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): October 27, 2005

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

Delaware	**001-15283**	**95-3038279**
(State or other jurisdiction of incorporation or organization)	(Commision 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 October 27, 2005, IHOP Corp. issued a press release announcing its third quarter 2005 financial results. A copy of the press release is attached as Exhibit 99.1, and incorporated herein by reference.

Also on October 27, 2005, IHOP Corp. held a conference call to discuss its third quarter 2005 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 "free cash flow." The Company defines "free cash flow" for a given period as cash provided by operating activities for such period, less capital expenditures for such period. Management utilizes free cash flow as a measure of operating efficiency to determine the amount of cash remaining for general corporate and strategic purposes after funding operating activities and capital expenditures. Management believes this information is helpful to investors to determine the Company's cash available for these purposes. Free cash flow 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. Free cash flow 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 the Company's free cash flow to the Company's cash provided by operating activities for each of the nine months ended September 30, 2005 and 2004:

	Nine Months Ended September 30, 2005 (dollars in thousands)	Nine Months Ended September 30, 2004 (dollars in thousands)
Cash flows from operating activities:	$ 45,433	$ 51,839
Capital expenditures	(3,476)	(11,601)
Free cash flow	$ 41,957	$ 40,238

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

Exhibit Number	Description
99.1	Press release of Registrant, dated October 27, 2005 (Third Quarter 2005 Financial Results).
99.2	Prepared remarks of management of Registrant for conference call held on October 27, 2005.

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: October 28, 2005	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 October 27, 2005 (Third Quarter 2005 Financial Results).
99.2	Prepared remarks of management of Registrant for conference call held on October 27, 2005.

Exhibit 99.1

FOR IMMEDIATE RELEASE

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

IHOP CORP. REPORTS STRONG THIRD QUARTER 2005 RESULTS; INCREASES FISCAL 2005 EARNINGS GUIDANCE TO $2.15 TO $2.20 PER DILUTED SHARE

GLENDALE, Calif., October 27, 2005—IHOP Corp. (NYSE: IHP) today announced results for its third quarter and nine months ended September 30, 2005.

IHOP reported an increase of 56.0% in net income to $12.0 million, or an increase of 63.2% in diluted net income per share to $0.62 in the third quarter 2005. IHOP's net income and diluted net income per share comparisons to the prior year were impacted by pre-tax impairment and closure charges of $3.1 million recorded in the third quarter 2004 related to IHOP's strategic repositioning of Company-operated restaurants. Excluding this charge, net income for the third quarter 2005 would have increased 25.4% to $12.0 million, or an increase of 31.9% in diluted net income per share to $0.62. This increase is primarily attributable to a 5.4% reduction in General & Administrative (G&A) expense and a 4.5% reduction in diluted weighted average shares outstanding as a result of the Company's ongoing share repurchase program. IHOP's system-wide same-store sales increase of 4.5% for the third quarter 2005 also contributed to the Company's strong earnings performance.

For the nine months ended September 30, 2005, the Company reported an increase of 48.1% in net income to $34.0 million, or an increase of 56.9% in diluted net income per share to $1.71. IHOP's net income and diluted net income per share comparisons to the prior year were impacted by pre-tax impairment and closure charges of $13.1 million recorded in the first nine months of 2004 related to IHOP's strategic repositioning of Company-operated restaurants. Excluding this charge, net income for the first nine months of 2005 would have increased 11.9% to $34.5 million, or an increase of 18.4% in diluted net income per share to $1.74. This increase is primarily attributable to a 1.1% reduction in G&A expense and a 5.5% reduction in diluted weighted average shares outstanding as a result of the Company's ongoing share repurchase program.

Julia A. Stewart, IHOP's President and Chief Executive Officer, said, "Our strong financial performance for the third quarter 2005 reflects IHOP's ability to effectively leverage our franchise operating model through a combination of same-store sales growth, new restaurant openings and moderate G&A expense. Additionally aided by share repurchase activities, our earnings performance for the year continues to outperform our plan, and, therefore, we are increasing our diluted EPS guidance to range between $2.15 and $2.20 for 2005. This underscores our ability to successfully manage our core franchising business while also optimizing the contribution of the "old model" sources of profitability."

Cash Flows from Operating Activities decreased in the nine months ended September 30, 2005 to $45.4 million compared with $51.8 million in the same period in 2004. This decrease was primarily due to a non-cash charge of $13.1 million in pre-tax impairment and closure charges taken in the first nine months of 2004 as well as a one-time benefit in prepaid expenses in 2004. Capital expenditures were reduced from $11.6 million in the nine months ended

September 30, 2004 to $3.5 million in the first nine months of this year, primarily reflecting the Company's business model change.

Performance Highlights

The following are key business highlights for the third quarter 2005 based on IHOP's three strategic objectives: Energize the Brand, Improve Operations Performance and Maximize Franchise Development.

- **Energize the Brand:** Supported by IHOP's Funnel Cake Carnival and French Toast Festival national product promotions, system-wide same-store sales increased by 4.5% for the third quarter 2005, and by 2.1% for the first nine months of 2005. Both promotions effectively leveraged IHOP's core brand equities around breakfast, and offered strong consumer appeal that motivated guests to visit IHOP restaurants. Guest traffic trends returned to positive levels during the third quarter 2005, primarily as the result of this strong promotional appeal as well as pricing moderation exercised at franchise restaurants nationwide. In efforts to build IHOP's credibility at all dayparts, guest acceptance of IHOP's enhanced core menu continues to be strong as guests also respond positively to the growing number of IHOP restaurants implementing the system's new remodel package. Since the beginning of 2005, 158 ICON restaurant remodels have been completed or are underway. There are an additional 95 restaurant remodels pending commencement, many of which are expected to be completed by year end. The Company also rolled out a gift card program to its more than 1,200 IHOP restaurants nationwide to capture what IHOP believes will be a significant holiday gift giving sales opportunity for the system.

- **Improve Operations Performance:** The Company evaluates each franchise operator on an "A" through "F" scale based on a range of objective criteria including Mystery Shop reports, operational assessments, participation in training programs, and the maintenance of required management infrastructure. At the end of the third quarter 2005, 83% of IHOP's franchisees were rated an "A" or a "B" based on this rating system. This reflects an improvement from 66% of IHOP's franchisees rated as "A" or "B" operators in the third quarter 2004. During the quarter, IHOP also began to prepare for its second core menu update this year, which will include the addition of new items that expand its breakfast menu, as well as the introduction of contemporary flavorful offerings for non-breakfast dayparts. These menu enhancements will roll out system-wide at the end of November 2005.

- **Maximize Franchise Development:** During the third quarter 2005, IHOP franchisees and its area licensee opened 13 new IHOP restaurants, compared to 12 restaurants in the same quarter last year. IHOP also continued to build its pipeline of franchise development commitments with additional Multi-Store and Single-Store Development Agreements secured in the third quarter 2005 for its franchisees to build 46 new IHOP restaurants over the next 11 years. As of the end of the third quarter 2005, the Company's franchise pipeline included signed or optioned commitments to develop a total of 377 new IHOP restaurants over the next 11 years. Currently, IHOP is finalizing legal agreements for additional franchise development that could add up to 51 more IHOP restaurants to its development pipeline, which brings total signed, optioned and pending commitments to as many as 428 restaurants.

2005 Guidance Update

IHOP increased its 2005 earnings guidance and expects diluted net income per share for 2005 to range between $2.15 and $2.20 primarily due to reduced G&A expense and increased share repurchase activities during the year. The Company's earning performance outlook also is based on the addition of 62 to 72 new restaurants to the IHOP system this year, and IHOP's expectation that it will generate positive same-store sales growth in the range of 2% to 4% for fiscal 2005. Previously, the Company expected net income per diluted share to range between $2.02 and $2.12 for 2005.

G&A expenses are expected to be at the lower end of IHOP's guidance range of $61 million to $63 million for 2005 as the Company works to moderate G&A growth and improve its operating leverage.

IHOP expects 2005 Cash Flows from Operating Activities to be at the lower end of its guidance range of $55 million to $65 million, while principal receipts from note and equipment contracts receivables are expected to be at the higher end of the $15 million to $20 million range. IHOP revised its Capital expenditures expectations downward to range between $9 million and $11 million in 2005 primarily due to the timing of expenditures associated with the opening of Company-operated restaurants in Cincinnati in 2006, as well as lower than expected remodel costs at refranchised Company-operated restaurants. Previously, the Company expected Capital expenditures to range between $11 million and $13 million for 2005.

Investor Call Today

IHOP will host an investor conference call to discuss its third quarter 2005 results today, Thursday, October 27, 2005 at 10:00 a.m. Eastern Time (7:00 a.m. Pacific Time). To participate on the call, please dial 800-261-3417 and reference pass code 43991274. A live webcast of the call will be available on IHOP's Web site at www.ihop.com, and may be accessed by visiting Conference 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 Thursday, November 3, 2005 by dialing 888-286-8010 and referencing pass code 64247735. An online archive of the webcast will also be available on the Investor Information section of IHOP's Web site.

About IHOP Corp.

IHOP, one of America's favorite family restaurants, has been serving a wide variety of breakfast, lunch and dinner selections for nearly 50 years. Famous for serving breakfast all day long, IHOP offers more than 14 types of pancakes as well as omelettes, breakfast specialties, burgers, sandwiches, chicken and steaks. IHOP restaurants are franchised and operated by Glendale, California based IHOP Corp. As of September 30, 2005, the end of IHOP's third quarter, there were 1,218 IHOP restaurants in 48 states and Canada. 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," "anticipate," "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 of 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; the ability of the Company to franchise its remaining Company-operated restaurants; legislation and government regulation including the ability to obtain satisfactory regulatory approvals; conditions beyond the Company's control such as weather, natural disasters or acts of war or terrorism; availability and cost of materials and labor; cost and availability of capital; competition; continuing acceptance of the International House of Pancakes brand 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 filings with the Securities and Exchange Commission. Forward-looking information is provided by IHOP 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.

[Financial Tables to Follow]

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

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Revenues				
Franchise revenues	$ 43,292	$ 39,094	$ 124,076	$ 115,432
Rental income	33,239	32,447	99,083	97,244
Company restaurant sales	3,574	7,509	11,366	26,378
Financing revenues	11,197	7,493	25,508	25,517
Total revenues	91,302	86,543	260,033	264,571
Costs and Expenses				
Franchise expenses	20,720	18,720	58,371	55,642
Rental expenses	24,633	24,057	73,649	71,182
Company restaurant expenses	3,559	8,031	12,153	28,929
Financing expenses	7,532	3,468	13,676	12,055
General and administrative expenses	14,881	15,734	42,958	43,414
Other expense, net	760	1,177	3,545	3,495
Impairment and closure charges	84	3,071	885	13,130
Total costs and expenses	72,169	74,258	205,237	227,847
Income before income taxes	19,133	12,285	54,796	36,724
Provision for income taxes	7,161	4,612	20,820	13,775
Net income	$ 11,972	$ 7,673	$ 33,976	$ 22,949
Net Income Per Share				
Basic	$ 0.62	$ 0.38	$ 1.73	$ 1.10
Diluted	$ 0.62	$ 0.38	$ 1.71	$ 1.09
Weighted Average Shares Outstanding				
Basic	19,224	20,153	19,660	20,839
Diluted	19,394	20,318	19,858	21,021
Dividends Declared Per Share	$ 0.25	$ 0.25	$ 0.75	$ 0.75
Dividends Paid Per Share	$ 0.25	$ 0.25	$ 0.75	$ 0.75

IHOP CORP. AND SUBSIDIARIES
RESTAURANT DATA
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Restaurant Data				
Effective restaurants (a)				
Franchise	1,048	992	1,042	986
Company	7	27	8	33
Area license	151	146	150	145
Total	1,206	1,165	1,200	1,164
System-wide (b)				
Sales percentage change (c)	9.6%	8.3%	6.7%	9.7%
Same-store sales percentage change (d)	4.5%	5.3%	2.1%	5.6%
Franchise				
Sales percentage change (c)	10.5%	11.6%	7.6%	12.9%
Same-store sales percentage change (d)	4.5%	5.2%	2.1%	5.5%
Company				
Sales percentage change (c)	(52.4)%	(62.1)%	(56.9)%	(56.6)%
Area License				
Sales percentage change (c)	12.4%	12.7%	11.3%	13.8%

(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 $460.1 million and $1,331.2 million for the third quarter and first nine months of 2005, respectively, and sales at area license restaurants were $47.1 million and $143.7 million for the third quarter and first nine months of 2005, respectively. Sales of 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 September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Restaurant Development Activity				
Beginning of period	1,207	1,167	1,186	1,165
New openings				
Company-developed	—	—	2	3
Franchisee-developed	12	11	34	18
Area license	1	1	4	4
Total new openings	13	12	40	25
Closings				
Company and franchise	(2)	(11)	(8)	(22)
Area license	—	—	—	—
End of period	1,218	1,168	1,218	1,168
Summary-end of period				
Franchise	1,062	1,001	1,062	1,001
Company	4	21	4	21
Area license	152	146	152	146
Total	1,218	1,168	1,218	1,168
Restaurant Franchising Activity				
Company-developed	—	2	3	6
Franchisee-developed	12	11	34	18
Rehabilitated and refranchised	13	5	18	16
Total restaurants franchised	25	18	55	40
Reacquired by the Company	(6)	(3)	(14)	(6)
Closed	(2)	(4)	(7)	(12)
Net addition	17	11	34	22

IHOP CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	September 30, 2005 (Unaudited)		December 31, 2004	
Current assets :				
Cash and cash equivalents	$	28,084	$	44,031
Marketable securities		12,471		14,504
Other current assets		44,451		48,079
Total current assets		85,006		106,614
Property and equipment, net		317,212		326,848
Long-term receivables:				
Notes receivable		33,752		39,841
Equipment leases receivable		168,765		172,927
Direct financing leases receivable		121,672		124,410
Other long-term assets		60,227		51,037
Total assets	$	786,634	$	821,677
Current liabilities:				
Accounts payable	$	13,700	$	17,133
Accrued expenses		20,341		20,551
Other current liabilities		16,135		12,669
Total current liabilities		50,176		50,353
Long-term debt		132,208		133,768
Other long-term liabilities		297,997		297,792
Stockholders’ equity		306,253		339,764
Total liabilities and stockholders’ equity	$	786,634	$	821,677

IHOP CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Nine Months Ended September 30, 2005	2004
Cash flows from operating activities		
Net income	$ 33,976	$ 22,949
Adjustments to reconcile net income to cash flows provided by operating activities:		
Depreciation and amortization	14,960	13,867
Impairment and closure charges	885	13,130
Changes in current assets and liabilities	(1,524)	4,778
Other	(2,864)	(2,885)
Cash flows provided by operating activities	45,433	51,839
Cash flows from investing activities		
Additions to property and equipment	(3,476)	(11,601)
Redemption of marketable securities	2,033	16,955
Proceeds from sale of land and building	890	1,472
Principal receipts from long-term receivables	14,387	15,870
Other	(2,176)	(1,084)
Cash flows provided by investing activities	11,658	21,612
Cash flows from financing activities		
Dividends paid	(14,862)	(15,748)
Purchase of treasury stock	(56,417)	(57,677)
Other	(1,759)	(250)
Cash flows used in financing activities	(73,038)	(73,675)
Net change in cash and cash equivalents	(15,947)	(224)
Cash and cash equivalents at beginning of period	44,031	27,996
Cash and cash equivalents at end of period	$ 28,084	$ 27,772

IHOP CORP. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME EXCLUDING IMPAIRMENT AND CLOSURE CHARGES AND GAIN ON SALE OF REAL ESTATE
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Net income, as reported	$ 11,972	$ 7,673	$ 33,976	$ 22,949
Impairment and closure charges	84	3,071	885	13,130
Gain on sale of real estate	—	—	—	(485)
Income tax benefit	(31)	(1,152)	(336)	(4,742)
Net income excluding impairment and closure charges and gain on sale of real estate	$ 12,025	$ 9,592	$ 34,525	$ 30,852
Basic net income per share:				
Net income, as reported	$ 0.62	$ 0.38	$ 1.73	$ 1.10
Impairment and closure charges	0.01	0.15	0.05	0.63
Gain on sale of real estate	—	—	—	(0.02)
Income tax benefit	—	(0.05)	(0.02)	(0.23)
Net income excluding impairment and closure charges and gain on sale of real estate	$ 0.63	$ 0.48	$ 1.76	$ 1.48
Diluted net income per share:				
Net income, as reported	$ 0.62	$ 0.38	$ 1.71	$ 1.09
Impairment and closure charges	—	0.15	0.05	0.62
Gain on sale of real estate	—	—	—	(0.02)
Income tax benefit	—	(0.06)	(0.02)	(0.22)
Net income excluding impairment and closure charges and gain on sale of real estate	$ 0.62	$ 0.47	$ 1.74	$ 1.47

Exhibit 99.2

IHOP Corp.
Third Quarter 2005 Call Script

Operator Introduction—Welcome and Instructions

Good day ladies and gentlemen, and welcome to IHOP's third quarter 2005 conference call. As a reminder, today's conference is being recorded. We do ask that you stay on the line for the duration of today's call, as we will be conducting a question-and-answer session. Directions on how to participate will be given at the end of management's introductory remarks.

And now for opening remarks and introductions, I would like to turn the call over to Stacy Roughan, please go ahead.

Stacy Roughan—Welcome and Safe Harbor

Good morning and thank you for participating on IHOP's third quarter 2005 conference call. Today, with us from management are Julia Stewart, President and CEO, and Tom Conforti, CFO.

Before I turn the call over to Julia and Tom, I would like to inform you that today's conference call contains forward-looking statements. These forward-looking statements include such words as "may," "will," "expect," "believe," "anticipate," "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 of 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 IHOP's control such as weather, natural disasters or acts of war or terrorism; availability and cost of materials and labor; cost and availability of capital; competition; continuing acceptance of the IHOP brand and concepts by guests and franchisees; IHOP'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 IHOP's filings with the Securities and Exchange Commission, news releases and future conference calls. Forward-looking information is provided by IHOP 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, 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—Third Quarter 2005 Performance Drivers

Thanks, Stacy, and welcome to everyone participating on the call.

I am pleased to be here today to discuss our strong financial results. This quarter's performance underscores our ability to successfully manage our business through our key operating levers: same-store sales growth, G&A control, and share repurchase. In addition, we will also update you on our three core strategies—Energizing the Brand, Improving Operations Performance and Maximizing Franchise Development. Finally, we'll provide a thorough discussion of our updated financial guidance for the year—and the news is great!

Let's start with earnings. Excluding charges impacting year-over-year comparisons, net income for the third quarter 2005 increased 25.4% to $12.0 million [dollars], or an increase of 31.9% in diluted net income per share to $0.62 [cents]. Net income for the first nine months of 2005 rose 11.9% to $34.5 million [dollars], or an increase of 18.4% in diluted net income per share to $1.74 [dollar/cents], excluding charges impacting year-over-year comparisons.

Our earnings performance for the quarter and year-to-date reflect a few key factors.

First, we generated a significant improvement in same-store sales during the third quarter, which translated to improved performance of our core Franchise Operations segment as well as the Rental Operations segment, where approximately 40% of our lease agreements are tied to sales performance.

Second, our continued focus on managing G&A expense now has us running slightly below 2004 levels, which further enhanced operating leverage in our business.

Finally, we continued to follow through on our share repurchase program. During the third quarter, we bought back approximately 740,000 shares, or $30.3 million [dollars] worth of IHOP stock. With the Board's recent authorization of an additional one million shares, we now have approximately 950,000 shares left to repurchase out of our cumulative 4.6 million share authorization.

System-wide same-store sales increased 4.5% for the third quarter, and 2.1% for the first nine months of the year. Our sales results represent IHOP's 11th consecutive quarter of positive same-store sales growth, and notably marked a return to positive traffic trends for the quarter.

Exceptional guest response to our limited time promotion, Funnel Cake Carnival, during the months of July and August reignited system-wide sales momentum. This continued in the month of September with the strong performance of our current promotion, French Toast Festival. Both promotions were supported by national cable advertising and compared favorably to the performance of the previous year's promotions during the same period—Paradise Pancakes and All You Can Eat Popcorn Shrimp.

We attribute the success of this promotional line up to our ability to effectively leverage IHOP's core brand equities around breakfast. Breakfast promotions are up our "power alley" and offered strong product appeal that motivated guests to visit IHOP restaurants during the quarter. Simply put, breakfast offerings work for IHOP. Importantly, they also allow franchisees the flexibility to offer price points that present value to our guests and enhance their own profitability.

We are reiterating our same-store sales guidance of 2% to 4% growth for 2005. We made up significant ground in the third quarter, and we expect positive momentum to continue into the fourth quarter of the year.

Specifically, French Toast Festival continues to be a strong performer. Our final product promotion of the year—Sweet Caramel Combos—remains focused on leveraging IHOP's core brand equity around breakfast with Caramel and fruit topped pancakes, French toast and crepe options. This promotion launches next week and will run for the balance of the year supported by local media advertising.

The roll out of our national gift card program is now complete, and gift cards are being offered in every IHOP restaurant nationwide. With the system-wide adoption of gift cards in the months leading up to the holiday season, we have both an incremental sales opportunity with gift card redemption before year-end, and a strong sales catalyst and traffic driver in early 2006.

Additionally, we continue to work with franchisees of high potential locations to adopt 24-hour operations. As of the end of the third quarter, 680 IHOP restaurants, or 56% of the system, operated some form of 24-hour operations.

In our efforts to build IHOP's credibility at all dayparts, franchisees and IHOP's Operations team are preparing for the system's second core menu update this year.   Rolling out at the end of November, menu enhancements will include the addition of new items that expand our breakfast menu, as well as the introduction of contemporary, flavorful offerings for non-breakfast dayparts. In addition, we are encouraged by franchisees continuing to exercise moderation in their menu pricing. Pricing moderation is a particularly important factor as we strive to maintain IHOP's value relationship with our guests.

We will also introduce the "IHOP for Me" menu next month, which highlights menu choices for guests monitoring their caloric, fat or carbohydrate intake. Many of these items have always been on IHOP's menu, but had never been highlighted. The "IHOP for Me" menu is a supplemental menu available to guests at every IHOP restaurant.

Our ICON restaurant remodel package also plays an important role building IHOP's credibility at all dayparts. Since of the beginning of the year, 158 ICON remodels have been completed or are currently underway. There are an additional 95 remodels pending commencement, and we expect that many of these will be finished by year end.   Therefore, we expect to meet the lower end of our 2005 expectations of 225 to 250 remodels.

Turning to the impact of hurricanes during the quarter… Due to the nature of our highly franchised operating model, IHOP Corp. experienced minimal financial impact as a result of closures and building damage due to the hurricanes. There were approximately 420 days in which franchise restaurants were closed due to the hurricanes during the third quarter. This represents an approximately $80,000 [dollar] impact to our P&L, which accounts for lost royalties and pancake batter sales during these closures.

From a relief and support standpoint, I have been overwhelmed by the generosity of the IHOP family. Through our combined efforts, we established the IHOP Katrina Relief Fund with all the donations going to franchisees who in turn distributed funds directly to their employees affected by Hurricane Katrina. Additionally, franchisees throughout the country held fundraisers at their restaurants, donated food to charitable events, and coordinated relief supplies delivered to affected areas. Additionally, 400 IHOP locations came together to raise funds for the American Red Cross on October 5th's "Dine for America" event. I couldn't be more proud.

There has been a lot of concern about the possible impact of higher gas and energy prices as a result of the hurricanes on restaurant companies. As a management team, we believe success is largely within our control, and we continue to focus on IHOP's core strategies to remain competitive in a more challenging macro environment. We are focused on maintaining a value relationship with our guests, and our recent efforts to educate franchisees about strategically pricing their menus and moderating increases should strengthen this position.

From a financial perspective, our model is resilient, and, because we are highly franchised, our operating model does not easily de-leverage. While same-store sales performance is an important measure of the momentum in our system and a valuable financial lever for us, we are less dependant on this lever for bottom line performance. In periods of modest same-store sales performance, we are able to manage G&A more aggressively to deliver on earnings expectations, which we have demonstrated well this year. In addition, the effects that commodity and energy costs and natural disasters have on IHOP’s bottom line performance also are less because these factors are absent from our financial statements.

This compares favorably to restaurant operating companies, which have extensive cost structures and are highly dependent on same-store sales to leverage these significant costs. Finally, IHOP has unique, “old model” sources of profitability that will continue for some time to come. Coupled with our ability to manage the key operating levers of our core business, IHOP should be viewed favorably as you consider the relative impact of macro factors on our business.

Turning to our efforts to improve the operational performance of our system, during the quarter, we held our National Franchise Conference in Orlando. With nearly 1,000 franchisees, vendor partners and employees in attendance, we came together to set our operating path for 2006. We had an unprecedented number of breakout sessions, many of which were co-led by franchisees, to promote practical and interactive discussions about such topics as: strategic menu configuration, operating clean, safe restaurants, understanding IHOP guests better, and getting the most out of our Point-of-Sale technology, among other topics. In addition, we introduced a margin analysis aid that will help franchisees make pricing decisions. We shared knowledge and collaborated with our franchisees, and provided them with information to support their efforts to run better, more profitable restaurants. The response has been very positive, with most of our franchisees agreeing that this year’s National Franchise Conference was the most valuable event IHOP has *ever* held.

Moving to Franchise and Development, our franchise development pipeline remains strong with franchisees signing commitments to develop another 46 restaurants during the third quarter. This brings total commitments and options to 377 restaurants. Some of the highlights from our efforts during the quarter include multi-store deals to build out the states of Alabama and Hawaii, as well as attracting franchisees new to the IHOP system to develop restaurants. We are also pleased with the number of female franchisees who signed development agreements as we continue to foster diversity within our franchise community.

We are currently in the process of finalizing legal agreements that, when signed, could add up to 51 more IHOP restaurants to the pipeline. Signed, optioned and pending development commitments now total 428 IHOP restaurants, which comfortably exceeds the low end of the 300 to 700 units we believe are possible in the domestic U.S.

Franchisees and our Florida area licensee opened 13 new IHOPs during the third quarter, compared to 12 restaurants last year. This brings year-to-date franchise and area licensee restaurant openings to 38 new IHOPs. The fourth quarter is historically heavy with new restaurant openings. Therefore, we remain confident of meeting our goal of 60 to 68 new IHOPs developed by franchisees and our Florida area licensee in 2005.

In summary, all of our key strategies were at play during the third quarter—Energizing the Brand, Improving Operations and Maximizing Franchise Development—each of which contributed to our strong financial performance.

For a more detailed discussion of our third quarter results, I'd like to now turn the call over to our Chief Financial Officer, Tom Conforti.

Tom Conforti—Third Quarter 2005 Performance Detail

Thanks, Julia, and good morning everyone. Today, I'll walk you through our performance for third quarter 2005. Let's begin with our earnings picture.

We reported an increase of 56.0% in net income to $12.0 million [dollars], or an increase of 63.2% to $0.62 [cents] in diluted earnings per share for the third quarter 2005. IHOP's net income and diluted net income per share comparisons to the prior year were impacted by pre-tax impairment and closure charges of $3.1 million [dollars] recorded in the third quarter 2004 related to our strategic repositioning of Company-operated restaurants. Excluding these charges, net income for the third quarter 2005 increased 25.4% to $12.0 million [dollars], or an increase of 31.9% to $0.62 [cents] in diluted net income per share.

For the nine months ended September 30, 2005, we reported an increase of 48.1% in net income to $34.0 million [dollars], or an increase of 56.9% to $1.71 [dollar/cents] in diluted net income per share. IHOP's net income and diluted net income per share comparisons to the prior year were impacted by pre-tax impairment and closure charges of $13.1 million [dollars] recorded in the first nine months of 2004 related to our strategic repositioning of Company-operated restaurants. Excluding these charges, net income for the first nine months of 2005 increased 11.9% to $34.5 million [dollars], or an increase of 18.4% to $1.74 [dollar/cents] in diluted net income per share, year-over-year.

Before I cover our reporting segments, I would like to move directly to a discussion of the hurricanes that were experienced in the third quarter.

In terms of property damage to restaurants developed under our old model for which we have a financial position, Hurricane Katrina destroyed two restaurants in Gulfport and Biloxi, Mississippi. The total asset balance associated with these two restaurants was $73,000 [dollars]. Another restaurant remains closed in New Orleans due to extensive damage from the storm. This restaurant has an asset level of $1.5 million [dollars] on our balance sheet, but we are fully covered by insurance for the site. Therefore, we expect this will result in an immaterial earnings impact for IHOP Corp.

Now, let's turn to a brief discussion of the Company's quarterly and year-to-date profit performance highlights by our four key reporting segments.

In our core business, Franchise Operations, profit increased by 10.8% to $22.6 million [dollars] for the third quarter, and by 9.9% to $65.7 million [dollars] for the first nine months of 2005. Segment revenue grew by 10.7% to $43.3 million [dollars] in the quarter, and by 7.5% to $124.1 million [dollars] for the first nine months of 2005. The increases were due to higher franchise retail sales as a result of growth in effective units as well as growth in same-store sales performance during these periods. Franchise retail sales increased 10.5% and 7.6% for the quarter and year-to-date, respectively, as a result of a 5.6% and 5.7% growth in the number of effective franchise restaurants for the quarter and year-to-date, respectively. Same-store sales increases of 4.5% and 2.1% for the quarter and year-to-date also fueled franchise retail sales growth.

Franchise Operations expense grew at a lower rate for the quarter and the first nine months of the year due to a planned reduction in the Company's contribution to the IHOP advertising fund for the full year, as well as lower subsidies related to IHOP's Point-of-Sales adoption efforts.

Turning to Rental Operations… Rental Operations profit increased by 2.6% to $8.6 million [dollars] for the third quarter 2005, and decreased by 2.4% to $25.4 million [dollars] for the first nine months of 2005. Aggregate profit increased for the quarter primarily due to our strong same-store sales performance for the quarter as approximately 40% of our lease agreements are tied to sales performance. Rental Operations profit decreased year-to-date primarily due to lowered rent margins related to our aggressive refranchising efforts in 2004 and slower same-store sales growth in the first half of 2005. Rental Operations expense grew in both periods due to an increase in the number of effective leases.

Turning to Company Operations, our management of this segment continued to improve, resulting in a profit of $15,000 [dollars] for the quarter, and improved our year-to-date loss of $800,000 [dollars] in this segment. This improvement reflects our successful refranchising and repositioning efforts which produced a 75.8% decrease in effective Company Restaurants for the first nine months of the year. As a result, we ended the quarter with only four Company-operated restaurants located in our dedicated Company market in Cincinnati, versus a total of 21 Company restaurants at the end of the third quarter last year. In addition, strong sales and continued labor and food cost management in Cincinnati helped produce breakeven results for the quarter in this segment.

Finally, let's turn to Financing Operations. Financing Operations segment profit decreased, as expected, by 8.9% to $3.7 million [dollars] for the third quarter 2005, and by 12.1% to $11.8 million [dollars] for the first nine months of 2005. This decrease was primarily due to the declining long-term note balances at the end of these periods in 2005 versus the same periods last year. On occasion, the performance of our Financing Operations segment can benefit from the refranchising of Company-operated restaurants, as refranchising is typically completed on terms which are similar to our old business model. This was the case in the third quarter as we refranchised 13 take backs, driving revenue 49.4% higher over the same quarter last year. This increase was offset by 117.2% increase in Financing Operations expense primarily due to increased expense associated with the cost of sales for refranchised restaurants.

G&A spending decreased 5.4% to $14.9 million [dollars] for the quarter and decreased 1.1% to 43.0 million [dollars] for the first nine months of the year, due to proactive G&A management efforts. Included in these efforts were reduced travel and meeting expense, savings in recruiting and relocation expense and reduced management consulting fees. These savings were partially offset by increases in depreciation and amortization related to Information Technology investment, among other factors.

Moving to our Cash Flow statement, Cash Flow from Operations decreased for the first nine months of 2005 to $45.4 million [dollars] compared to $51.8 million [dollars] in the same period in 2004. This reduction reflected a non-cash charge of $13.1 million [dollars] in pre-tax impairment and closure charges recorded in the first nine months of 2004. Additionally, the Company recognized a one-time cash benefit in the first quarter 2004 from taxes prepaid in the fourth quarter 2003, which we did not benefit from this year.

Capital expenditures were reduced from $11.6 million [dollars] in the first nine months ended September 30, 2004 to $3.5 million [dollars] in the first nine months of this year, primarily due to the Company's business model change. IHOP was in the process of completing investment in the old business model restaurant development in 2004, which is not a factor for us this year.

Free Cash Flow—which we define as Cash from Operations less CAPEX—came in at a positive $42.0 million [dollars] in the first nine months of 2005, versus $40.2 million [dollars] in the same period last year.

Now, turning to the balance sheet, the balance of cash, cash equivalents and marketable securities at the end of the first nine months of 2005 declined 30.7% to $40.6 million [dollars] compared to year-end 2004. This is primarily due to the net increase in cash generated net of CAPEX, being offset by share repurchases and dividend payments in the first half of 2005. Our longer-term asset categories showed a continuing gradual decline, as expected, due to our business model change. Long-term receivables decreased to $324.2 million [dollars] from $337.2 million [dollars] at the end of 2004. The balance of property and equipment decreased 2.9% to $317.2 million [dollars] from the end of last year.

Julia noted our continued share repurchase activities during the quarter. However, with regard to share repurchase significantly beyond this level, I wanted to make you aware of a covenant restriction that is contained on our debt that will limit, over time, our ability to repurchase stock. This provision that has been in place since before the change to our new business model and our subsequent commitment to share repurchase. This does not impact our ability to repurchase the remaining 950,000 shares under our current authorization, but will need to be addressed before moving ahead with repurchases significantly beyond this level.

Our Board of Directors declared a quarterly cash dividend of $0.25 [cents] per common share payable on November 22, 2005 to shareholders of record as of November 1, 2005. Since we began paying a dividend in May 2003, we have returned $51.7 million [dollars] of cash to shareholders through regular dividend payments.

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

Julia Stewart—Wrap Up to Q&A

Thanks, Tom. Before I open the call for questions, I would like to update our performance guidance and assumptions for 2005.

Because of our strong performance throughout the first three quarters of the year, we are increasing our 2005 performance guidance. We now expect diluted net income per share to range between $2.15 [dollars/cents] and $2.20 [dollars/cents]. This increase is primarily due to a combination of reduced G&A expense—which is now expected to come in at the lower end of our $61 to $63 million [dollar] guidance—and the positive impact of more aggressive share repurchase during the year. Previously, we expected net income per diluted share to range between $2.02 and $2.12 for 2005.

We are not changing our guidance for unit openings and same-store sales. We expect that our franchisees, area licensee in Florida and IHOP Corp. should open a total of 62 to 72 new IHOP restaurants this year. Additionally, we still expect to generate positive same-store sales growth in the range of 2% to 4% for the full year 2005.

For fiscal 2005, we expect Cash from Operations to come in at the lower end of our previously shared guidance of $55 million [dollars] to $65 million.

We are lowering our CAPEX guidance for fiscal 2005 to range between $9 million [dollars] and $11 million [dollars]. This is primarily due to the timing of expenditures associated with the opening of Cincinnati Company restaurants in

2006, lower than expected remodel costs associated with take backs, and other miscellaneous investments.

For fiscal 2005, we expect the principal receipts from franchise and equipment contracts receivable to come in at the higher end of our previously shared guidance of $15 million [dollars] to $20 million [dollars]. As many of you know, the run off of these receivables will continue to be a reliable source of cash for years to come. You should expect this level of receivable run off to decrease by approximately $700,000 [dollars] to $800,000 [dollars] each year.

2005 has been a year dedicated to maximizing shareholder value by remaining focused on optimizing the IHOP brand and concept. This involved enhanced Marketing and R&D strategies, Operations and Training improvements, Information Technology application, and leadership in the area of Franchise and Development. For us, it has been all about driving organic growth and creating sustained system momentum, and we're doing just that.

Maximizing shareholder value also involves taking full advantage of ongoing benefits that our old model provides. This means managing Rental Operations in a way that continues to create value in our second most profitable operating segment. We have also demonstrated an exceptional track record for refranchising restaurants under attractive economics. And, we continue to closely manage our receivable run-off to maximize the cash contribution of these note balances.

Finally, we maximize shareholder value through the deployment of our cash in the form of dividend payments and share repurchase, which, has resulted in more than $190 million [dollars] being returned to shareholders to date.

We are committed to maximizing shareholder value, and we will continue to seek out the best ways in which we can deliver on this commitment to our shareholders in the future.

With that, Tom and I would be happy to answer any questions you might have. Operator?

Julia Stewart—Closing Remarks

Thanks again for joining us today. Should you have any follow up questions, Tom and I are here and available, so just give us a call. We look forward to speaking to you on our investor call, which will cover our 2006 Performance Guidance, currently scheduled for 11:00 a.m. Eastern on Tuesday, January 31, 2006.