UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **April 25, 2007**

IHOP CORP.
(Exact name of registrant as specified in its charter)

Delaware	**001-15283**	**95-3038279**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

450 North Brand, Glendale, California	**91203**
(Address of principal executive offices)	(Zip Code)

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

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On April 25, 2007, IHOP Corp. issued a press release announcing its first quarter 2007 financial results. A copy of the press release is attached as Exhibit 99.1, and incorporated herein by reference.

Also on April 25, 2007, IHOP Corp. held a conference call to discuss its first quarter 2007 financial results. A copy of the prepared remarks of management is attached as Exhibit 99.2, and incorporated herein by reference.

The prepared remarks of management accompanying management's discussion during the conference call include references to the non-GAAP financial measure "net income excluding early debt extinguishment costs." The Company defines "net income excluding early debt extinguishment costs" for a given period as net income for such period, less any early debt extinguishment costs incurred in such period. Management believes net income excluding early debt extinguishment costs and basic and diluted net income per share excluding early debt extinguishment costs is useful because it provides a more accurate period to period comparison. Net income excluding early debt extinguishment costs for any given period may be affected by a variety of factors, including but not limited to, changes in assets and liabilities and the timing of purchases and payments. Net income excluding early debt extinguishment costs is a supplemental non-GAAP financial measure and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

The following table reconciles net income to net income excluding the impact of early debt extinguishment costs, and basic and diluted net income per share to net income excluding the impact of early debt extinguishment costs per share, for each of the three months ended March 31, 2007 and 2006:

	Three Months Ended March 31,	
	2007	2006
Net income, as reported	$ 11,313	$ 12,594
Early debt extinguishment costs	2,223	—
Income tax benefit	(820)	
Net income excluding early debt extinguishment costs	$ 12,716	$ 12,594
Basic net income per share:		
Net income, as reported per share	$ 0.63	$ 0.68
Early debt extinguishment costs per share	0.13	—
Income tax benefit per share	(0.05)	—
Net income excluding early debt extinguishment costs per share	$ 0.71	$ 0.68
Diluted net income per share:		
Net income, as reported per share	$ 0.63	$ 0.68
Early debt extinguishment costs per share	0.12	—
Income tax benefit per share	(0.05)	—
Net income excluding early debt extinguishment costs per share	$ 0.70	$ 0.68

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

Exhibit Number	Description
99.1	Press release of Registrant, dated April 25, 2007 (First Quarter 2007 Financial Results).
99.2	Prepared remarks of management of Registrant for conference call held on April 25, 2007.

SIGNATURE

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

IHOP CORP.

Date: April 25, 2007

By: /s/ THOMAS CONFORTI
Thomas Conforti
Chief Financial Officer(Principal Financial Officer)

EXHIBIT INDEX TO CURRENT REPORT ON FORM 8-K

Exhibit Number	Description
99.1	Press release of Registrant, dated April 25, 2007 (First Quarter 2007 Financial Results).
99.2	Prepared remarks of management of Registrant for conference call held on April 25, 2007.

Exhibit 99.1

FOR IMMEDIATE RELEASE

Stacy Roughan
Director, Investor Relations
IHOP Corp.
818-637-3632

IHOP CORP. REPORTS FIRST QUARTER 2007 FINANCIAL RESULTS

GLENDALE, Calif., April 25, 2007 — IHOP Corp. (NYSE: IHP) today announced financial results for the first quarter 2007 ended March 31, 2007, which included the following performance highlights:

- The Company successfully completed a $200 million securitized financing transaction during the first quarter 2007.
- EPS for the first quarter 2007 was $0.63, which decreased 7.4% due to costs related to the write-off of deferred financing costs and a pre-payment penalty on the Company's pre-existing debt. Excluding these costs, EPS would have increased 2.9% to $0.70.
- IHOP produced its 17th consecutive quarter of same-store sales growth with an increase of 0.5% for the first quarter 2007. This growth was driven by higher guest check averages, which offset declines in guest traffic during the quarter.
- IHOP franchisees developed and opened eight new restaurants during the first quarter 2007. System-wide restaurants grew 4.3% year-over-year for a total of 1,306 IHOPs.
- Cash Flow from Operating Activities for the first three months of 2007 totaled $14.6 million. Additionally, $3.9 million of cash was provided by the collection of the Company's long-term receivables for the first three months of 2007.
- Share repurchases for the first quarter 2007 amounted to $37.6 million worth of IHOP stock, or approximately 659,400 shares.

Julia A. Stewart, IHOP's Chairman and Chief Executive Officer, said, "While our quarterly performance was impacted by costs related to our corporate refinancing, our core franchising business turned in solid results for the first quarter 2007. We benefited from modest same-store sales gains and new franchise restaurant openings, continuous management of General & Administrative expense growth and ongoing share repurchases during the quarter. This is the same successful financial formula that has driven our solid financial performance in recent years."

First Quarter 2007 Performance

IHOP reported a decrease of 10.2% in net income to $11.3 million, and a 7.4% decrease in diluted net income per share to $0.63 for the first quarter 2007 compared with the same quarter in fiscal 2006. This decrease was due to the impact of costs related to the write-off of deferred financing costs and a pre-payment penalty on the Company's existing debt, which was replaced by a $200 million securitized refinancing completed in March 2007. Excluding these costs, net income would have increased 0.1% to $12.7 million, while diluted net income per share would have increased 2.9% to $0.70. The increases in diluted net income per share resulted primarily from a 4.3% increase in Franchise Operations segment profit and a 3.2% reduction in diluted weighted average shares outstanding due to share repurchases by the Company made over the past 12 months.

Come hungry. IHOP RESTAURANTS Leave happy.

General & Administrative (G&A) expenses increased 6.8% to $16.1 million for the first quarter 2007 compared with the same quarter in fiscal 2006. This increase was primarily due to planned increases in salaries and wages, and an increase in long-term incentive plan expense.

Cash Flow from Operating Activities decreased 32.1% for the first three months of fiscal 2007 to $14.6 million compared with $21.5 million for the same period in fiscal 2006. This decrease was primarily related to the timing of tax payments in the first quarter 2007. Principal receipts from notes and equipment contracts receivable, which are an additional source of cash generation for the Company, amounted to $3.9 million for the first three months of fiscal 2007. Capital expenditures increased to $784,000 for the first three months of fiscal 2007 compared with $241,000 for the same period in fiscal 2006. The increase in capital expenditures primarily reflects increased investment in Information Technology initiatives.

For the three months ended March 31, 2007, system-wide same-store sales increased 0.5%. IHOP's same-store sales growth was tempered by a challenging consumer environment and a difficult comparison to its strongest same-store sales performance last year of 5.1% in the first quarter 2006. During the first quarter 2007, IHOP experienced an increase in guest check average primarily due to the cumulative effect of menu price increases taken in 2006, while guest traffic declined during the quarter. Same-store sales growth for the first quarter 2007 was supported by the solid performance of limited-time offers All You Can Eat Pancakes and Cinn-a Stacks.

2007 Performance Guidance Reiterated

IHOP reiterated that it expects its earnings performance to range between $2.50 and $2.60 per diluted share for fiscal 2007. The Company's 2007 earnings guidance is primarily based on the expectation of positive same-store sales growth between 2% and 4%, the addition of 61 to 66 new franchise restaurants to the IHOP system, moderate G&A spending in the range of $65 million to $67 million, and ongoing share repurchases. Higher expenses associated with its corporate refinancing also are reflected in the Company's 2007 financial performance guidance.

Cash from Operations is expected to range between $60 million and $65 million in 2007, and principal receipts from note and equipment contracts receivable are expected to be within the range of $16 million to $18 million. Capital expenditures are expected to range between $6 million and $8 million in 2007. This primarily reflects investment in the Company's Information Technology infrastructure and construction related to the opening of additional restaurants in IHOP's Company market in Cincinnati, Ohio, in 2008. IHOP does not plan to open any IHOP restaurants in Cincinnati this year.

Investor Conference Call Today

IHOP will host an investor conference call to discuss its first quarter 2007 financial results today, Wednesday, April 25, 2007 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific Time). To participate on the call, please dial (800) 573-4842 and reference pass code 65362687. A live webcast of the call will be available on IHOP's Web site at www.ihop.com, and may be accessed by visiting Calls & Presentations under the site's Investor Information section. Participants should allow approximately ten minutes prior to the call's start time to visit the site and download any streaming media software needed to listen to the webcast. A telephonic replay of the call may be accessed through May 2, 2007 by dialing 888-286-8010 and referencing pass code 22401271. An online archive of the webcast will also be available on the Investor Information section of IHOP's Web site.

About IHOP Corp.

The IHOP family restaurant chain has been serving a wide variety of breakfast, lunch and dinner selections for more than 45 years. Offering 14 types of pancakes as well as omelettes, breakfast specialties, burgers, sandwiches, salads, chicken and steaks, IHOP's diverse menu appeals to people of all ages. IHOP restaurants are franchised and operated by Glendale, California-based IHOP Corp. As of March 31, 2007, the end of IHOP's first quarter, there were 1,306 IHOP restaurants in 49 states, Canada, Mexico and the U.S. Virgin Islands. IHOP Corp. common stock is listed and traded on the NYSE under the symbol "IHP." For more information, call the Company's headquarters at (818) 240-6055 or visit the Company's Web site located at www.ihop.com.

Forward-Looking Statements

There are forward-looking statements contained in this news release. They use such words as "may," "will," "expect," "believe," "plan," or other similar terminology. These statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results to be materially different than those expressed or implied in such statements. These factors include, but are not limited to: risks associated with the implementation of the Company's strategic growth plan; the availability of suitable locations and terms for the sites designated for development; the ability of franchise developers to fulfill their commitments to build new IHOP restaurants in the numbers and time frames covered by their development agreements; legislation and government regulation including the ability to obtain satisfactory regulatory approvals; conditions beyond the Company's control such as weather, natural disasters, disease outbreaks, epidemics or pandemics impacting the Company's customer base or food supplies or acts of war or terrorism; availability and cost of materials and labor; cost and availability of capital; competition; continuing acceptance of the IHOP and International House of Pancakes brands and concepts by guests and franchisees; the Company's overall marketing, operational and financial performance; economic and political conditions; adoption of new, or changes in, accounting policies and practices; and other factors discussed from time to time in the Company's news releases, public statements and/or filings with the Securities and Exchange Commission. Forward-looking information is provided by IHOP Corp. pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. In addition, the Company disclaims any intent or obligation to update these forward-looking statements.

References to Non-GAAP Financial Measures

This news release includes references to the non-GAAP financial measure "net income excluding early debt extinguishment costs," which is stated in the text of the news release as "one-time costs related to the write-off of deferred financing costs and a pre-payment penalty on the Company's pre-existing debt." The Company defines "net income excluding early debt extinguishment costs" for a given period as net income for such period, less any early debt extinguishment costs incurred in such period. Management believes net income excluding early debt extinguishment costs and basic and diluted net income per share excluding early debt extinguishment costs is useful because it provides a more accurate period to period comparison. Net income excluding early debt extinguishment costs for any given period may be affected by a variety of factors, including but not limited to, changes in assets and liabilities and the timing of purchases and payments. Net income excluding early debt extinguishment costs is a supplemental non-GAAP financial measure and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

[Financial Tables to Follow]

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2007	2006

Revenues		
Franchise revenues	$ 47,050	$ 45,255
Rental income	33,010	33,350
Company restaurant sales	3,984	3,372
Financing revenues	6,080	6,540
Total revenues	90,124	88,517
Costs and Expenses		
Franchise expenses	21,221	20,498
Rental expenses	24,581	24,648
Company restaurant expenses	4,558	3,756
Financing expenses	2,382	3,040
General and administrative expenses	16,121	15,090
Other expense, net	1,109	1,172
Early debt extinguishment costs	2,223	—
Total costs and expenses	72,195	68,204
Income before income taxes	17,929	20,313
Provision for income taxes	6,616	7,719
Net income	$ 11,313	$ 12,594
Net Income Per Share		
Basic	$ 0.63	$ 0.68
Diluted	$ 0.63	$ 0.68
Weighted Average Shares Outstanding		
Basic	17,842	18,421
Diluted	18,046	18,650
Dividends Declared Per Share	$ 0.25	$ 0.25
Dividends Paid Per Share	$ 0.25	$ 0.25

IHOP CORP. AND SUBSIDIARIES
RESTAURANT DATA
(Unaudited)

	Three Months Ended March 31,	
	2007	**2006**
Restaurant Data		
Effective restaurants(a)		
Franchise	1,128	1,079
Company	11	7
Area license	160	155
Total	1,299	1,241
System-wide(b)		
Sales percentage change(c)	5.3%	9.4%
Same-store sales percentage change(d)	0.5%	5.1%
Franchise		
Sales percentage change(c)	5.2%	10.0%
Same-store sales percentage change(d)	0.6%	5.2%
Company		
Sales percentage change(c)	18.1%	(15.4)%
Area License		
Sales percentage change(c)	5.0%	6.1%

(a) "Effective restaurants" are the number of restaurants in a given fiscal period adjusted to account for restaurants open for only a portion of the period. Information is presented for all effective restaurants in the IHOP system, which includes IHOP restaurants owned by the Company as well as those owned by franchisees and area licensees.

(b) "System-wide sales" are retail sales of IHOP restaurants operated by franchisees, area licensees and the Company, as reported to the Company. Franchise restaurant sales were $504.2 million for the first quarter ended March 31, 2007, and sales at area license restaurants were $55.5 million for the first quarter ended March 31, 2007. Sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company.

(c) "Sales percentage change" reflects, for each category of restaurants, the percentage change in sales in any given fiscal period compared to the prior fiscal period for all restaurants in that category.

(d) "Same-store sales percentage change" reflects the percentage change in sales, in any given fiscal period compared to the prior fiscal period, for restaurants that have been operated throughout both fiscal periods that are being compared and have been open for at least 18 months. Because of new unit openings and store closures, the restaurants open throughout both fiscal periods being compared will be different from period to period. Same-store sales percentage change does not include data on restaurants located in Florida.

IHOP CORP. AND SUBSIDIARIES
RESTAURANT DEVELOPMENT AND FRANCHISING ACTIVITY
(Unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Restaurant Development Activity		
Beginning of period	1,302	1,242
New openings		
Company-developed	—	—
Franchisee-developed	6	7
International franchisee-developed	2	—
Area license	—	3
Total new openings	8	10
Closings		
Company and franchise	(4)	—
Area license	—	—
End of period	1,306	1,252
Summary-end of period		
Franchise	1,133	1,090
Company	13	6
Area license	160	156
Total	1,306	1,252
Restaurant Franchising Activity		
Company-developed	—	—
Franchisee-developed	6	7
International franchisee-developed	2	—
Rehabilitated and refranchised	2	3
Total restaurants franchised	10	10
Reacquired by the Company	(6)	(2)
Closed	(3)	—
Net addition	1	8

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	March 31, 2007 (Unaudited)	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	$ 51,818	$ 19,516
Receivables, net	42,811	45,571
Reacquired franchises and equipment held for sale, net	445	—
Inventories	415	396
Prepaid expenses	5,704	7,493
Deferred income taxes	5,664	5,417
Total current assets	106,857	78,393
Long-term receivables	298,172	302,088
Property and equipment, net	305,637	309,737
Excess of costs over net assets acquired	10,767	10,767
Other assets	80,096	67,885
Total assets	$ 801,529	$ 768,870
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long-term debt	$ —	$ 19,738
Accounts payable	14,694	14,689
Accrued employee compensation and benefits	8,546	13,359
Other accrued expenses	13,241	11,317
Capital lease obligations	5,197	5,002
Total current liabilities	41,678	64,105

Long-term debt, less current maturities	175,000	94,468
Deferred income taxes	75,269	76,017
Capital lease obligations	168,633	170,412
Other liabilities	75,564	74,655
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $1 par value, 10,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $.01 par value, 40,000,000 shares authorized; March 31, 2007: 23,035,223 shares issued and 17,457,970 shares outstanding; December 31, 2006: 22,818,007 shares issued and 17,873,548 shares outstanding	228	227
Additional paid-in capital	138,029	131,748
Retained earnings	365,335	358,975
Accumulated other comprehensive loss	—	(133)
Treasury stock, at cost (5,577,253 shares and 4,944,459 shares at March 31, 2007 and December 31, 2006, respectively)	(238,207)	(201,604)
Total stockholders' equity	265,385	289,213
Total liabilities and stockholders' equity	$ 801,529	$ 768,870

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2007	**2006**
Cash flows from operating activities		
Net income	$ 11,313	$ 12,594
Adjustments to reconcile net income to cash flows provided by operating activities		
Depreciation and amortization	5,180	5,025
Early debt extinguishment and other costs	1,004	—
Deferred income taxes	(995)	(1,905)
Stock-based compensation expense	1,065	809
Excess tax benefit from stock-based compensation	(1,498)	(269)
Changes in operating assets and liabilities		
Receivables	2,637	725
Inventories	(19)	(159)
Prepaid expenses	1,789	1,441
Accounts payable	5	6,415
Accrued employee compensation and benefits	(4,813)	(3,397)
Other accrued expenses	(1,713)	798
Other	643	(575)
Cash flows provided by operating activities	14,598	21,502
Cash flows from investing activities		
Additions to property and equipment	(784)	(241)
Additions to long-term receivables	(659)	(144)
Principal receipts from notes and equipment contracts receivable	3,934	4,242
Additions to reacquired franchises and equipment held for sale	(429)	(239)
Property insurance proceeds, net	(26)	2,226
Cash flows provided by investing activities	2,036	5,844
Cash flows from financing activities		
Proceeds from issuance of long-term debt, including revolving line of credit	190,000	—
Repayment of long-term debt	(129,206)	(514)
Deferred debt issuance costs	(13,335)	—
Principal payments on capital lease obligations	(1,583)	(1,046)
Dividends paid	(4,464)	(4,603)
Purchase of treasury stock	(30,961)	(10,628)
Proceeds from stock options exercised	3,719	984
Excess tax benefit from stock-based compensation	1,498	269
Cash flows used in financing activities	15,668	(15,538)
Net change in cash and cash equivalents	32,302	11,808
Cash and cash equivalents at beginning of period	19,516	23,111
Cash and cash equivalents at end of period	$ 51,818	$ 34,919

IHOP CORP. AND SUBSIDIARIES
NON-GAAP FINANCIAL MEASURES
(In thousands, except per share amounts)
(Unaudited)

Reconciliation of net income to net income excluding impact of early debt extinguishment costs:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Net income, as reported	$ 11,313	$ 12,594
Early debt extinguishment costs	2,223	—
Income tax benefit	(820)	—
Net income excluding early debt extinguishment costs	$ 12,716	$ 12,594
Basic net income per share:		
Net income, as reported per share	$ 0.63	$ 0.68
Early debt extinguishment costs per share	0.13	—
Income tax benefit per share	(0.05)	—
Net income excluding early debt extinguishment costs per share	$ 0.71	$ 0.68
Diluted net income per share:		
Net income, as reported per share	$ 0.63	$ 0.68
Early debt extinguishment costs per share	0.12	—
Income tax benefit per share	(0.05)	—
Net income excluding early debt extinguishment costs per share	$ 0.70	$ 0.68

Exhibit 99.2
FINAL

IHOP Corp.
First Quarter 2007 Call Script

Stacy Roughan — Welcome and Safe Harbor

Good morning and thank you for participating on IHOP's first quarter 2007 conference call. Today, with us from management are Julia Stewart, Chairman and CEO, and Tom Conforti, CFO.

Before I turn the call over to Julia and Tom, let me remind you of our Safe Harbor regarding forward-looking information. Today, management may discuss information that is forward-looking, and involves known and unknown risks, uncertainties and other factors, which may cause the actual results to be materially different than those expressed or implied in such statements. We caution you to evaluate such forward-looking information in the context of these factors, which are detailed in today's news release, as well as in our most recent Form 10-K filing with the Securities and Exchange Commission. In addition, IHOP disclaims any intent or obligation to update these forward-looking statements.

Now, I'd like to turn the call over to Julia Stewart.

Julia Stewart — First Quarter 2007 Performance Overview

Thanks, Stacy. We have a lot to discuss today, so let's get started with earnings.

EPS for the quarter ended at $0.63 [cents], which was a 7.4% [percent] decrease from the same quarter last year. This decrease was due to the write-off of deferred financing costs and a debt pre-payment penalty related to the Company's securitized refinancing completed in March 2007. Excluding these costs, diluted EPS would have increased 2.9% [percent] to $0.70 [cents]. This growth in earnings per share was the result of an increase in Franchise Operations segment profit. Additionally, continued share repurchases drove EPS higher with a 3.2% [percent] reduction in diluted weighted average shares outstanding year-over-year.

During the quarter, we purchased $37.6 million [dollars] worth of IHOP stock, or approximately 659,400 shares at an average price of $56.98 [dollars/cents]. We returned $4.5 million [dollars] to shareholders through quarterly dividend payments in February of this year. This means that we have returned $320 million [dollars] to shareholders over the past 17 quarters.

During the quarter, we were very pleased to complete our corporate refinancing and secure a very attractive rate. While we acknowledge upfront costs to put the securitization structure in place were high, we have been able to increase IHOP Corp.'s financial flexibility for the future,

---

utilizing a debt structure that takes advantage of our ability to generate strong, predictable cash flows and provides the potential for additional leverage in the future. Importantly, we have taken proactive steps through this debt restructuring to remove previous covenants that restricted our financial flexibility and limited the amount of shares we could repurchase. Tom will speak about the transaction in more detail in a moment.

While our quarterly performance was impacted by costs related to our corporate refinancing, our core franchising business turned in solid results for the first quarter 2007 as we continued to focus on our key strategies — Energizing the Brand, Improving Operations and Maximizing Development.

Turning to sales, we have generated 17 consecutive quarters of same-store sales growth. Same-store sales grew 0.5% [percent] for the first quarter. While we were hopeful of stronger sales, we did face a challenging consumer environment, as well as difficult comparisons to a much stronger 5.1% [percent] gain in the first quarter last year.

An increase in guest check average was the primary contributor to our positive same-store sales, which offset negative traffic results for the quarter. Our higher check average resulted primarily from the cumulative effect of menu price increases of approximately 3% [percent] to 4% [percent] taken by franchisees throughout 2006.

Our traffic results represented the first time traffic had turned negative in the past six quarters. While we believe that increased pricing played a role,

---

we also acknowledge the potential impact of heightened competition at the breakfast daypart. We are working to better understand this competitive dynamic and refine our strategies as necessary.

During the first quarter, we stayed close to our core brand equities around breakfast with our limited-time product promotions — All You Can Eat Pancakes and Cinn-a Stacks. We also celebrated our second-annual National Pancake Day. On February 20th, IHOP invited guests to enjoy a free short stack of our signature buttermilk pancakes and, in return, collected donations for Children's Miracle Network and other local charities. With our franchisees' support, we gave away nearly 1.1 million buttermilk pancakes at more than 1,300 IHOP restaurants, and raised over $625,000 [dollars] in support of children's hospitals and other worthy causes. It was a terrific event!

Looking ahead, with a challenging consumer environment continuing, we expect our second quarter 2007 same-store sales comparisons to be equally as difficult as they were in the first quarter, and anticipate that growth will be modest. We remain cautiously optimistic for the full year 2007 and reiterate our expectations of growing same-stores sales in the range of 2% [percent] to 4% [percent]. Our outlook is supported by a strong promotional calendar with new and appealing limited-time offers — including Stuffed French Toast Treasures which launched on Monday — an enhanced national media buying plan, one planned system-wide menu update, the implementation and advertising of our carryout program, IHOP 'n Go, and the adoption of IHOP's new restaurant training program.

Turning to Operations Excellence, our efforts to move IHOP's franchise system forward will center on breaking through to the guests with improved levels of service. Our new restaurant training program, which is aimed at making IHOP's guest service as good as our pancakes, launched in the first quarter and is being well received by our franchisees and their employees. We have also modified our Mystery Shop criteria and implemented an Interactive Voice Response ('IVR') program to measure and solicit feedback about the quality of service that guests experience at IHOP. Over time, and as our service training takes hold, we expect to see material improvements in our Mystery Shop scores, a reduction of guest service complaints, and increased guest loyalty — all of which should ultimately contribute to increased traffic and sales.

To ensure we drive a higher level of operational execution at franchise restaurants, we have put in place new tools and processes to elevate our system's operational standards, and we will begin to measure our progress in new and more effective ways. As you know, we evaluate each franchise operator on an "A" through "F" scale based on a range of objective criteria. We have refined and streamlined the rating system to raise our operational and food safety standards at all IHOP restaurants. To further enhance our rating system, we are outsourcing the operational assessment of franchise restaurants. On a quarterly basis, we will assess those critical items necessary to successfully and safely operate an IHOP restaurant. Currently, the number of "A" and "B" operators stands at 90% [percent]. As we calibrate our new operational standards throughout the year, we expect

to see some movement in the rankings as franchisees fully adopt these process improvements.

In 2007, our commitment to support franchisees continues as we partner together to help improve each franchise restaurant's performance, productivity and profitability. We have realigned our field structure and reduced the number of regions in order to optimize our operations organization and reinvest the savings to support franchisees in a more effective way. We are working with our Franchise Business Consultants to increase their restaurant level impact. We continue to support our franchisees from an operating systems and technology standpoint. And, we are working to collect, analyze and broadly share food, labor and training cost data so franchisees can make informed decisions and drive restaurant level profitability.

While change is going on within our franchise restaurants, we are also gaining traction at our Company restaurants in Cincinnati. Cincinnati has been an invaluable testing ground for new initiatives for the IHOP system. Now, we are working to balance the pace of testing with fundamental operational improvements that are underway. Thanks to new Operations leadership in the market, we are seeing improvements in all areas of our turnaround plan, including margin improvement on our food and labor cost lines, dramatic reductions in both hourly and managerial turnover, meaningful improvements in Mystery Shop scores, and, importantly, a reduction in the rate of losses at Company restaurants. Driving a higher level of sales at each restaurant will be of primary importance going

forward. We opened new IHOPs in Cincinnati at an aggressive pace over the past two years, and are experiencing the cannibalization effect of the market build out. As the market settles and as consumer usage patterns solidify, we expect to see an improvement in sales performance with additional marketing support and continued operational enhancements at the store level.

In these ways, we are dedicated to improving the operational performance and overall health of our franchise system as well as in our Company market. We are optimistic about the effect these improvements will have over time.

During the first quarter, we experienced strong franchisee attendance at our Regional Business Conferences, and, for the first time ever, we invited IHOP General Managers to attend the RBCs. It was a true break though in communications, which we hope to continue. We created a track of workshops designed specifically for General Managers, including sessions on how to hire, train and coach employees, as well as employee retention strategies. We provided new insights into measuring guest satisfaction and how that has lead to enhancements of our Mystery Shop program and operational assessment reports. We also continued the dialog with our franchisees about guest perception of the price/value IHOP offers, and how important this is — now more than ever. We have received extremely positive feedback from our franchisees about the value of our Regional Business Conferences. And, having General Managers hear our message

first-hand enhanced their understanding of our strategy, and should better equip them to lead their teams at the restaurant level.

Moving to Franchise Development, franchisees developed and opened eight new IHOP restaurants during the quarter. This included the opening of IHOP's first franchised restaurant in Monterrey, Mexico, as well as on the Island of St. Thomas in the U.S. Virgin Islands. This expansion signals the promising future that IHOP has to reach beyond our traditional domestic market. Our results at both these restaurants remain strong.

During the quarter, our franchising efforts were impacted by the need to obtain regulatory approvals to our franchise offering materials necessitated by the trademark issue we detailed on our last call, and the completion of our refinancing. As a result, we added only one commitment for the development of two IHOP restaurants during the quarter. However, we are in full swing again, and have pending agreements for franchisees to build an additional 38 new IHOP restaurants in the U.S. This activity brings our current development pipeline to as many as 462 restaurants signed, optioned or pending to be developed by our franchisees.

We continue to execute against our key strategies, and I am pleased with our progress so far in 2007. Looking beyond the IHOP brand, we believe acquisition could be a viable growth avenue for our Company. We have continued our acquisition evaluation process into 2007, as we fully consider strategic alternatives for the Company.

With that, I would now like to turn the call over to Tom Conforti, our Chief Financial Officer, for a more detailed discussion of our financial performance and debt refinancing during the first quarter.

Tom Conforti — First Quarter 2007 Performance Detail

Thanks, Julia, and good morning everyone. Julia covered our EPS performance just a moment ago. Today, I'll walk you through key drivers of that EPS performance for the first quarter 2007 in more detail.

But, first, I would like to start with a discussion of our recently completed corporate refinancing. On March 16th, we refinanced our debt through the completion a $200 million securitized financing transaction, consisting of $175 million [dollars] in medium term notes and a revolving credit facility of $25 million [dollars] in variable funding notes. With the completion of our refinancing, and after the repayment of our pre-existing debt, we added another $61 million to our balance sheet under our term notes. As a result, we have effectively increased our leverage to 2.8x on a total Debt to EBITDA measure, and to 4.7x on an adjusted Debt to EBITDAR measure.

As Julia mentioned, securitization is a very flexible form of debt financing that will allow IHOP to fund future growth through increased leverage at the right time and for those opportunities we believe can create value for our shareholders. We want to share some of the key elements of our debt structure with you today.

As many of you know, IHOP is in a unique position compared to other restaurant franchising companies as we are tenants on the leases of 719 IHOP locations, which are, in turn, subleased to franchisees. This creates a substantial capital lease obligation on our balance sheet of approximately $169 million [dollars], which is largely offset by rent receivables, as well as lease payments that flow through our income statement that are marked up and on which we earn rent margins. As a result, we do not tend to view these lease obligations in the same manner as we view conventional debt because of these offsets. In fact, I have spoken to some of you who share this point of view. However, rating agencies of course see things differently. For risk assessment purposes, rating agencies require that IHOP's lease obligations be factored into our total debt profile without allowances for the offsets. Given this, our calculated adjusted Debt to EBITDAR leverage ratio is 4.7x. That positions IHOP in line with most other restaurant companies that have recently and significantly increased their leverage profiles on an adjusted Debt to EBITDAR basis.

Our structure would allow us to borrow up to a maximum of 7x our EBITDAR level, assuming all of the units are a part of the collateral pool. At this time, approximately 490 units are not part of our collateral pool due to guarantees of the tenants' obligations made by IHOP's parent company to the landlords or the need to obtain some consents from the landlords for the movement of leases to new legal entities. We are actively trying to gain releases of the guarantees or consents from the landlords so we can add the cash flow from these units into the collateral pool. At this point, our total additional borrowing level is approximately

---

$125 million [dollars]. If we were to successfully convert 100% [percent] of the units, we will have an additional borrowing capacity, including the $125 million [dollars] I just mentioned, of approximately $400 million [dollars] under our securitization structure.

Now, turning to the upfront cost of the transaction, the interest rate and transaction costs, we secured an excellent rate of 5.504% [percent] on the $175 million [dollar] term note, including the insurance wrap fee.

While securitization is an exceptionally flexible structure compared to other debt vehicles we looked at, it is also one that requires higher upfront costs than other financing alternatives to establish the legal structure and systems and process changes to service our business. In addition, the high level of costs were impacted by the complicated nature of our "Old Business Model" with the need to separate units able to be collateralized from units not able to be immediately collateralized, as well as the intellectual property issue we uncovered during the refinancing process. These transaction-related costs totaled $15.0 million [dollars], which will be amortized at a rate of $3 million [dollars] per year over a five-year period. We expect the higher upfront costs to be leveraged as the Company adds additional series of debt once the opportunity for shareholder value creation is determined. The structure was set up to allow for much greater borrowings levels over time.

Finally, let me walk you through the refinancing cost impact to our P&L one more time. Looking at G&A, we expect to see approximately $200,000 [dollars] in annual, ongoing expenses related to the servicing of our securitization

structure. This expense is provided for in our previously announced G&A guidance range of between $65 million [dollars] and $67 million [dollars] for fiscal 2007. Our Financing Operations segment will capture the interest expense of our term and variable notes as well as the premium of the financial guaranty insurance policy. These costs are reflected in our previous Financing Operations segment profit guidance of $7 million [dollars] to $9 million [dollars]. We also incurred charges of $2.2 million [dollars] for the write-off of deferred financing costs and pre-payment penalty on our previous debt in the first quarter 2007. Our previous guidance included these charges in Other Expenses. However, we thought there would be benefit to stating these charges separately, which you will see called out on the P&L as "early debt extinguishment costs." Lastly, we have established deferred financing costs for our new securitized debt, which will approximate $2.6 million [dollars] in 2007 — which will be captured in our Other Expenses line item.

Now, let's turn to a quick review of our segment performance for the first quarter 2007 versus the same quarter last year, starting with Franchise Operations, our core business. Revenue grew 4.0% [percent] for the first quarter 2007, driven by higher retail sales as a result of growth in the number of effective units, as well as growth in same-store sales. We grew expenses at a slightly lower rate to produce a 4.3% [percent] increase in Franchise Operations profit for the quarter.

Turning to the Rental Operations segment, rental income and expenses decreased 1.0% [percent] and 0.3% [percent] for the quarter, respectively. Rental Operations segment profit decreased 3.1% [percent] for the quarter.

Our Company Operations loss increased from the first quarter last year to a $574,000 [dollars] loss in the first three months of 2007. The loss is largely due to a lower level of sales at recently opened locations in our Cincinnati market. As Julia mentioned, we are seeing improvement in many areas of our turnaround plan for Company Operations as we optimize the benefit of Cincinnati as an R&D market and reduce our losses in this segment over time. At the end of the first quarter, we operated 13 IHOP restaurants, 10 of which were located in our dedicated R&D market of Cincinnati and three of which were in the process of being refranchised at the end of the quarter.

Turning to Financing Operations, profit in this segment increased 5.7% [percent] for the quarter. During the quarter, we refranchised two IHOP restaurants and recorded a profit of $704,000 [dollars] on that activity.

Moving to G&A… we experienced a 6.8% [percent] increase to $16.1 million [dollars] in G&A expenses for the first quarter 2007. This was primarily due to regular increases in salaries and wages, as well as an expense increase related to management's long-term incentive plan. As a

reminder, our quarterly G&A growth can be variable, but we remain committed to managing modest G&A growth to our previous guidance of $65 million [dollars] to $67 million [dollars] for the full year 2007.

Looking at our tax rate, our effective tax rate during the first quarter 2007 was 36.9% [percent], which was lower due to amended federal and state tax returns.

Turning to Cash Flow, cash provided by operating activities decreased 32.1% [percent] to $14.6 million [dollars] for the first three months of the year. This decrease was primarily the result of lower taxes payable due to the build up of payables in 2006 associated with the settlement of an IRS tax audit, as well as the timing of tax payments in the first quarter 2007 versus the same quarter last year. Our Cash Flow was augmented by $3.9 million [dollars] during the first three months of the year from the systematic run-off of our franchise and equipment notes receivables. This brought total cash generated — Cash from Operations plus the receivables run-off — to $18.5 million [dollars].

CAPEX totaled $784,000 [dollars], an increase of $543,000 [dollars] versus the first three months of last year, primarily associated with continued investment in Information Technology initiatives.

With that, I'll turn the call back to Julia.

Julia Stewart — Wrap Up to Q&A

Thanks, Tom. Before opening the call for your questions, I would first like to reiterate two key 2007 performance guidance expectations.

We expect earnings performance to range between $2.50 and $2.60 [dollars/cents] per diluted share for fiscal 2007. We have detailed a number of EPS growth assumptions in this morning's release, but I want to reiterate that this range does in fact take into account refinancing costs that Tom detailed.

Turning to cash, we expect Cash Flow from Operations to range between $60 million [dollars] and $65 million [dollars] in 2007. Cash from Operations is expected to decrease from 2006 levels, primarily due to the absence of the large, one-time cash benefit associated with a cost segregation study completed last year that drove Cash from Operations higher in 2006. As you know, each year, our cash performance is augmented by the systematic run off of franchise, equipment and direct financing lease notes receivable. In 2007, this is expected to produce additional cash in the range of $16 million [dollars] to $18 million [dollars]. Therefore, we expect to generate between $76 million [dollars] and $83 million [dollars], which reflects the expected combined contribution of Cash from Operations and our Receivables run off in 2007. That translates to as much as $4.50 [dollars/cents] per share for fiscal 2007.

In closing, I am optimistic about the balance of 2007 and we remain dedicated to IHOP's three fold-strategy — Energizing the Brand, Improving Operations and Maximizing Franchise Development. With that, I would now like to open the call to answer any questions you might have.

Operator?

<u>Julia Stewart — Closing Comments</u>

Thank you for joining today's call. Should you have additional questions, Tom and I are available after the call. Otherwise, we look forward to speaking to you on our next conference call to discuss second quarter 2007 results, which is scheduled for Wednesday, July 25th. Thank you.