual Plan targets rather than increasing the base salaries of the other named executive officers.

The Compensation Committee determined that it was appropriate to increase the base salary of Mr. Travis effective March 28, 2013 by 10.3% to \$950,000. Prior to this increase, Mr. Travis had not received a base salary

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increase since commencing employment with the Company in January 2009, with the exception of an \$11,000 per year base salary adjustment in May 2011 to compensate him for the elimination of his \$20,000 per year car allowance. As a result, his base salary was determined by the Committee to be substantially below market for his position. After his base salary increase was implemented, Mr. Travis's base salary was determined to be between the 25th and 50th percentile of Chief Executive Officer base salaries in the 2012 Dunkin' Brands peer group.

Short-term incentive awards

The threshold, target and maximum incentive levels (as a percentage of base salary and as described more fully below) established under the Annual Plan and payable to each named executive officer if achievement relative to the 2013 global adjusted operating income target resulted in a fully funded plan and, if applicable, the named executive officer achieved each of his Primary, Secondary and Personal goals were:

Named executive officer	Target annual cash bonus as a % of base salary		
	Threshold %	Target %	Maximum %
Nigel Travis	25%	100%	225%
Paul Carbone(1)	15%	60%	135%
John Costello(1)	15%	60%	135%
Paul Twohig(1)	15%	60%	135%
Richard Emmett(2)	13.75%	55%	123.75%

(1) The incentive target for Messrs. Carbone, Costello and Twohig was increased from 50% to 60% effective January 1, 2013.

(2) Mr. Emmett's incentive target was increased from 50% to 55% effective January 1, 2013.

Full funding (100% of target funding) for the Annual Plan was contingent on achievement of our global adjusted operating income target of \$343.8 million. The funding threshold level (25% of target funding) was contingent on achievement of 90% of the global adjusted operating income target, meaning that if global adjusted operating income performance achievement fell below \$309.4 million, no funding would be achieved under the plan and no payments would be made under it. The maximum funding level for the Annual Plan (225% of target funding) was contingent on the achievement of 110% of the global adjusted operating income target, or achievement of \$378.2 million of global adjusted operating income.

Our 2013 global adjusted operating income performance under the Annual Plan was \$340.4 million, or 99% of our adjusted operating income target. This translated to a funding level of 90% of target in accordance with the funding schedule set forth in the Annual Plan. In determining the size of the 2013 Annual Plan pool for allocation among plan participants, including our named executive officers, the Compensation Committee considered the Company's performance as a whole against all of the primary and secondary goals set forth at the beginning of 2013, as well as the funding level established under the Annual Plan, and approved an Annual Plan pool for allocation to plan participants in the amount of \$15.3 million, or 96% of target funding. In addition, in order to further reward those individuals who had the most significant impact on the Company's results in 2013, the Committee approved a supplemental discretionary pool of \$1.0 million for allocation to a limited number of high performing employees, including our named executive officers.

Once the funding level for the Annual Plan pool was approved, our Chairman and Chief Executive Officer recommended to the Compensation Committee amounts to be paid to each named executive officer under the Annual Plan based on performance against each individual's Primary, Secondary and Personal goals. The determination of the amount that each individual received that was based upon achievement of the Primary and Secondary business goals was formulaic, as shown in the table below. The determination of the amount that each individual received that was based on the achievement of Personal goals was based on the Compensation Committee's assessment (after consideration of the Chairman and Chief Executive Officer's recommendation) of the individual's performance against his individual goals. When assessing the amount of the bonus that each executive was entitled to earn, the Compensation Committee applied the same principles to our Chairman and Chief Executive Officer as it did to the other named executive officers.

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For 2013, each named executive officer was determined to have achieved his Personal goals in full. In addition, after considering our strong overall results particularly, relative to the quick service restaurant sector as a whole and the role each respective named executive officer played in achieving those results, our Chairman and Chief Executive Officer recommended to the Compensation Committee that each named executive officer's award, other than his own, be supplemented with an additional bonus from the \$1.0 million discretionary pool approved by the Compensation Committee. The Compensation Committee approved an additional discretionary bonus for each of our named executive officers to recognize the contributions he made to our strong performance during fiscal 2013 in the amount set forth in the table below. The table below lists the payouts to each named executive officer as a percentage of eligible base salary earnings and as a percentage of his target award.

Named executive officer	Target Annual Plan	Actual award %	Actual award %
	% payout (% of base salary)	(% of base salary)	(% of target award)
Nigel Travis	100%	102.2%	102.2%
Paul Carbone	60%	63.3%	105.5%
John Costello	60%	61.1%	101.8%
Paul Twohig	60%	70.5%	117.6%
Richard Emmett	55%	60.2%	109.4%

Primary and Secondary Business Goals(1)	Target	Actual	%
	Performance	Performance	Earned
Dunkin Brands Inc. Global Total Revenue (\$MM)	\$ 706.3	\$ 711.7	105%
Dunkin Brands Inc. Global Comparable Sales	4.09%	2.76%	66.3%
Dunkin Donuts U.S. Net Development, comprised of:			153.8%
Dunkin Donuts U.S. Net New Stores (50% weight)	340	371	120.0%
Dunkin Donuts New First Year Sales (\$MM) (50% weight)	\$ 134.45	\$ 158.03	187.5%
Dunkin Brands Inc. Comparable Sales U.S.	4.03%	3.18%	77.5%

(1) Each metric is as defined under the Annual Plan or award agreements granted thereunder.

Named executive officer	Weighted Contribution Toward Annual Plan Payout			Actual award % (% of target award)
	Primary and Secondary Business Goals (65% of total opportunity)(1)	Personal Goals and Annual Plan funding (35% of total opportunity)(2)	Adjustment to Personal Goals(3)	
Nigel Travis	61.9%	31.5%	8.8%	102.2%
Paul Carbone	61.9%	31.5%	12.2%	105.5%
John Costello	61.9%	31.5%	8.4%	101.8%
Paul Twohig	69.2%	31.5%	16.9%	117.6%
Richard Emmett	61.9%	31.5%	16.0%	109.4%

- (1) Represents the earned portion of the award with respect to each of our named executive officer's Primary and Secondary business goals based on performance results described in the preceding table and the applicable weightings described above under Compensation Discussion and Analysis Elements of named executive officer compensation Short-term incentive plan .
- (2) Represents the adjusted operating income-based funding level (90%) multiplied by the remaining portion of the award (35%).
- (3) Represents the additional discretionary bonus approved by the Compensation Committee for each of our named executive officers.

Long-term equity incentive awards

In 2013, each of our named executive officers received equity awards in the form of stock options. In determining the size of the long-term equity grants awarded to our named executive officers, the Compensation

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Committee took into account a number of factors such as long-term incentive values typically awarded to executives holding positions in similarly-situated companies and internal factors such as the individual's responsibilities, position and the size and value of the long-term incentive awards historically granted to our executives. As noted above, all stock options granted in fiscal 2013 are subject to time-based vesting. The options vest in four equal annual installments, subject to the optionee's continued employment on the applicable vesting date.

Employment agreements and letters

We have entered into an employment agreement with Mr. Travis and offer letters with each of our other named executive officers. The material terms of these agreements and letters are summarized below.

Employment Agreement with Mr. Travis. In February 2014, we amended Mr. Travis' employment agreement to, among other things, extend the term through December 2018. Under his amended employment agreement, Mr. Travis is entitled to receive an annual base salary of \$1,000,000 and is eligible for a target annual incentive bonus of 110% of his base salary, which can be increased up to 247.5% if we achieve certain goals. Mr. Travis has agreed to confidentiality obligations during and after employment and has agreed to non-competition and non-solicitation obligations during his employment and for two years following the termination of his employment.

Letter Agreements with Messrs. Carbone, Costello, Twohig and Emmett. Messrs. Carbone, Costello, Twohig and Emmett are parties to offer letter agreements with the Company that provide for a certain level of base salary and eligibility to participate in the Company's Annual Plan with specified target bonus opportunities under this plan. Under the terms of their respective letter agreements, each named executive officer has agreed to confidentiality obligations during and after employment and each has agreed to non-competition and non-solicitation obligations during and following employment termination.

The Compensation Committee believes that maintaining a competitive level of separation benefits is an appropriate element of a compensation program that is designed to attract and retain industry-leading talent. The Committee further believes that separation benefits should only be paid if there is an actual termination of employment. As a result, we do not have any single-trigger change-in-control entitlements. We also do not maintain any special change in control severance plans and do not provide any of our executive officers, including our named executive officers, with so-called "golden parachute" tax gross-ups. Each named executive officer is entitled to certain payments and benefits upon a qualifying termination, including salary continuation, pursuant to the agreement or offer letter described above. These arrangements are more fully described below under "Potential payments upon termination or change in control."

Equity compensation

As more fully described below in the section entitled "Potential payments upon termination or change in control," our named executive officers' stock option agreements also provide for accelerated vesting upon a change in control in certain circumstances. The agreements provide that if the employment of such executive is terminated by the Company or its successor without cause or by the executive for good reason within the 18-month period following a change in control, his equity awards will vest in full upon such termination. Since this protection is meaningful only if the equity awards held by the executives are assumed in the change in control transaction, the awards will vest in full at the time of the transaction if they are not assumed by the successor organization.

Employee benefits and perquisites

We provide our executive officers with access to the same health and welfare benefits we provide to all of our full-time employees, such as medical, dental, vision and disability insurance benefits. All of our full-time employees in the United States, including our named executive officers, are also eligible to participate in our 401(k) Retirement Plan (the "401(k) Plan"). Pursuant to the 401(k) Plan, employees, including our named

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executive officers, may elect to defer a portion of their salary and receive a Company match of up to 4% of salary for fiscal 2013, subject to limits set forth in the Internal Revenue Code of 1986, as amended. In addition to the 401(k) Plan available to all employees, we have established the Deferred Compensation Plan for senior employees, including our named executive officers, and non-employee directors. The Deferred Compensation Plan allows participants to defer certain elements of their compensation with the potential to receive earnings on deferred amounts. We believe the 401(k) Plan and the Deferred Compensation Plan are important retention and recruitment tools because they help facilitate retirement savings and provide financial flexibility for our key employees, and because many of the companies with which we compete for executive talent provide similar plans to their key employees.

We offer limited perquisites and personal benefits to our named executive officers. We have provided our named executive officers with relocation benefits to facilitate their relocation, including short-term cash supplements. We also provide our named executive officers with a limited number of sporting event tickets and limited use of a company automobile and pay them for the cost of executive physicals and supplemental long-term disability insurance. The costs associated with all perquisites are included in the Summary Compensation Table.

Clawbacks; Risk Assessment

The Compensation Committee currently has the ability to clawback awards under our 2011 Omnibus Long-Term Incentive Plan and the Annual Plan to the extent required by applicable federal or state law. In addition, the Compensation Committee intends to adopt a clawback policy once the SEC rules are finalized with respect to the same. In 2013, the Compensation Committee, pursuant to an assessment performed by Enterprise Risk Management, our internal audit function, determined that the risks arising from our compensation practices are not reasonably likely to have a material adverse effect on the Company.

Emphasis on Long-Term Ownership

Stock Ownership Guidelines. Under the executive stock ownership policy guidelines established by the Compensation Committee, our named executive officers are expected to own shares of our stock with a value equal to at least the following multiples of their annual base salaries:

Named Executive Officer	Stock Ownership Guideline(1)
Nigel Travis	6x
Paul Carbone	3x
John Costello	3x
Paul Twohig	3x
Richard Emmett	3x

(1) Represents the applicable multiple of the named executive officer's annual base salary.

This policy is designed to increase the named executive officers' ownership stakes and align their interests with the interests of our shareholders.

Ownership for purposes of this policy is defined to include stock owned directly or indirectly by the executive officer or any of such person's immediate family members residing in the same household, shares held in trust for the benefit of the executive officer or such person's family, shares held in our employee benefit plans, including the 401(k) Plan, and shares obtained through stock option exercise and the net in-the-money value of vested but unexercised stock options, shares of vested restricted stock and shares underlying vested restricted stock units. While there is no set period in which these ownership levels must be met, until they are met, each executive officer will be required to retain a level of shares following the vesting or exercise of equity awards granted after May 15, 2012 (the date our stock ownership guidelines were established), as follows: Mr. Travis, 100% of the net profit shares and the other executive officers, 50% of the net profit shares. Net profit shares are those shares that remain after deducting the exercise price, in the event of the exercise of options, and applicable withholding taxes in the event of all equity awards. As of December 31, 2013,

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the date of the annual measurement of ownership for purposes of this policy, Messrs. Travis, Carbone and Twohig had met the stock ownership guidelines set forth under the policy.

Prohibition on Hedging and/or Pledging our Common Stock. We have adopted an insider trading policy that prohibits insiders from hedging their ownership of our common stock or pledging shares of common stock.

Tax and accounting considerations

Section 162(m) of the Internal Revenue Code disallows a tax deduction for any publicly-held corporation for individual compensation exceeding \$1 million in any taxable year for a company's named executive officers, other than its chief financial officer, unless compensation qualifies as performance-based under such section. At such time as we are subject to the deduction limitations of Section 162(m), we expect that the Compensation Committee will take into consideration the potential deductibility of the compensation payable under our programs as one of the factors to be considered when establishing these programs. We are asking our shareholders to approve the material terms of the Dunkin' Brands Group, Inc. Annual Management Incentive Plan, consistent with Section 162(m). However, the Compensation Committee believes that its primary responsibility is to provide a compensation program that attracts, retains and rewards the executives necessary for our success. Accordingly, the Compensation Committee may, in its judgment, authorize compensation payments that do not comply with the exemptions, in whole or in part, under Section 162(m) or that may otherwise be limited as to tax deductibility.

The Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. If accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee

Raul Alvarez, Chair

Anthony DiNovi

Sandra Horbach

Mark Nunnally

Joseph Uva

Table of Contents**2013 Summary Compensation Table**

The following table sets forth information concerning the compensation paid to or earned by our named executive officers for fiscal years 2013, 2012 and 2011:

Name and principal position	Year	Salary \$(1)	Bonus (\$)	Stock Awards (\$)	Option awards \$(2)	Non-equity incentive plan compensation \$(3)	All other compensation \$(4)	Total (\$)
Nigel Travis Chairman and Chief Executive Officer	2013	\$ 932,885			\$ 2,380,392	\$ 867,885	\$ 25,481	\$ 4,206,643
	2012	\$ 861,000				\$ 1,033,050	\$ 17,228	\$ 1,911,278
	2011	\$ 873,750				\$ 1,060,086	\$ 24,089	\$ 1,957,925
Paul Carbone Chief Financial Officer	2013	\$ 400,000			\$ 426,487	\$ 224,100	\$ 19,162	\$ 1,069,749
	2012	\$ 351,250			\$ 1,166,480	\$ 230,000	\$ 20,442	\$ 1,768,172
John Costello President, Global Marketing and Innovation	2013	\$ 530,000			\$ 753,791	\$ 296,932	\$ 20,106	\$ 1,600,828
	2012	\$ 530,000				\$ 317,994	\$ 20,930	\$ 868,923
	2011	\$ 530,962			\$ 1,308,000	\$ 332,403	\$ 55,539	\$ 2,226,904
Paul Twohig President, Dunkin' Donuts U.S. and Canada, and Dunkin' Donuts and Baskin-Robbins, Europe and Latin America	2013	\$ 500,000			\$ 753,791	\$ 301,950	\$ 27,343	\$ 1,583,084
	2012	\$ 469,985			\$ 1,406,600	\$ 326,254	\$ 20,670	\$ 816,909
	2011	\$ 392,019			\$ 817,950	\$ 240,584	\$ 25,543	\$ 1,476,097
Richard Emmett Senior Vice President, Chief Legal and Human Resources Officer(5)	2013	\$ 430,000			\$ 565,343	\$ 220,832	\$ 25,508	\$ 1,241,683

- (1) Amounts shown in this column are not reduced to reflect the named executive officer's elections, if any, to defer receipt of salary into either of the Deferred Compensation Plan or the 401(k) Plan. Base salaries for fiscal 2011 were calculated based on a 53-week fiscal year.
- (2) The amounts shown in this column represent the dollar amounts of the aggregate grant date fair value of stock option awards determined in accordance with FASB ASC Topic 718. These amounts do not reflect actual amounts that may be paid to or realized by the named executive officers and exclude the effect of estimated forfeitures. The underlying valuation assumptions are discussed in Note 14 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2013.
- (3) Amounts shown in this column represent the named executive officer's bonus payouts pursuant to the Annual Plan. These payout amounts were based on the attainment of certain pre-established Company performance targets and personal goals. Please refer to the sections titled Compensation Discussion and Analysis Elements of named executive officer compensation Short term incentive plan and Compensation Discussion and Analysis Fiscal 2013 compensation Short-term incentive awards above.

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(4) Amounts shown in this column consist of the following items, as applicable to each named executive officer:

Name and principal position	Year	Flexible allowance and event tickets (\$)(i)	Company-paid premiums for LTD coverage (\$)	Personal Use of Company Vehicle (\$)(ii)	Relocation expenses (\$)(iii)	Executive physicals (\$)	401(k) company match contributions (\$)	Other (\$)
Nigel Travis	2013	\$ 3,400		\$ 9,731		\$ 2,150	\$ 10,200	
Chairman and Chief Executive Officer	2012	\$ 2,160		\$ 5,268			\$ 9,800	
	2011	\$ 12,123				\$ 2,150	\$ 9,800	\$ 16
Paul Carbone	2013	\$ 2,480	\$ 2,422	\$ 860		\$ 3,200	\$ 10,200	
Chief Financial Officer	2012	\$ 6,396	\$ 1,259	\$ 538		\$ 2,450	\$ 9,800	
John Costello	2013	\$ 2,080	\$ 2,609	\$ 3,426		\$ 2,100	\$ 10,200	
President, Global Marketing & Innovation	2012	\$ 2,160	\$ 3,640	\$ 2,580		\$ 2,750	\$ 9,800	
	2011	\$ 9,388	\$ 3,640		\$ 34,615		\$ 9,800	\$ 20
Paul Twohig	2013	\$ 4,080	\$ 4,993	\$ 8,0703			\$ 10,200	
President, Dunkin' Donuts U.S. and Canada, and Dunkin' Donuts and Baskin-Robbins, Europe and Latin America	2012	\$ 2,160	\$ 4,475	\$ 4,0353			\$ 10,000	
	2011	\$ 11,335	\$ 4,387				\$ 9,800	\$ 22
Richard Emmett	2013	\$ 4,680	\$ 3,601	\$ 4,427		\$ 2,600	\$ 10,200	\$
Senior Vice President, Chief Legal and Human Resources Officer								

- (i) Amounts shown with respect to 2013 reflect the face value to sporting event tickets that were provided to the named executive officers. With the exception of Mr. Carbone, whose amount reflects a pro-rated flexible allowance that was paid to him prior to the date he became our Chief Financial Officer (\$6,396), amounts shown in 2012 for other named executive officers reflect the face value of tickets to sporting events that were provided to them. During 2011, the Company ceased providing flexible allowances to our named executive officers. Amounts shown with respect to 2011 consist of a pro-rated flexible allowance (Mr. Travis \$7,308; and Mr. Costello, \$7,692), plus the face value of tickets to sporting events provided to the named executive officers.
- (ii) Amounts shown are calculated based on the incremental costs to the Company of using a company vehicle to transport the named executive officer from Canton, Massachusetts to Logan Airport in Boston, Massachusetts, calculated by taking into account the cost to the Company of paying for a driver for these trips, based on the driver's hourly rate, costs associated with fuel and maintenance of the vehicle related to such trips and the cost of applicable tolls, but not including any costs otherwise associated with the ownership or maintenance of the Company vehicle as these are costs that would otherwise have been incurred by the Company regardless of this personal use.
- (iii) Amount shown for Mr. Costello reflects costs associated with Mr. Costello's relocation to Massachusetts, consisting of reimbursement of the costs of rental housing in Boston (\$34,615 with respect to 2011). The reimbursement to Mr. Costello of the costs of rental housing in Boston ceased effective April 23, 2011.
- (5) Mr. Emmett became a named executive officer in 2013 and, as a result, only information for the most recent fiscal year is included in this table.

Table of Contents**Grants of Plan-Based Awards Table**

Name	Type of Award	Grant Date	Potential Payouts Under Non-Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options (2)	Exercise Price of Option Awards (\$/sh) (3)	Grant Date Fair Value of Stock and Awards \$(4)
			Threshold (\$)(1)	Target (\$)(1)	Maximum (\$)(1)			
Nigel Travis	Annual Incentive		232,365	929,462	2,091,289			
	Stock Options	2/12/2013				240,000	37.26	2,380,392
Paul Carbone	Annual Incentive		60,000	240,000	540,000			
	Stock Options	2/12/2013				43,000	37.26	426,487
John Costello	Annual Incentive		79,500	318,000	715,500			
	Stock Options	2/12/2013				76,000	37.26	753,791
Paul Twohig	Annual Incentive		75,000	300,000	675,000			
	Stock Options	2/12/2013				76,000	37.26	753,791
Richard Emmett	Annual Incentive		59,125	236,500	532,125			
	Stock Options	2/12/2013				57,000	37.26	565,343

- (1) These figures represent threshold, target and maximum bonus opportunities under the Annual Plan. The actual amount of the bonus earned by each named executive officer for fiscal 2013 is reported in the Summary Compensation Table. For a description of the performance targets relating to the Annual Plan, please refer to the sections titled Compensation Discussion and Analysis Elements of named executive officer compensation Short term incentive plan and Compensation Discussion and Analysis Fiscal 2013 compensation Short-term incentive awards above.
- (2) The stock options granted to all named executive officers in fiscal 2013 were granted under the Company's 2011 Omnibus Long-Term Incentive Plan. All stock option awards in this column are options to purchase shares of our common stock, have a ten-year term and are subject to service-based vesting, as described below. All stock options granted to our named executive officers in fiscal 2013 vest in four equal annual installments, subject to the optionee's continued employment on the applicable vesting date.
- (3) The exercise price of the stock options granted to our named executive officers was determined using the closing price of a share of our common stock on the NASDAQ Global Select Market on the date of grant.
- (4) Amounts shown in this column, with respect to stock options, reflect the fair value of the stock option awards on the date of grant determined in accordance with FASB ASC Topic 718. These amounts do not reflect actual amounts paid to or realized by the named executive officers and exclude the effect of estimated forfeitures. The underlying valuation assumptions for option awards are further discussed in Note 14 to our consolidated financial statements for fiscal year ended December 28, 2013, included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2013.

Narrative disclosure to Summary Compensation Table and Grants of Plan-Based Awards table

Each of our named executive officers is party to an employment agreement (in the case of Mr. Travis) or an offer letter (in the case of all other named executive officers) that provides for a base salary and other benefits, as described above in the Compensation Discussion and Analysis. All of our named executive officers were eligible to participate in the Deferred Compensation Plan, the Annual Plan, and our 2011 Omnibus Long-Term Incentive Plan and our benefit plans and programs for all or a portion of fiscal 2013. Each of our named executive officers' bonuses (including Mr. Travis' pursuant to his employment agreement) is established and determined under the Annual Plan, as more fully described in Compensation Discussion and Analysis above.

The severance arrangements with our named executive officers and the effect of a change in control on their outstanding options are described below under Potential payments upon termination or change of control.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

Name	OPTION AWARDS			
	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$) (2)	Option Expiration Date (3)
Nigel Travis	916,140	547,287	3.02	2/23/2020
		240,000	37.26	2/12/2023
Paul Carbone	54,618	14,011	3.02	2/23/2020
	7,002	10,510	7.31	3/9/2021
	25,000	75,000	33.18	6/8/2022
		43,000	37.26	2/12/2023
John Costello		87,567	3.02	2/23/2020
	3,929	26,271	7.31	3/09/2021
	30,000	50,000	25.18	12/11/2021
		76,000	37.26	2/12/2023
Paul Twohig		74,434	3.02	2/23/2020
		19,703	7.31	3/9/2021
	15,000	30,000	25.18	12/11/2021
		76,000	37.26	2/12/2023
Richard Emmett		65,674	3.02	2/23/2020
		57,000	37.26	2/12/2023

- (1) Reflects stock options that vest based on service-based vesting conditions. Option grants made after our IPO vest in annual equal installments over 4 years, beginning on the first anniversary of the date of grant. Stock option grants made on or before our IPO vest in equal annual installments over five years, generally beginning on the first anniversary of the grant date. For Messrs. Travis and Carbone, with respect to options granted on February 23, 2010, the numbers in the table reflect a decision by the Compensation Committee to accelerate the vesting of options granted on such date by one year (20%) to reflect the time that had passed between their hire dates (January 20, 2009 and September 15, 2008, respectively) and the grant date. The effect of a change in control on our outstanding options is described below under Potential payments upon termination or change of control.
- (2) The exercise price of stock options is the fair market value of a share of our common stock on the grant date. This was \$3.02 in the case of grants made on February 23, 2010 and \$7.31 in the case of grants made on March 9, 2011, in each case, after adjustment in connection with the reverse stock split that occurred immediately prior to our IPO. Prior to our IPO, fair market value was determined by the Board based on a valuation provided by an independent third-party valuation firm. The exercise price for grants made subsequent to our IPO was determined using the closing price of our common stock on the NASDAQ Global Select Market on the respective date of grant.
- (3) All options have a ten-year term.

Table of Contents**Option Exercises and Stock Vested**

The table below shows information regarding the exercise of stock options by named executive officers during 2013.

Name	OPTION EXERCISES	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise \$(1)
Nigel Travis	523,000	21,025,355
Paul Carbone	0	0
John Costello	104,000	3,326,399
Paul Twohig	58,783	1,862,338
Richard Emmett	61,010	2,343,608

- (1) The dollar amounts shown in this column for option awards are determined by multiplying (i) the number of shares of our common stock to which the exercise of the option related by (ii) the difference between the per-share closing price of our common stock on the date of exercise and the exercise price of the options.

Non-Qualified Deferred Compensation

Name	Executive Contributions In Last Fiscal Year(1)	Registrant Contributions In Last Fiscal Year(2)	Aggregate Earnings In Last Fiscal Year(3)	Aggregate Withdrawals / Distributions	Aggregate Balance At Last Fiscal Year End(4)
Nigel Travis	\$ 327,440		\$ 91,284	\$ 99,602	\$ 1,051,507
Paul Carbone	115,000		20,835	5,276	135,835
John Costello					
Paul Twohig	50,000		3,631		53,631
Richard Emmett	126,850		64,052		423,767

- (1) All amounts contributed by our named executive officers in the last fiscal year have also been reported in the Summary Compensation Table.
- (2) No company contributions were made into this plan for fiscal 2013 on behalf of our named executive officers.
- (3) Reflects market-based earnings on amounts credited to participants under the plan. Investment choices are available within the plan and we provide credits or debits to deferred compensation accounts based on the performance of the investment choices selected.
- (4) Amounts reported in this column, excluding earnings, were previously reported in the Summary Compensation Table (other than with respect to amounts deferred by Mr. Emmett prior to fiscal 2013).

The Deferred Compensation Plan is an unfunded, non-qualified deferred compensation plan that is available to executives and senior-management level employees of the Company, as well as the Company's non-employee directors. Under the Deferred Compensation Plan, our named executive officers and other eligible employees are permitted to elect to defer up to 50% of base salary and up to 100% of annual cash incentive awards each year (with a minimum deferral amount of \$5,000). Although we have the discretion to provide matching credits under the plan, no matching credits were provided for fiscal 2013. All amounts credited to a participant's account under the plan are notionally invested in mutual funds or other investments available in the market. We do not provide above-market or preferential earnings on deferred compensation. Amounts credited under the plan are generally distributed in a lump sum upon a participant's separation from service, disability or a date selected by the participant (at least three years after the year of deferral). A participant who separates from service at or after age 50 may elect to receive distributions in a lump sum or in installments and may defer commencement of distributions following separation up to age 65. We have established a rabbi trust to assist us in meeting a portion of our obligations under the plan. Upon a change in control, we will appoint an independent trustee to administer

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the trust and will fund the trust in an amount sufficient to satisfy all obligations under the plan. In addition, during the 12-month period following a change in control, we will continue to maintain the notional investment options available under the plan including, if applicable, any fixed rate fund (using an annual interest equivalent factor equal to the highest factor in effect during the 24 months prior to the change in control).

Potential payments upon termination or change in control

Each of our named executive officers is entitled to receive certain benefits upon a qualifying termination of employment.

Employment Agreement with Mr. Travis. Mr. Travis' employment agreement was amended and restated effective May 3, 2011, and further amended on November 30, 2012 and February 28, 2014. Under Mr. Travis' employment agreement, if his employment is terminated other than for cause or performance-based cause or if he resigns for good reason, he will be entitled to receive a lump-sum payment equal to two times the average annual base salary paid to him during the two years preceding the date his employment terminates. He will also be entitled to a pro-rata bonus for the year in which such termination occurred, determined based on actual performance. In addition, Mr. Travis will be entitled to reimbursement for health insurance premiums for participation in our medical and dental plans for eighteen months following employment termination. If his employment is terminated for performance-based cause, he will be entitled to receive a lump-sum payment equal to one times his annual base salary at the time his employment terminates. Performance-based cause is defined in Mr. Travis' agreement generally as a failure by Mr. Travis to perform his duties to the reasonable standards set by the Board, which failure did not rise to the level of cause.

All Other Named Executive Officers. Each of Messrs. Carbone, Costello, Twohig and Emmett is entitled to certain severance benefits under his offer letter, as amended. In the event of a termination of employment without cause, each executive will receive severance in an amount equal to twelve months of base salary, payable in the same manner and at the same time as our payroll is customarily paid. In addition, if the executive makes a timely election to receive COBRA health care continuation coverage, it is our current practice to pay a portion of the executive's monthly COBRA premium for the first three months following the date of termination in an amount equal to the premiums paid by an active employee for such coverage immediately prior to the termination date. It is also our current practice to pay the cost of six months of outplacement services for each executive, which such arrangement may be extended by us for an additional six months, in our discretion.

Each named executive officer (including Mr. Travis), upon his separation from employment, is also entitled to receive any accrued but unpaid salary and vacation, as well as any earned but unpaid annual bonus for the preceding fiscal year.

Each named executive officer's right to receive severance payments and benefits is conditioned upon his signing and not revoking a full release of claims in favor of the Company.

Restrictive Covenants. Under the terms of their respective agreements, each of Messrs. Travis, Carbone, Costello, Twohig and Emmett has agreed to confidentiality obligations during and after employment. Under his employment agreement, Mr. Travis has agreed to non-competition and non-solicitation obligations during and for two years following employment termination. Each of Messrs. Carbone, Costello, Twohig and Emmett has agreed to non-competition and non-solicitation obligations during and for specified periods following employment termination.

Change in control

All outstanding stock options held by our named executive officers have change in control vesting provisions, as described below.

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All outstanding option awards held by our named executive officers that were issued under the 2011 Omnibus Long-Term Incentive Plan provide that, if such options are assumed or continued in connection with a change in control and the named executive officer's employment is terminated by the Company (or its successor) without cause or the executive terminates his employment for good reason within 18 months of the change in control, such options or restricted stock units will immediately vest in full. The award agreements also provide that if such options are not assumed or continued in connection with a change in control, they will vest in full upon the change in control.

With respect to each option grant awarded under our 2006 Equity Incentive Plan, eligible participants are entitled to accelerated vesting, immediately upon a change in control, of 50% of their then-unvested stock options. Any remaining unvested stock options will vest on the first anniversary of the change in control (so long as the participant remains employed through that date).

As described above under "Nonqualified deferred compensation", a change in control will have certain consequences under our Deferred Compensation Plan, including a requirement that we contribute additional amounts to the rabbi trust established to satisfy its obligations under this plan.

We do not provide tax "gross-ups" on amounts payable in connection with a change of control that are subject to an excise tax on golden parachute payments.

Summary of potential payments

The following tables summarize the payments that would have been made to our named executive officers upon the occurrence of a qualifying termination of employment or change in control, assuming that each named executive officer's termination of employment with our company or a change in control of the Company occurred on December 27, 2013 (the last business day of our fiscal year). If a termination of employment had occurred on this date, severance payments and benefits would have been determined, for Mr. Travis, under his employment agreement in effect on such date and, for the other named executive officers, under their respective offer letters, as in effect on such date. Amounts shown do not include (i) accrued but unpaid salary or bonus and vested benefits and (ii) other benefits earned or accrued by the named executive officer during his employment that are available to all salaried employees and that do not discriminate in scope, terms or operations in favor of executive officers.

None of our named executive officers was entitled to receive any severance payments or benefits upon a voluntary termination (including retirement) or a termination due to death, disability or cause on December 27, 2013, except for earned but unpaid salary, accrued and vested benefits and benefits under any applicable insurance policies.

Termination of Mr. Travis' employment	Cash severance (lump-sum)	Health benefit	Total
Voluntary Termination for Good Reason or Involuntary Termination (other than for Cause or Performance-Based Cause)	\$ 1,793,885	\$ 24,694	\$ 1,818,579
Involuntary Termination (for Performance-Based Cause)	950,000		950,000

Termination by the Company other than for cause	Cash severance (salary continuation) (1)	Health and dental benefit (2)	Outplacement (3)	Total
Paul Carbone	\$ 400,000	\$ 3,572	\$ 20,000	\$ 423,572
John Costello	530,000	2,816	20,000	552,816
Paul Twohig	500,000	2,816	20,000	522,816
Richard Emmett	430,000	1,439	20,000	451,439

- (1) Represents twelve months of pay continuation in accordance with the terms of the offer letters with Messrs. Carbone, Costello, Twohig and Emmett.

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- (2) Represents the amount we would have paid under our current practice of paying for premiums for three months of health and dental benefits for Messrs. Carbone, Costello, Twohig and Emmett.
- (3) Represents the cost to us for providing six months outplacement services, which we would have paid under our current practice. Under an arrangement with the provider of outplacement services, the Company generally does not pay an additional fee if outplacement services are continued for an additional six months following the end of the first six-month period.

Change in control/Change in Control followed by qualifying employment termination	Acceleration of unvested stock options \$(1)	Total
Nigel Travis	\$ 14,757,674	\$ 14,757,674
Paul Carbone	\$ 2,069,688	\$ 2,069,688
John Costello	\$ 4,415,376	\$ 4,415,376
Paul Twohig	\$ 3,537,451	\$ 3,537,451
Richard Emmett	\$ 2,066,729	\$ 2,066,729

- (1) Includes outstanding options granted under our 2006 Equity Incentive Plan that would immediately vest upon a change in control and, with respect to stock options granted following our IPO, which would only vest immediately upon a qualifying termination in connection with a change in control. For purposes of this table, the value with respect to 50% of each unvested option granted under our 2006 Equity Incentive Plan held by Messrs. Travis, Carbone, Costello, Twohig and Emmett is included and the value with respect to 100% of each option granted following our IPO held by Messrs. Travis, Carbone, Costello, Twohig and Emmett is included. Amounts shown in respect of options assume that the options are cashed out for a payment equal to the difference between the fair market value of a share of common stock (\$47.75 per share, the closing price of our common stock on December 27, 2013, the last business day of our 2013 fiscal year) and the per share exercise price of the respective options.

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PROPOSAL 2

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

The Compensation Discussion and Analysis beginning on page 14 of this Proxy Statement describes our executive compensation program and the compensation of our named executive officers for fiscal 2013. The Board of Directors is asking shareholders to cast a non-binding, advisory vote indicating their approval of that compensation by voting **FOR** the following resolution:

RESOLVED, that the shareholders of Dunkin' Brands Group, Inc. APPROVE, on an advisory basis, the compensation paid to its named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion.

As described in detail in the Compensation Discussion and Analysis, we have a total compensation approach focused on performance-based incentive compensation that seeks to:

Attract and retain industry-leading talent;

Link compensation actually paid to achievement of our financial, operating and strategic goals;

Reward individual performance and contribution to our success; and

Enhance shareholder value by aligning the interests of our executive officers and shareholders through delivering a substantial portion of an executive officer's compensation through equity-based awards with a long-term value horizon.

We believe Dunkin' Brands' performance demonstrates the effectiveness of our compensation program.

The Board is asking shareholders to support this proposal. Although the vote we are asking you to cast is non-binding, the Compensation Committee and the Board value the views of our shareholders as expressed in their votes. The Board and Compensation Committee will consider the outcome of the vote when determining future compensation arrangements for our named executive officers.

Your Board of Directors recommends a vote FOR Proposal 2, Advisory Vote on Named Executive Officer Compensation.

Table of Contents**AUDIT COMMITTEE MATTERS****Audit Committee Report**

We operate in accordance with a written charter adopted by the Board and reviewed annually by the Committee. We are responsible for overseeing the quality and integrity of Dunkin Brands' accounting, auditing and financial reporting practices. In accordance with the rules of the Securities and Exchange Commission (SEC) and the NASDAQ Global Select Market (NASDAQ), the Audit Committee is composed entirely of members who are independent, as defined by the listing standards of NASDAQ and Dunkin Brands' Corporate Governance Guidelines. Further, the Board has determined that one of our members (Mr. Hines) is an audit committee financial expert as defined by the rules of the SEC.

The Audit Committee met 7 times during fiscal 2013 with Dunkin Brands' Chief Financial Officer, Corporate Controller and KPMG LLP (KPMG), Dunkin Brands' independent registered public accounting firm, including 4 meetings held prior to the public release of Dunkin Brands' quarterly earnings announcements in order to discuss the financial information contained in the announcements.

We took numerous actions to discharge our oversight responsibility with respect to the audit process. We received the written disclosures and the letter from KPMG pursuant to Rule 3526, Communication with Audit Committees Concerning Independence, of the Public Company Accounting Oversight Board (PCAOB) concerning any relationships between KPMG and Dunkin Brands and the potential effects of any disclosed relationships on KPMG's independence and discussed with KPMG its independence. We discussed with management, the internal auditors and KPMG, Dunkin Brands' internal control over financial reporting and the internal audit function's organization, responsibilities, budget and staffing. We reviewed with both KPMG and our internal auditors their audit plans, audit scope and identification of audit risks.

We discussed and reviewed with KPMG communications required by the Standards of the PCAOB (United States), as described in PCAOB AU Section 380, Communication with Audit Committees, and, with and without management present, discussed and reviewed the results of KPMG's examination of Dunkin Brands' consolidated financial statements. We also discussed the results of the internal audit examinations with and without management present.

Audit and Other Fees

The aggregate fees that Dunkin Brands paid for professional services rendered by KPMG for the fiscal year ended December 28, 2013 (fiscal 2013) and the fiscal year ended December 29, 2012 (fiscal 2012) were:

Category	2013	2012
Audit	\$ 1,628,288	\$ 1,650,511
Audit Related	22,000	288,487
Tax	313,492	319,127
All Other	78,000	
Total	\$ 2,041,780	\$ 2,258,125

Audit fees were for professional services rendered for the audits of Dunkin Brands' consolidated financial statements including financial statement schedules, reviews of interim financial statements and assistance with review of documents filed with the SEC with respect to fiscal 2013 and fiscal 2012.

Audit related fees were for services related to employee benefit plan audits in each of fiscal 2012 and fiscal 2013 and our secondary offerings in fiscal 2012.

Tax fees were for services related to tax compliance and routine tax advice, including assistance with tax audits and appeals.

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All Other fees in fiscal 2013 were for services related to the pre-implementation review of the Company's upgrade to its internal financial systems.

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We pre-approve all audit services and all permitted non-audit services by KPMG, including engagement fees and terms. We have delegated the authority to take such action between meetings to the Audit Committee chair, who reports the decisions made to the full Audit Committee at its next scheduled meeting.

Our policies prohibit Dunkin' Brands from engaging KPMG to provide any services relating to bookkeeping or other services related to accounting records or financial statements, financial information system design and implementation, appraisal or valuation services, fairness opinions or contribution-in-kind reports, actuarial services, internal audit outsourcing, any management function, legal services or expert services not related to the audit, broker-dealer, investment adviser, or investment banking services or human resource consulting. In addition, we evaluate whether Dunkin' Brands' use of KPMG for permitted non-audit services is compatible with maintaining KPMG's independence. We concluded that KPMG's provision of non-audit services, all of which we approved in advance, was compatible with its independence.

We reviewed the audited consolidated financial statements of Dunkin' Brands as of December 28, 2013 and for fiscal 2013 with management and KPMG. Management has the responsibility for the preparation of Dunkin' Brands' consolidated financial statements, and KPMG has the responsibility for the audit of those statements.

Based on these reviews and discussions with management and KPMG, we voted that Dunkin' Brands' audited consolidated financial statements be included in its Annual Report on Form 10-K for fiscal 2013 for filing with the SEC. We also have selected KPMG as the independent registered public accounting firm for fiscal 2014, subject to ratification by Dunkin' Brands' shareholders.

Audit Committee

Michael F. Hines, Chair

Raul Alvarez

Carl Sparks

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PROPOSAL 3

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC

ACCOUNTING FIRM

The Audit Committee of our Board of Directors has appointed KPMG LLP (KPMG) as our independent registered public accounting firm for the fiscal year ending December 27, 2014. We are asking shareholders to ratify this appointment. Representatives of KPMG will attend the Annual Meeting, where they will have the opportunity to make a statement if they wish to do so and will be available to answer questions from the shareholders.

Your Board of Directors recommends a vote FOR Proposal 3, Ratification of Appointment of Independent Registered Public Accounting Firm.

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PROPOSAL 4

APPROVAL OF DUNKIN' BRANDS GROUP, INC. ANNUAL MANAGEMENT INCENTIVE PLAN

Our Board of Directors is asking you to approve the Dunkin' Brands Group, Inc. Annual Management Incentive Plan (the "MIP"), including the material terms of the performance goals under the plan. If approved, the MIP would become effective for performance periods (as described below) beginning on or after December 28, 2014. The disclosure below is a summary only and is qualified in its entirety by reference to the MIP. For a full description, you should read the entire text of the MIP, which is attached hereto as [Appendix A](#).

Background

Section 162(m) of the Internal Revenue Code (together with the regulations and other guidance issued thereunder, "Section 162(m)") generally provides that compensation provided by a publicly held corporation to its covered employees (the corporation's chief executive officer or any of its three most highly paid named executive officers (other than its chief executive officer or chief financial officer)) is not deductible by the corporation for U.S. federal income tax purposes for any taxable year to the extent it exceeds \$1 million.

This limitation does not apply to compensation that qualifies as exempt performance-based compensation by meeting certain requirements under Section 162(m), including the requirement that the material terms of the related performance goals be disclosed to and approved by the corporation's shareholders not less frequently than every five years. Under Section 162(m), the material terms include the class of eligible employees, a description of the business criteria on which the performance goals may be based and the maximum amount that can be paid to any participant for a specified period. Although shareholder approval is one of the requirements for exemption under Section 162(m), even with shareholder approval, there can be no guarantee that compensation will be treated as exempt performance-based compensation under Section 162(m).

Since our initial public offering in 2011, compensation payable to our covered employees has not been subject to the deduction limitation under Section 162(m) to the extent it has been exempt from this limitation under a special transition rule for corporations that go public through an initial public offering. However, since the reliance period under that transition rule will expire not later than the date of our annual meeting of stockholders in 2015, the relief afforded by the transition rule will soon cease to be available to us and, to the extent we provide compensation in excess of \$1 million to our covered employees once that reliance period has ended, such amounts will generally be deductible, if at all, only if such amounts qualify as exempt performance-based compensation under Section 162(m).

We now seek approval of the material terms of the MIP, including the performance goals thereunder, to afford us the opportunity to provide exempt performance-based compensation under the MIP. As discussed above in "Tax and accounting considerations" in Compensation Discussion and Analysis, notwithstanding shareholder approval of these performance goals, the Compensation Committee will continue to have authority to (and, in its sole discretion, may) provide for compensation that is not exempt from the limits on deductibility under Section 162(m). If shareholders approve the MIP at the Annual Meeting, annual bonuses for performance periods beginning on or after December 28, 2014 will be paid under this plan.

If the MIP is not approved at the Annual Meeting, the plan will not be effective. The Compensation Committee, however, will have the discretion to pay annual cash bonuses to our executive officers and other key employees with respect to the periods that would otherwise have been covered under the MIP. To the extent any such bonuses are paid, they will not qualify as performance-based compensation and therefore may not be fully deductible by us due to the compensation limit imposed by Section 162(m).

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Material Features of the MIP

Administration. The MIP is administered by the Compensation Committee of the Board of Directors, which, with respect to grants of awards intended to qualify as exempt performance-based compensation under Section 162(m) (Section 162(m) Awards), will consist solely of outside directors (as defined under Section 162(m)).

Awards. Award opportunities under the MIP will be granted by the Compensation Committee with respect to a performance period specified by the Compensation Committee. The MIP permits the grant of Section 162(m) Awards as well as awards that are not intended to so qualify. The Compensation Committee will establish the performance criteria applicable to the award, the amount or amounts payable if the performance criteria are achieved, and such other terms and conditions as the Compensation Committee deems appropriate. For Section 162(m) Awards, objectively determinable performance goals and payout formulas will be pre-established by the Compensation Committee for each performance period within a specified period of time following the beginning of such performance period.

Payment. After completion of the performance period, the Compensation Committee will review (and, with respect to Section 162(m) Awards, certify) performance results and the payout for the awards. The Compensation Committee will then determine the actual payment, if any, under each award. The Compensation Committee will have the sole and absolute discretion to reduce (including to zero) the actual payment to be made under any award. The Compensation Committee will determine the payment dates for awards under the MIP. No payment will be made under an award unless the participant remains employed by the Company on the payment date, except as otherwise provided by the Compensation Committee. The Compensation Committee may permit a participant to defer payment of an award under the Deferred Compensation Plan or otherwise.

Amounts payable under the MIP performance goals described in this proposal will be based on future award opportunities and performance and are not determinable at this time. For a description of annual bonus awards for our named executive officers for our most recent prior fiscal year, see the Compensation Discussion and Analysis and related compensation tables, above.

Maximum Awards. Under the MIP, the maximum amount payable to any participant for any fiscal year of the Company will be \$10 million.

Eligibility and Participation. Awards under the MIP may be granted to our executive officers and to other key employees of the Company and its affiliates selected from time to time by the Compensation Committee (or, with respect to awards other than Section 162(m) Awards, its authorized delegate). Currently, it is anticipated that approximately 1,100 employees will be eligible to participate in the MIP once it becomes effective, including each of our executive officers.

Business Criteria for MIP Performance Goals. Each award granted under the MIP will be subject to performance goals consisting of specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the vesting, payment or full enjoyment of the award, including individual performance factors. However, the performance goals that apply to Section 162(m) Awards will be set by the Compensation Committee and will consist solely of one or more objectively determinable measures of performance relating to any one or any combination of the following business criteria (measured on an absolute basis or relative to one or more comparators, including one or more companies or indices, and determined on a consolidated, divisional, line of business, project, geographical or area of executive responsibilities basis, or any combination thereof): net sales; system-wide sales; comparable store sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus); earnings or loss per share; net income or loss (before or after taxes); adjusted operating income; adjusted net income; adjusted earnings per share; channel revenue; channel revenue growth; franchising commitments; manufacturing profit; manufacturing profit margin; store closures; return on equity; total stockholder return; return on assets or net assets; appreciation in and/or maintenance of the price of the shares or any other publicly-traded securities of the Company; market share; gross profits; earnings or losses

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(including earnings or losses before taxes, before interest and taxes, or before interest, taxes, depreciation and/or amortization); economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels, including cash, inventory and accounts receivable; operating margin; gross margin; year-end cash; cash margin; debt reduction; stockholders equity; operating efficiencies; market share; customer satisfaction; customer growth; employee satisfaction; supply chain achievements (including establishing relationships with manufacturers or suppliers of component materials and manufacturers of the Company's products); points of distribution; gross or net store openings; new store first year sales; co-development, co-marketing, profit sharing, joint venture or other similar arrangements; financial ratios, including those measuring liquidity, activity, profitability or leverage; cost of capital or assets under management; financing and other capital raising transactions (including sales of the Company's equity or debt securities; factoring transactions; sales or licenses of the Company's assets, including its intellectual property, whether in a particular jurisdiction or territory or globally; or through partnering transactions); implementation, completion or attainment of measurable objectives with respect to research, development, manufacturing, commercialization, products or projects, production volume levels, acquisitions and divestitures; factoring transactions; and recruiting and maintaining personnel.

To the extent consistent with Section 162(m), the Compensation Committee may establish that, in the case of a Section 162(m) Award, one or more of the performance criteria may be adjusted in an objectively determinable manner to reflect events (for example, the impact of restructurings, discontinued operations, mergers, acquisitions, extraordinary items, other unusual or non-recurring items and the cumulative effects of tax or accounting changes, each as defined by U.S. generally accepted accounting principles) occurring during the performance period that applicable performance criterion or criteria. The Compensation Committee (or its delegate) may, in its sole and absolute discretion and with or without specifying its reasons for doing so, in the case of awards other than Section 162(m) Awards, adjust the amount payable under such award.

Recovery of Compensation. Awards under the MIP will be subject to forfeiture, termination and rescission, and a participant who receives a payment pursuant to the MIP will be obligated to return to the Company such payment in connection with a breach by the participant of the MIP or an award agreement or due to an overpayment due to inaccurate financial data (in such cases, to the extent provided by the Compensation Committee), pursuant to any company clawback or recoupment policy, or as otherwise required by law or applicable stock exchange listing standards.

Amendment and Termination. The Compensation Committee may amend the MIP at any time, provided that any amendment will be approved by the Company's shareholders if required by Section 162(m). The Compensation Committee may terminate the Annual Plan at any time.

Performance-based awards under our MIP are an important component of our compensation system. We often rely on them to attract and retain talent and to motivate our employees, including our named executive officers, to promote our profitability and growth. In order to allow us to make awards that are intended to be deductible, we are seeking your approval of the MIP.

Your Board of Directors recommends a vote FOR Proposal 4, Approval of Dunkin' Brands Group, Inc. Annual Management Incentive Plan.

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PROPOSAL 5

SHAREHOLDER PROPOSAL

As You Sow has advised the Company that it intends to present the following shareholder proposal at the Annual Meeting on behalf of shareholder Andrew Behar. In accordance with applicable proxy regulations, the proposed resolution and supporting statement, for which the Board of Directors and the Company accept no responsibility, are set forth below. The address and share ownership of the proponent will be furnished to any shareholder upon request. Approval of this proposal would require the affirmative vote of a majority of the outstanding shares of common stock present in person or by proxy and entitled to vote at the Annual Meeting.

Your Board of Directors recommends a vote AGAINST Proposal 5, Shareholder Proposal.

Shareholder Proposal

Product Safety Report

Whereas:

Nanotechnology is the science of manipulating matter at the molecular scale to build structures, tools, or products, known as nanomaterials. These extremely small particles create opportunities for innovation; however the scientific community has raised serious questions about the safety of nanomaterials.

The novel properties of nanomaterials offer new opportunities for food industry applications, including stronger flavorings and colorings. However these same properties may also result in greater toxicity for human health and the environment. Because of their small size, nanoparticles are more likely to enter cells, tissues, and organs where they may interfere with normal cellular function and cause damage and cell death. Nanomaterials such as silver, titanium dioxide, zinc, and zinc oxide, have been found to be highly toxic to cells in laboratory studies. Recent research on the ingestion of inorganic nanoparticles, has raised concerns regarding toxicity to humans and the environment. Studies show that nanoparticles less than 300 nanometers in size are able to pass through cell membranes in organisms; that nanomaterials can cause DNA and chromosomal damage, inflammation, and genital malformations, among other harms; that titanium dioxide nanoparticles caused brain damage in fish, causing nerve cells to die.

Given recent scientific findings, proponents believe companies that use nanomaterials in consumer products may face significant liability and reputational risks. In 2008, the insurance giant, Swiss Re, noted that what makes nanotechnology completely new from the point of view of insuring against risk is the unforeseeable nature of the risks it entails and the recurrent and cumulative losses it could lead to, given the new properties hence different behavior of nanotechnologically manufactured products. In 2011, Gen Re noted, There are, at this time, dozens of studies associating exposure to various nanomaterials with adverse health effects.

We are concerned about liability arising from use of nanotechnology in food products, particularly foods such as donuts which are ingested by children, whose developing bodies are more vulnerable.

Proponents believe titanium-dioxide nanomaterials are likely being used in Dunkin' Donuts without adequate testing to ensure safety, and without notice or warning of their presence or potential hazard. Proponents believe that the best way to protect the public and shareholder value is to avoid using nanomaterials until and unless they have been subject to robust evaluation and demonstrated to be safe for human health and the environment, and to clearly label all products that contain nanomaterials.

Resolved: Shareholders request the Board publish by November 1, 2014, at reasonable cost and excluding proprietary information, a report on Dunkin' s policies regarding public health concerns of nanomaterials in the company s products or packaging. This report should identify products or packaging that currently contains nanomaterials, and discuss any actions, aside from regulatory compliance, management is taking to reduce or eliminate risk associated with human health and environmental impacts, such as eliminating, or disclosing, the use of nanomaterials until they are proven safe through long-term testing.

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Board of Directors Statement in Opposition to Shareholder Proposal

The Board recommends that shareholders vote **AGAINST** the shareholder proposal.

The Board feels strongly that preparing the requested report is premature and would be an unnecessary and imprudent diversion of the Company's resources with no corresponding benefit to the Company, our guests or our shareholders.

Dunkin' Brands has a demonstrated commitment to conducting our business in an ethically and socially responsible manner. Each of our brands uses high quality ingredients and has stringent food quality standards for all of our products that meet all requirements of the Food and Drug Administration (FDA). We have a Supplier Code of Conduct that requires suppliers to comply with all laws, ordinances, rules, regulations and orders of public authorities pertaining to the business that supplies the Dunkin' Brands system.

The science behind, and research into, nanotechnology as it relates to the food industry remains in its very early stages. The FDA has not issued final regulations regarding nanomaterials in food products and importantly, there remains no agreed upon method for analyzing a product for the presence of nanoparticles.

Dunkin' Brands has been engaged with stakeholders (including the proponent of this shareholder resolution), suppliers and industry leaders on the topic of nanomaterials and has investigated the use of nanotechnology in the food industry generally and in our product portfolio. Specifically, we discussed and investigated along with one of our manufacturers the ingredient of concern identified to us by As You Sow (titanium dioxide). Our investigation indicated that this ingredient of concern does not meet the definition of nanoparticle as defined under draft FDA guidelines used in industry today. We relayed our findings to As You Sow and continue to engage with them on this issue.

A representative from Dunkin' Brands attended a seminar sponsored by the Institute of Food Technology focused on the use of nanotechnology in the food industry. This seminar included some of the leading researchers on the issue globally. This program indicated that the research on this topic as it relates to the food industry is currently being conducted and remains in its early stages.

Our consumer's health and safety are our top priority. All Dunkin' Brands products comply with federal, state and local regulations. Based on our research, our suppliers do not currently utilize nanotechnology in the production of our products. We have engaged leaders within the field of nanotechnology to monitor progress and research and intend to remain apprised of the latest developments.

In light of Dunkin' Brands' ongoing commitment and the infancy of the research on this issue, we believe that the report requested by the proposal is unnecessary and premature. We further believe that the proposal represents the potential for a diversion of resources with no corresponding benefit to the Company, our customers or our shareholders at this time.

Therefore, your Board of Directors recommends that you vote AGAINST this proposal.

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VOTING REQUIREMENTS AND PROXIES

The affirmative vote of the holders of a plurality of votes properly cast by the shareholders entitled to vote at the Annual Meeting is required for the election of directors. However, our Corporate Governance Guidelines provide that in an uncontested election of directors, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election shall promptly tender his or her resignation for consideration and action by the Nominating & Corporate Governance Committee and the Board. See Corporate Governance Majority Voting Guidelines above. All other proposals require the approval by holders of a majority of votes properly cast by the shareholders entitled to vote at the Annual Meeting.

If you vote your shares by mail, telephone or Internet, your shares will be voted in accordance with your directions. If you do not indicate specific choices when you vote by mail, telephone or Internet, your shares will be voted for the election of the director nominees, to approve Proposal 2 (Advisory Vote on Named Executive Officer Compensation), for the ratification of the appointment of the independent registered public accounting firm, to approve Proposal 4 (Approval of Dunkin Brands Group, Inc. Annual Management Incentive Plan), and against the shareholder proposal, if properly presented at the Annual Meeting. The persons named as proxies will also be able to vote your shares at postponed or adjourned meetings. If any nominee should become unavailable, your shares will be voted for another nominee selected by the Board or for only the remaining nominees. Brokers are not permitted to vote your shares on any matter other than Proposal 3 (Ratification of the Independent Registered Public Accounting Firm). If your shares are held in the name of a broker or nominee and you do not instruct the broker or nominee how to vote with respect to the election of directors, the Advisory Vote on Named Executive Officer Compensation or if you abstain or withhold authority to vote on any matter, your shares will not be counted as having been voted on that matter, but will be counted as in attendance at the meeting for purposes of a quorum.

SHAREHOLDER PROPOSALS AND DIRECTOR NOMINATIONS

A shareholder who intends to present a proposal at the 2015 Annual Meeting of Shareholders and who wishes the proposal to be included in the proxy materials for that meeting must submit the proposal in writing to us so that it is received by our Corporate Secretary no later than November 26, 2014. Written proposals may be mailed to us at Dunkin Brands Group, Inc., 130 Royall Street, Canton, MA 02021 Attn: Rich Emmett, Corporate Secretary. A shareholder who intends to nominate a director or present any other proposal at the 2015 Annual Meeting of Shareholders but does not wish the proposal to be included in the proxy materials for that meeting must provide written notice of the nomination or proposal to us no earlier than January 6, 2015 and no later than February 5, 2015. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements. Our by-laws, which are available at <http://investor.dunkinbrands.com>, describe the requirements for submitting proposals at the Annual Meeting. The notice must be given in the manner and must include the information and representations required by our by-laws.

OTHER MATTERS

At the time of mailing of this proxy, we do not know of any other matter that may come before the Annual Meeting and do not intend to present any other matter. However, if any other matters properly come before the meeting or any adjournment, the persons named as proxies will have discretionary authority to vote the shares represented by the proxies in accordance with their own judgment, including the authority to vote to adjourn the meeting.

We will bear the cost of solicitation of proxies. Our officers, directors and other associates may assist in soliciting proxies by mail, telephone and personal interview.

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ATTENDING THE ANNUAL MEETING

The Annual Meeting will take place at the Boston Marriott Quincy, located at 1000 Marriott Drive, Quincy, MA 02169. To attend the Annual Meeting, you must demonstrate that you were a Dunkin' Brands shareholder as of the close of business on March 12, 2014, or hold a valid proxy for the Annual Meeting from such a shareholder. If you received a Notice of Internet Availability of Proxy Materials, the Notice will serve as an admission ticket for one shareholder to attend the 2014 Annual Meeting of Shareholders. If you received a paper copy of the proxy materials in the mail, the proxy card includes an admission ticket for one shareholder to attend the Annual Meeting of Shareholders. You may alternatively present a brokerage statement showing proof of your ownership of Dunkin' Brands stock as of March 12, 2014. **All shareholders must also present a valid form of government-issued picture identification in order to attend.** Please allow additional time for these procedures. Free parking is available. Please enter the building through the main lobby.

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ANNEX A

DUNKIN BRANDS GROUP, INC.

ANNUAL MANAGEMENT INCENTIVE PLAN

This Annual Management Incentive Plan (the **Plan**) has been established to advance the interest of Dunkin Brands Group, Inc. (the **Company**) by providing for the grant of Awards to eligible employees of the Company and its Affiliates. The Plan is intended to comply with the requirements for tax deductibility imposed by Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (**Section 162(m)**), to the extent applicable.

I. ADMINISTRATION

The Plan will be administered by the Compensation Committee of the Board of Directors of the Company (the **Committee**). The Committee shall have the authority to interpret the Plan, and any interpretation or decision by the Committee with regard to any questions arising under the Plan shall be final and conclusive on all parties. In the case of any Award (as defined in Section III below) intended to qualify as exempt performance-based compensation under Section 162(m), as determined by the Committee (a **Section 162(m) Award**), (i) if any member of the Compensation Committee is not an **outside director** for purposes of such exemption, the **Committee** for purposes of the Plan will consist of a subcommittee consisting solely of those Committee members who are **outside directors** for such purposes (and, where applicable, references in the Plan to the Committee shall be deemed to be references to such subcommittee), (ii) the Committee will exercise its discretion consistent with qualifying the Award for that exemption and (iii) the Committee may delegate to other persons administrative functions that do not involve discretion. In the case of Awards other than Section 162(m) Awards, the Committee may delegate to other persons such duties, powers and responsibilities as it deems appropriate. To the extent of any such delegation, references herein to the **Committee** shall be deemed to refer to the person or persons to whom such authority has been delegated.

II. ELIGIBILITY; PARTICIPANTS

Executive officers and other key employees of the Company and its Affiliates shall be eligible to participate in the Plan. An **Affiliate** 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) or Section 414(c) of the Internal Revenue Code of 1986, as amended (the **Code**). The Committee shall select, from among those eligible, the persons who shall from time to time participate in the Plan (each, a **Participant**). Participation with respect to one Award under the Plan shall not entitle a Participant to participate with respect to a subsequent Award or Awards, if any.

III. GRANT OF AWARDS

The term **Award** as used in the Plan means an award opportunity that is granted to a Participant with respect to a specified performance period consisting of the Company's fiscal year or such other period as the Committee may determine (such period, the **Performance Period**). A Participant who is granted an Award shall be entitled to a payment, if any, under the Award only if all conditions to payment have been satisfied in accordance with the Plan and the terms of the Award. By accepting (or, under such rules as the Committee may prescribe, being deemed to have accepted) an Award, the Participant agrees (or will be deemed to have agreed) to the terms of the Award and the Plan. Except as otherwise specified by the Committee in connection with the grant of an Award, the Performance Period applicable to Awards under the Plan shall be the fiscal year of the Company. The Committee shall select the Participants, if any, who are to receive Awards for a Performance Period and, in the case of each Award, shall establish the following:

- (a) the Performance Criteria (as defined in Section IV below) applicable to the Award;

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(b) the amount or amounts that will be payable (subject to adjustment in accordance with Section V) if the Performance Criteria are achieved; and

(c) such other terms and conditions as the Committee deems appropriate with respect to the Award.

For Section 162(m) Awards, (i) such terms shall be established by the Committee not later than (A) the ninetieth (90th) day after the beginning of the Performance Period, in the case of a Performance Period of 360 days or longer, or (B) the end of the period constituting the first quarter of the Performance Period, in the case of a Performance Period of less than 360 days, and (ii) once the Committee has established the terms of such Award in accordance with the foregoing, it shall not thereafter adjust such terms, except to reduce payments, if any, under the Award in accordance with Section V or as otherwise permitted in accordance with the requirements of Section 162(m).

IV. PERFORMANCE CRITERIA

As used in the Plan, the term Performance Criteria means specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the vesting, payment or full enjoyment of an Award, including, for the avoidance of doubt, any individual performance factors. A Performance Criterion and any targets with respect thereto determined by the Committee need not be based upon an increase, a positive or improved result or avoidance of loss and may be applied to the Participant individually, or to a business unit or division or the Company as a whole. For Section 162(m) Awards, a Performance Criterion will mean an objectively determinable measure or objectively determinable measures of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices or the performance of one or more companies and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): net sales; system-wide sales; comparable store sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus); earnings or loss per share; net income or loss (before or after taxes); adjusted operating income; adjusted net income; adjusted earnings per share; channel revenue; channel revenue growth; franchising commitments; manufacturing profit; manufacturing profit margin; store closures; return on equity; total stockholder return; return on assets or net assets; appreciation in and/or maintenance of the price of the shares or any other publicly-traded securities of the Company; market share; gross profits; earnings or losses (including earnings or losses before taxes, before interest and taxes, or before interest, taxes, depreciation and/or amortization); economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels, including cash, inventory and accounts receivable; operating margin; gross margin; year-end cash; cash margin; debt reduction; stockholders equity; operating efficiencies; market share; customer satisfaction; customer growth; employee satisfaction; supply chain achievements (including establishing relationships with manufacturers or suppliers of component materials and manufacturers of the Company's products); points of distribution; gross or net store openings; new store first year sales; co-development, co-marketing, profit sharing, joint venture or other similar arrangements; financial ratios, including those measuring liquidity, activity, profitability or leverage; cost of capital or assets under management; financing and other capital raising transactions (including sales of the Company's equity or debt securities; factoring transactions; sales or licenses of the Company's assets, including its intellectual property, whether in a particular jurisdiction or territory or globally; or through partnering transactions); implementation, completion or attainment of measurable objectives with respect to research, development, manufacturing, commercialization, products or projects, production volume levels, acquisitions and divestitures; factoring transactions; and recruiting and maintaining personnel. Provided that the Committee has specified at least one Performance Criterion under this Section IV intended to qualify the Award as performance-based under Section 162(m), the Committee may specify other performance goals or criteria (whether or not noted in this Section IV) as a basis for its exercise of negative discretion with respect to the Award. To the extent consistent with the requirements of Section 162(m), the Committee may establish that, in the case of any Section 162(m)

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Award, one or more of the Performance Criteria applicable to such Award will be adjusted in an objectively determinable manner to reflect events (for example, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of tax or accounting changes, each as defined by U.S. generally accepted accounting principles) occurring during the Performance Period that affect the applicable Performance Criterion or Criteria.

V. CERTIFICATION OF PERFORMANCE; AMOUNT PAYABLE UNDER AWARDS

As soon as practicable after the close of a Performance Period, the Committee shall determine whether and to what extent, if at all, the Performance Criterion or Criteria applicable to each Award granted for the Performance Period have been satisfied and, in the case of Section 162(m) Awards, shall take such steps as are sufficient to satisfy the certification requirement under Section 162(m) as to such performance results. The Committee shall then determine the actual payment, if any, under each Award. No amount may be paid under any Section 162(m) Award unless such certification requirement has been satisfied as set forth above, except as provided by the Committee consistent with the requirements of Section 162(m). The Committee may, in its sole and absolute discretion and with or without specifying its reasons for doing so, after determining the amount that would otherwise be payable under any Award for a Performance Period, reduce (including to zero) the actual payment, if any, to be made under such Award or, in the case of Awards other than Section 162(m) Awards, otherwise adjust the amount payable under such Award. The Committee may exercise the discretion described in the immediately preceding sentence either in individual cases or in ways that affect more than one Participant. In each case the Committee's discretionary determination, which may affect different Awards differently, will be binding on all parties.

VI. PAYMENT UNDER AWARDS

The Committee shall determine the payment dates for Awards under the Plan. Except as otherwise determined by the Committee, no payment shall be made under an Award unless the Participant's employment with the Company or its Affiliates continues through the date such Award is paid. Payments hereunder are intended to fall under the short-term deferral exception to Section 409A of the Code and the regulations thereunder (Section 409A), and shall be construed and administered accordingly. Notwithstanding the foregoing, (i) if the Award letter or other documentation establishing the Award provides a specified and objectively determinable payment date or schedule that satisfies the requirements of Section 409A, payment under an Award may be made in accordance with such date or schedule, and (ii) the Committee may, but need not, permit a Participant to defer payment of an Award (pursuant to the Amended and Restated Dunkin' Brands, Inc. Non-Qualified Deferred Compensation Plan, as further amended from time to time, or otherwise) beyond the date that the Award would otherwise be payable, provided that any such deferral shall be made in accordance with and subject to the applicable requirements of Section 409A, and that any amount so deferred with respect to a Section 162(m) Award shall be adjusted for notional interest or other notional earnings in a manner consistent with (as determined by the Committee) the requirements of Section 162(m).

VII. PAYMENT LIMITS

The maximum amount payable to any participant for any fiscal year of the Company under Section 162(m) Awards will be \$10 million, which limitation, with respect to any such Awards for which payment is deferred in accordance with Section VI above, shall be applied without regard to such deferral.

VIII. TAX WITHHOLDING; LIMITATION ON LIABILITY

All payments under the Plan shall be subject to reduction for applicable tax and other legally or contractually required withholdings.

Neither the Company nor any Affiliate, nor the Administrator, nor any person acting on behalf of the Company, any Affiliate, or the Administrator, will be liable for any adverse tax or other consequences to any

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Participant or to the estate or beneficiary of any Participant or to any other holder of an Award that may arise or otherwise be asserted with respect to an Award, including, but not limited to, by reason of the application of Section X below or any acceleration of income or any additional tax (including any interest and penalties) asserted by reason of the failure of an Award to satisfy the requirements of Section 409A or by reason of Section 4999 of the Code.

IX. AMENDMENT AND TERMINATION

The Committee may amend the Plan at any time and from time to time; provided, that, with respect to Section 162(m) Awards, no amendment for which Section 162(m) would require shareholder approval in order to preserve the eligibility of such Awards as exempt performance-based compensation shall be effective unless approved by the shareholders of the Company in a manner consistent with the requirements of Section 162(m). The Committee may at any time terminate the Plan.

X. MISCELLANEOUS

(a) Awards held by a Participant are subject to forfeiture, termination and rescission, and a Participant will be obligated to return to the Company payments received with respect to Awards, in each case (i) to the extent provided by the Committee in connection with (A) a breach by the Participant of an Award agreement or the Plan, or any non-competition, non-solicitation, confidentiality or similar covenant or agreement or (B) an overpayment to the Participant of incentive compensation due to inaccurate financial data, (ii) in accordance with any applicable Company clawback or recoupment policy, as such policy may be amended and in effect from time to time, or (iii) as otherwise required by law, regulation or applicable stock exchange listing standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended. Each Participant, by accepting an Award pursuant to the Plan, agrees to return the full amount required under this Section X(a) at such time and in such manner as the Committee shall determine in its sole discretion and consistent with applicable law.

(b) No person shall have any claim or right to be granted an Award, nor shall the selection for participation in the Plan for any Performance Period be construed as giving a Participant the right to be retained in the employ or service of the Company or its Affiliates for that Performance Period or for any other period. The loss of an Award will not constitute an element of damages in the event of termination of employment for any reason, even if the termination is in violation of an obligation of the Company or any Affiliate to the Participant.

(c) In the case of any Section 162(m) Award, the Plan and such Award will be construed and administered to the maximum extent permitted by law in a manner consistent with qualifying the Award for the exemption for performance-based compensation under Section 162(m), notwithstanding anything to the contrary in the Plan.

(d) Except as otherwise provided in an Award, the Committee shall, in its sole discretion, determine the effect of a Covered Transaction (as defined in the Company's 2011 Omnibus Incentive Plan, as it may be amended from time to time) on Awards under the Plan.

(e) The Plan shall be governed by the laws of the Commonwealth of Massachusetts, without giving effect to any choice of law provisions that might otherwise refer construction or interpretation of the Plan to the substantive laws of another jurisdiction. The Plan shall be effective for Performance Periods beginning on or after December 28, 2014 (to the extent the material terms hereof have been approved by the Company's shareholders prior to such date).

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DUNKIN BRANDS GROUP, INC

130 ROYALL STREET

CANTON, MA 02021

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY
THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

	For Withhold	For All	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
	All	All Except	

The Board of Directors recommends you vote

FOR the following:

..

1. Election of Directors Nominees

01 Michael Hines 02 Joseph Uva

The Board of Directors recommends you vote FOR proposals 2, 3 and 4

For Against Abstain

- | | | | |
|--|----|----|----|
| 2. To approve, on an advisory basis, the compensation paid by Dunkin Brands to its named executive officers | .. | .. | .. |
| 3. To ratify the appointment of KPMG LLP as Dunkin Brands independent registered public accounting firm for the current fiscal year ended December 28, 2014 | .. | .. | .. |
| 4. To approve the Dunkin Brands Group, Inc. Annual Management Incentive Plan | .. | .. | .. |

The Board of Directors recommends you vote AGAINST the following proposal:

For Against Abstain

- | | | | |
|---|----|----|----|
| 5. Shareholder Proposal requesting report on nanomaterials | .. | .. | .. |
|---|----|----|----|

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners) Date

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130 Royall Street

Canton, MA 02021

Annual Meeting Admission Ticket

(and meeting information)

2014 Annual Meeting of Shareholders

10:00 a.m. (EDT), Tuesday, May 6, 2014

Boston Marriott Quincy

1000 Marriott Drive

Quincy, Massachusetts 02169

Please present this admission ticket and photo identification to gain admittance to the meeting.

This ticket admits only the shareholder listed on the reverse side and is not transferable.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Fiscal 2013 Annual Report, Notice & Proxy Statement is/are available at www.proxyvote.com.

DUNKIN' BRANDS GROUP, INC

Annual Meeting of Shareholders

May 6, 2014 10:00 AM

This proxy is solicited by the Board of Directors

The shareholder(s) whose signature(s) appear(s) on the reverse side of this Proxy Card hereby appoint(s) NIGEL TRAVIS, PAUL CARBONE and RICHARD EMMETT, or any of them, each with full power of

substitution, as proxies, to vote at the Annual Meeting of Shareholders of Dunkin' Brands Group, Inc. (the Company) to be held at the Boston Marriott Quincy, 1000 Marriott Drive, Quincy, Massachusetts 02169 on Tuesday, May 6, 2014 at 10:00 a.m., and any adjournment or postponement thereof, all the shares of Common Stock of the Company which the shareholder(s) could vote, if present, in such manner as the proxies may determine on any matters which may properly come before the meeting and to vote as specified on the reverse.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL DIRECTOR NOMINEES, FOR PROPOSAL 2, FOR PROPOSAL 3, FOR PROPOSAL 4, AND AGAINST PROPOSAL 5. THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING AND ANY ADJOURNMENT OR POSTPONEMENT.

The Board of Directors recommends a vote FOR the Election of all Director nominees, FOR Proposals 2, 3 and 4, and AGAINST Proposal 5.

Continued and to be signed on reverse side

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