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): February 22, 2006

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 February 22, 2006, IHOP Corp. issued a press release announcing its fourth quarter and fiscal 2005 financial results. A copy of the press release is attached as Exhibit 99.1, and incorporated herein by reference.

Also on February 22, 2006, IHOP Corp. held a conference call to discuss its fourth quarter and fiscal 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 measures "free cash flow" and "free cash flow per share." 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. The Company defines "free cash flow per share" for a given period as free cash flow divided by diluted weighted average shares outstanding. Management utilizes free cash flow and free cash flow per share as measures 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 and free cash flow per share 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 and free cash flow per share are supplemental non-GAAP financial measures and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

The following table reconciles the Company's free cash flow and free cash flow per share to the Company's cash provided by operating activities for each of the years ended December 31, 2005 and 2004:

	Year Ended December 31, 2005 (dollars in thousands)		Year Ended December 31, 2004 (dollars in thousands)	
Cash flows from operating activities:	$	55,353	$	66,981
Capital expenditures		(7,365)		(16,631)
Free cash flow	$	47,988	$	50,350
Diluted weighted average shares outstanding		19,603		20,791
Free cash flow per diluted share	$	2.45	$	2.42

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

Exhibit Number	Description
99.1	Press release of Registrant, dated February 22, 2006 (Fourth Quarter and Fiscal 2005 Financial Results).
99.2	Prepared remarks of management of Registrant for conference call held on February 22, 2006.

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: February 22, 2006	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 February 22, 2006 (Fourth Quarter and Fiscal 2005 Financial Results).
99.2	Prepared remarks of management of Registrant for conference call held on February 22, 2006.

Exhibit 99.1

FOR IMMEDIATE RELEASE

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

IHOP CORP. REPORTS STRONG FOURTH QUARTER AND FISCAL 2005 RESULTS

GLENDALE, Calif., February 22, 2006 — IHOP Corp. (NYSE: IHP) today announced results for its fourth quarter and fiscal year ended December 31, 2005.

IHOP reported a decrease of 4.9% in net income to $10.0 million, and an increase of 1.9% in diluted net income per share to $0.53 in the fourth quarter 2005. IHOP's net income and diluted net income per share comparisons to the prior quarter were impacted by pre-tax impairment and closure charges related to IHOP's strategic repositioning of Company-operated restaurants and a benefit from the sale of real estate in the fourth quarter 2004. Excluding these events, net income for the fourth quarter 2005 was flat at $10 million, while diluted net income per share increased 8.2% to $0.53. The increase in diluted net income per share for the quarter was impacted by a 6.5% reduction in diluted weighted average shares outstanding as a result of the Company's ongoing share repurchase program. Additionally, fourth quarter 2005 comparisons to the same period in 2004 were impacted by approximately $4.0 million in pretax income, the result of a 53rd operating week in fiscal 2004. IHOP's system-wide same-store sales increase of 5.4% for the fourth quarter 2005 also contributed to the Company's strong earnings performance during this period.

For the twelve months ended December 31, 2005, the Company reported an increase of 31.5% in net income to $43.9 million, or an increase of 39.1% in diluted net income per share to $2.24. IHOP's net income and diluted net income per share comparisons to the prior year were impacted by pre-tax impairment and closure charges related to IHOP's strategic repositioning of Company-operated restaurants and a benefit from the sale of real estate in fiscal 2004. Excluding these events, net income for fiscal 2005 would have increased 9.3% to $44.5 million, or an increase of 15.8% in diluted net income per share to $2.27. This increase was impacted by a 5.7% reduction in diluted weighted average shares outstanding as a result of the Company's ongoing share repurchase program. Fiscal 2005 year comparisons to the prior year also were impacted by approximately $4.0 million in pretax income, the result of a 53rd operating week in fiscal 2004.

Julia A. Stewart, IHOP's President and Chief Executive Officer, said, "When we transitioned to our new business model three years ago, we envisioned 2005 as the year we would demonstrate the full financial benefits of our new operating model, and we did just that. IHOP's strong fourth quarter and fiscal year 2005 financial performance are the result of a successful financial formula – same-store sales growth and new restaurant openings coupled with expense management and share repurchases – which allowed us to exceed our expectations for the year."

IHOP's system-wide same-store sales increased 2.9% for fiscal 2005, and a total of 67 new IHOP restaurants were opened in fiscal 2005 by franchisees, the Company's area licensee and by IHOP Corp. in its dedicated market of Cincinnati, Ohio. G&A expense for fiscal 2005 was $58.8 million dollars, and the Company repurchased approximately 1.8 million shares, or $77.5 million worth of IHOP stock, in fiscal 2005.

Come hungry. IHOP RESTAURANTS Leave happy.™

450 N. Brand Boulevard • 7th Floor • Glendale, CA 91203-2306 • Phone: (818) 637-3632 • Fax: (818) 637-3120

Cash Flow from Operating Activities decreased in the twelve months ended December 31, 2005 to $55.4 million compared with $67.0 million in the same period in 2004. Principal receipts from note and equipment leases receivable, which are an additional source of annual cash generation for the Company, amounted to $19.4 million for fiscal 2005. Capital expenditures were reduced from $16.6 million in fiscal 2004 to $7.4 million in fiscal 2005, primarily reflecting the Company's business model change as well as reduced spending associated with Information Technology initiatives and the timing of restaurant development in IHOP's Company market of Cincinnati.

Performance Highlights

The following are key business highlights for the fourth 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 French Toast Festival and Sweet Caramel Combos national product promotions, system-wide same-store sales increased by 5.4% for the fourth quarter 2005. Both promotions effectively leveraged IHOP's core brand equities and offered strong consumer appeal that motivated guests to visit IHOP restaurants. Guest traffic trends continued at a positive level during the fourth quarter 2005, primarily as the result of this strong promotional appeal as well as pricing moderation exercised at franchise restaurants nationwide. IHOP franchisees also completed 210 restaurant remodels from January 1, 2005 to the end of January 2006, which continues to be an important factor in further energizing the IHOP brand.

- **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 fourth quarter 2005, 87% of IHOP's franchisees were rated an "A" or a "B" based on this rating system. This reflects an improvement from 68% of IHOP's franchisees rated as "A" or "B" operators in the fourth quarter 2004. During the quarter, IHOP implemented its second menu update in 2005, which included the addition of new items to its breakfast menu, as well as the introduction of contemporary, flavorful offerings for non-breakfast dayparts.

- **Maximize Franchise Development:** During the fourth quarter 2005, IHOP franchisees and its area licensee opened 25 new IHOP restaurants, compared to 19 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 fourth quarter 2005 for its franchisees to build 26 new IHOP restaurants over the next several years. As of the end of the fourth quarter 2005, the Company's franchise pipeline included signed, optioned and pending commitments to develop a total of 419 new IHOP restaurants.

2006 Guidance Reiterated

IHOP expects its 2006 earnings performance to range between $2.25 and $2.35 per diluted share, including estimated stock option and other stock compensation expense ranging between $2.5 million and $3.5 million for the year. The Company's earnings performance expectations are primarily based on revenue drivers including positive same-store sales growth of between 2% and 4% and the addition of 64 to 69 new restaurants to the IHOP system in 2006, careful G&A management with expenses expected to range between $65 million to $67 million in 2006 including estimated stock option and other stock compensation expense, as well as continued share repurchases.

Cash from Operations is expected to range between $55 million and $60 million in 2006, and principal receipts from note and equipment leases receivable are expected to be within the range of $18 million to $20 million. Capital expenditures are expected to range between $12 million to $14 million in 2006, which primarily reflects investment in the development of four IHOP restaurants in its Company market in Cincinnati, Ohio, as well as supporting and optimizing the Company's Information Technology infrastructure. Cash commitments in 2006 are expected to be approximately $24 million, which includes the first principal repayment of the Company's private placement debt, other long-term debt principal and capital lease obligations.

Investor Call Today

IHOP will host an investor conference call to discuss its fourth quarter and fiscal 2005 results today, Wednesday, February 22, 2006 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific Time). To participate on the call, please dial 800-901-5241 and reference pass code 91878715. 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 March 1, 2006 by dialing 888-286-8010 and referencing pass code 17107131. 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, 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 December 31, 2005, the end of IHOP's fourth quarter, there were 1,242 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 December 31, 2005	Three Months Ended December 31, 2004	Twelve Months Ended December 31, 2005	Twelve Months Ended December 31, 2004
Revenues				
Franchise revenues	$ 43,308	$ 42,152	$ 167,384	$ 157,584
Rental income	32,543	34,519	131,626	131,763
Company restaurant sales	2,598	5,186	13,964	31,564
Financing revenues	9,541	12,574	35,049	38,091
Total revenues	87,990	94,431	348,023	359,002
Costs and Expenses				
Franchise expenses	20,397	21,762	78,768	77,402
Rental expenses	24,742	24,210	98,391	95,392
Company restaurant expenses	2,942	5,772	15,095	34,701
Financing expenses	6,660	8,588	20,336	20,674
General and administrative expenses	15,843	16,476	58,801	59,890
Other expense, net	1,325	(802)	4,870	2,664
Impairment and closure charges	11	982	896	14,112
Total costs and expenses	71,920	76,988	277,157	304,835
Income before income taxes	16,070	17,443	70,866	54,167
Provision for income taxes	6,109	6,971	26,929	20,746
Net income	$ 9,961	$ 10,472	$ 43,937	$ 33,421
Net Income Per Share				
Basic	$ 0.53	$ 0.52	$ 2.26	$ 1.62
Diluted	$ 0.53	$ 0.52	$ 2.24	$ 1.61
Weighted Average Shares Outstanding				
Basic	18,642	19,957	19,405	20,606
Diluted	18,837	20,151	19,603	20,791
Dividends Declared Per Share	$ 0.25	$ 0.25	$ 1.00	$ 1.00
Dividends Paid Per Share	$ 0.25	$ 0.25	$ 1.00	$ 1.00

IHOP CORP. AND SUBSIDIARIES
RESTAURANT DATA
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	**2004**	**2005**	**2004**
Restaurant Data				
Effective restaurants (a)				
Franchise	1,063	1,011	1,047	993
Company	5	17	7	29
Area license	153	146	151	145
Total	1,221	1,174	1,205	1,167
System-wide (b)				
Sales percentage change (c)	1.9%	16.6%	5.4%	11.4%
Same-store sales percentage change (d)	5.4%	4.3%	2.9%	5.3%
Franchise				
Sales percentage change (c)	2.5%	18.8%	6.2%	14.4%
Same-store sales percentage change (d)	5.4%	4.1%	2.9%	5.2%
Company				
Sales percentage change (c)	(49.9)%	(63.1)%	(55.8)%	(57.8)%
Area License				
Sales percentage change (c)	1.6%	24.2%	8.7%	16.4%

(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 $455.1 million and $1,786.3 million for the fourth quarter and fiscal year ended December 31, 2005, respectively, and sales at area license restaurants were $47.1 million and $190.9 million for the fourth quarter and fiscal year ended December 31, 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. Our sales percentage changes for the fourth quarter and fiscal year ended December 31, 2004 and the fourth quarter and fiscal year ended December 31. 2005 were impacted by the addition of a 53rd week in fiscal 2004. Once every six years we utilize a 53-week fiscal calendar in order to align our fiscal year end to the calendar year. As a result of the 53rd week, we recorded an additional week of retail sales in fiscal 2004 compared to 2003 and 2005.

(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 December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
Restaurant Development Activity				
Beginning of period	1,218	1,168	1,186	1,165
New openings				
Company-developed	2	3	4	6
Franchisee-developed	24	17	58	35
Area license	1	2	5	6
Total new openings	27	22	67	47
Closings				
Company and franchise	(3)	(4)	(11)	(26)
Area license	—	—	—	—
End of period	1,242	1,186	1,242	1,186
Summary-end of period				
Franchise	1,082	1,028	1,082	1,028
Company	7	10	7	10
Area license	153	148	153	148
Total	1,242	1,186	1,242	1,186
Restaurant Franchising Activity				
Company-developed	—	2	3	8
Franchisee-developed	24	17	58	35
Rehabilitated and refranchised	8	17	26	33
Total restaurants franchised	32	36	87	76
Reacquired by the Company	(9)	(6)	(23)	(12)
Closed	(3)	(3)	(10)	(15)
Net addition	20	27	54	49

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

	December 31, 2005 (Unaudited)	December 31, 2004
Current assets :		
Cash and cash equivalents	$ 23,111	$ 44,031
Marketable securities	—	14,504
Other current assets	47,399	48,079
Total current assets	70,510	106,614
Property and equipment, net	317,959	326,848
Long-term receivables:		
Notes receivable	31,804	39,841
Equipment leases receivable	166,673	172,927
Direct financing leases receivable	120,858	124,410
Other long-term assets	63,276	51,037
Total assets	$ 771,080	$ 821,677
Current liabilities:		
Accounts payable	$ 15,083	$ 17,133
Accrued expenses	19,775	20,551
Other current liabilities	26,937	12,669
Total current liabilities	61,795	50,353
Long-term debt	114,210	133,768
Other long-term liabilities	301,229	297,792
Stockholders’ equity	293,846	339,764
Total liabilities and stockholders’ equity	$ 771,080	$ 821,677

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

	Twelve Months Ended December 31, 2005	Twelve Months Ended December 31, 2004
Cash flows from operating activities		
Net income	$ 43,937	$ 33,421
Adjustments to reconcile net income to cash flows provided by operating activities:		
Depreciation and amortization	20,153	18,736
Impairment and closure charges	896	14,112
Changes in current assets and liabilities	(3,850)	6,823
Other	(5,783)	(6,111)
Cash flows provided by operating activities	55,353	66,981
Cash flows from investing activities		
Additions to property and equipment	(7,365)	(16,631)
Redemption of marketable securities	13,843	31,033
Proceeds from sale of land and building	890	3,207
Principal receipts from long-term receivables	19,403	21,428
Other	(2,423)	(1,773)
Cash flows provided by investing activities	24,348	37,264
Cash flows from financing activities		
Dividends paid	(19,550)	(20,696)
Purchase of treasury stock	(77,474)	(63,890)
Other	(3,597)	(3,624)
Cash flows used in financing activities	(100,621)	(88,210)
Net change in cash and cash equivalents	(20,920)	16,035
Cash and cash equivalents at beginning of period	44,031	27,996
Cash and cash equivalents at end of period	$ 23,111	$ 44,031

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 December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
Net income, as reported	$ 9,961	$ 10,472	$ 43,937	$ 33,421
Impairment and closure charges	11	982	896	14,112
Gain on sale of real estate	—	(1,825)	—	(2,311)
Income tax benefit	(4)	337	(340)	(4,520)
Net income excluding impairment and closure charges and gain on sale of real estate	$ 9,968	$ 9,966	$ 44,493	$ 40,702
Basic net income per share:				
Net income, as reported	$ 0.53	$ 0.52	$ 2.26	$ 1.62
Impairment and closure charges	—	0.05	0.05	0.69
Gain on sale of real estate	—	(0.09)	—	(0.11)
Income tax benefit	—	0.02	(0.02)	(0.22)
Net income excluding impairment and closure charges and gain on sale of real estate	$ 0.53	$ 0.50	$ 2.29	$ 1.98
Diluted net income per share:				
Net income, as reported	$ 0.53	$ 0.52	$ 2.24	$ 1.61
Impairment and closure charges	—	0.05	0.05	0.68
Gain on sale of real estate	—	(0.09)	—	(0.11)
Income tax benefit	—	0.01	(0.02)	(0.22)
Net income excluding impairment and closure charges and gain on sale of real estate	$ 0.53	$ 0.49	$ 2.27	$ 1.96

Exhibit 99.2

IHOP Corp.
Fourth Quarter and Fiscal 2005 Call Script

Stacy Roughan – Welcome and Safe Harbor

Good morning and thank you for participating on IHOP's fourth quarter and fiscal 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, 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-Q 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 – Fourth Quarter and Fiscal 2005 Performance Overview

Thanks, Stacy.

Today, Tom and I would like to present our prepared remarks in a slightly different format than on prior calls. We will forego the reiteration of financial results included in the news release. Instead, we would like to keep our comments to a few financial highlights, as well as provide some additional detail and metrics not contained in the news release. By doing so, we hope to make our formal remarks more useful, and move forward to the question and answer session quickly.

With that, let's turn to EPS… We had a strong fourth quarter and fiscal year 2005 performance, which reflected our clear and successful financial formula. This formula relies on system-wide sales growth and new franchise restaurant openings, coupled with expense management and share repurchases. Our 2005 results clearly illustrate the power of this financial formula.

Our EPS results for the year — $2.24 [dollars/cents] including charges, and $2.27 [dollars/cents] excluding impairment and closure charges and sale of real estate gain – were the result of proactive G&A management and continued share repurchases throughout 2005. As you may recall, we took steps to reduce G&A spending in the first half of 2005 when same-store sales growth slowed, and we continued to benefit from this emphasis on cost control as sales re-accelerated in the second half of last year.

We expect same-store sales growth momentum to continue in 2006, and plan to resume some level of expense growth levels – around the 5% range, excluding estimated stock option and other stock compensation expense.

We also pursued opportunistic share repurchases in 2005, which provided an excellent vehicle for value creation. We repurchased approximately 451,000 shares in the fourth quarter 2005, and approximately 1.8 million shares throughout last year, at a total expenditure of $77.5 million [dollars].

In 2005, we also met our performance expectations with regard to the two key revenue drivers of our business – same-store sales growth and new franchise restaurant openings.

Despite modest growth in the first half of 2005, strong promotions and other catalysts in the second half of the year delivered a 2.9% increase in same-store sales for all of 2005 – essentially at the mid-point of the 2% to 4% annual growth target we established at the outset of last year.

Our strategic focus on Energizing the Brand supported this growth. Limited-time offers in the third and fourth quarters leveraged IHOP's core equities and delivered positive traffic results. We utilized four national flights of cable advertising in 2005 that delivered a unique and compelling limited-time offer message to consumers and improved awareness of the IHOP brand through our "Come Hungry. Leave Happy." campaign.

Our limited-time promotional strategy continued in 2006, kicking off the year with "All You Can Eat" Pancakes. On Monday, we launched our second promotion of 2006 – Cinn-A Stacks. Cinn-A Stacks are your choice of either pancakes or French Toast that are prepared with a spread of cinnamon roll filling and topped with cream cheese icing. Cinn-A Stacks is a highly unique, appealing item that consumers will only be able to get at IHOP.

We took unprecedented steps to revitalize our system-wide menu, with comprehensive menu updates in May 2005 and, subsequently, in November 2005. Over time, we are working to gradually reduce the number of items on IHOP's menu for improved operational efficiencies at franchised restaurants, while, at the same time, providing enhanced breakfast items and exciting new lunch and dinner offerings.

Our focus on price moderation throughout 2005 also contributed to sales and traffic growth during the second half of last year as franchisees kept price increases moderate during both menu cycles. Franchisees took approximately 2.5% and 1.8% price increases in the May and November periods, respectively.

Initial guest response to the introduction of gift cards during the fourth quarter 2005 has also been positive, with a solid level of redemption occurring since the Christmas holiday period. We have plans to further grow the level of gift card sales and redemption throughout this year.

As I mentioned on our last call, next Tuesday, February 28th is National Pancake Day. IHOP and our franchisees are supporting this celebration by offering guests a free short stack of pancakes at IHOP restaurants system-wide. In turn, we will ask guests to consider making a donation to a terrific charity, First Book, for the amount they would have paid for the short stack of pancakes. First Book is a national nonprofit organization that gives new books to children in need. Starting today, we will promote this offer on national T.V. for the next week leading up to National Pancake Day.

Turning to new restaurant openings, our strategic efforts around maximizing franchise development contributed significantly to our system in 2005. Franchisees developed and opened a total of 58 new IHOP restaurants during 2005, 24 of which opened in the fourth quarter. Our area licensee in Florida opened five additional IHOP restaurants during the year. In addition, we developed four new IHOP restaurants in our Company market of Cincinnati last year. This totals 67 new IHOPs added to the system, which met our franchisee, area licensee and Company development expectations for 2005. 11 franchise and Company-operated IHOPs closed during 2005, which brings the net number of restaurant additions to the system to a total of 56 IHOPs last year.

In 2006, franchisees and our area licensee are expected to open new IHOP restaurants in 33 states, including the return of the IHOP brand to the state of Kentucky. This is a milestone for us, as IHOP has not had a presence in the state of Kentucky for more than 20 years.

Our development pipeline continues to be robust with franchise development agreements covering 419 restaurants signed, optioned or pending. Approximately 25% of these deals are with franchisees new to the IHOP system. This year, our Franchise & Development department will continue to focus on securing multi-store development agreements for target markets, including in the state of Vermont. With the signing of a development deal in Vermont, IHOP will have a presence in all 50 states in short order – which will be another exciting milestone for the IHOP brand.

Internationally, we expect to pursue additional development opportunities in Mexico and Canada over and above those currently signed or pending.

Franchisees completed 210 restaurant remodels as of the end of January 2006, which brings the total number of IHOPs remodeled with our current design package to 275 restaurants system-wide, or approximately 22% of the system. We expect franchisees to complete approximately 150 additional restaurant remodels this calendar year. And, by the beginning of 2010, all restaurants in the IHOP system are expected to be remodeled.

In addition, we plan to roll out IHOP's new restaurant building prototype to the system by the end of February. We expect to see a number of these new prototypes in markets across the county by the end of the year.

The new prototype, which was tested in Cincinnati, will provide guests with a new look and feel – inside and out. It was developed to capitalize on

IHOP's key brand equity components based on extensive consumer research, as well as to leverage our strength as a lasting American icon. The prototype uniquely expresses our brand through the use of IHOP's iconic A-frame sloped roof at the entrance of the restaurant. We have incorporated the color blue prominently, along with other warm and inviting colors, textures and lighting, as well as an interior graphics package that ties together images of IHOP's past with the present. Importantly, we believe that – by mirroring the restaurant remodel package in many ways – the prototype will present an environment that is more conducive to lunch and dinner dining, and is supportive of IHOP's long-term vision for the future. As you can imagine, our franchisees are eager to start building the new prototype.

Turning to an important sales metric, day part mix remained relatively constant at the end of 2005 versus 2004. For the system, breakfast traffic was 36%, lunch was 31%, carryover was 6%, dinner was 12%, late night was 5%, and graveyard was 10%. In our Company market in Cincinnati, traffic patterns continue to be somewhat different. Breakfast traffic was 25%, lunch was 28%, carryover was 8%, dinner was 17%, late night was 4%, and graveyard was 18%. We attribute the more evenly balanced sales distribution in Cincinnati to the fact that all restaurants opened as 24-hour locations, and offer an appealing array at breakfast, lunch and dinner.

Turning to 24-hour operations, 681 IHOP restaurants, or 56% of the system, operated some form of a 24-hour schedule at the end of 2005. We will continue efforts to extend operating hours at additional franchise restaurants this year, which would generate a small level of incremental sales, if successful. Additionally, we also expect a number of restaurants scheduled to open this year to utilize 24-hour operations.

Our strategic focus on Improving Operations Performance produced solid results in 2005. At the end of the year, 87% of all franchisees were rated as an "A" or "B" operator, while the remaining 13% were rated as "C" operators. We had almost no "D" or "F" operators. This improvement reflects our success last year of impacting and influencing C operators to improve, as we move our operational standards higher at the same time. Our Mystery shop program is a critical vehicle through which we are able to monitor the guest experience, as well as provide feedback to franchisees about their performance from the guest perspective.

Franchisees installed approximately 225 MICROS point-of-sale systems in 2005, which brings the total number of pollable POS systems to 912, or 75% of the system. And, by the end of 2007, all IHOP restaurants must utilize a pollable POS system.

Now, I'd like to turn the call over to Tom Conforti, our Chief Financial Officer, to provide you with a more detailed discussion of our segment performance and cash flow generation, among other items, for the fourth quarter and fiscal 2005.

Tom Conforti – Fourth Quarter and Fiscal 2005 Performance Detail

As Julia mentioned, I'll focus my comments on information about our financial performance that is not contained in today's news release. This will include a discussion of our segment performance drivers, cash flow highlights, as well as a high level review of unit economics at franchised restaurants.

Before turning to these details, I first wanted to suggest a more "apples to apples" comparison of 2005's EPS performance versus 2004. While the release provided proforma comparisons excluding impairment and closure charges and a gain from the sale of real estate recorded in fiscal 2004, I thought it would also be beneficial to compare our earnings performance without the effect of the 53rd week in fiscal 2004, which added approximately $4.0 million [dollars] in pretax income to 2004's results. So, excluding the effect of the 53rd week, impairment and closure charges, and the real estate gain in fiscal 2004, 2005's net income would have increased 16.4% to $44.5 million [dollars], and by $0.43 [cents] – or 23.4% – in net income per diluted share to $2.27 [dollars/cents].

Moving to segment performance, let's start with Franchise Operations. Revenue grew 2.7% for the fourth quarter and 6.2% in fiscal 2005, driven by higher retail sales as a result of growth in the number of effective units, as well as growth in same-store sales. Our revenue performance during these periods also compares favorably to 2004, even with the impact of the

53rd week, which included an additional $1.5 million [dollars] in revenue associated with an extra week of royalty and dry mix sales.

On the expense side, Franchise Operations expense decreased 6.3% in the quarter primarily due to a managed reduction in the Company's advertising fund contributions, as well as lower MICROS subsidies IHOP paid to franchisees. Expense growth for the year was modest – at 1.8% — growing at a lower level as a result of these savings throughout 2005. Franchise Operations profit was $88.6 million [dollars] for the year, which was in line with our 2005 performance expectations for this segment, and grew 10.5% versus 2004.

Turning to Rental Operations, profit in this segment decreased by 24.3% in the fourth quarter 2005 and by 8.6% for the year due to our modest same-store sales performance in the first half of 2005, and the effect of favorable lease terms offered to franchisees on refranchised restaurants. Also, the comparisons are impacted by the 53rd week in 2004, which included approximately $2.0 million [dollars] in pretax benefit associated with an extra week of rental income without an expense. We refranchised eight restaurants during the quarter and a total of 26 restaurants in fiscal 2005. We continued to benefit from our "Old Model" rental relationships, earning a rent margin at 776 IHOP locations as of the end of 2005. Rental Operations profit was $33.2 million [dollars] for the year, which met our 2005 performance expectations for this segment.

The performance of our Company Operations continued to improve in both the fourth quarter, as well as for the full year 2005. Sales decreased in this segment by 49.9% for the quarter and by 55.8% for the year, driven by our successful refranchising and repositioning efforts as we placed weaker performing restaurants in the hands of franchisees with deal structures that mitigated their downside. As a result, we ended the year with only seven Company-operated restaurants, six of which were in our Company market of Cincinnati.

Company Operations expenses declined by 56.5% for the year primarily as a result of our repositioning efforts. It is important to understand that, in almost every instance, we have been able to refranchise restaurants takebacks in 2005 from defaulting franchisees immediately, foregoing significant expenses associated with taking possession of and operating the restaurant. Company Operations loss narrowed to $(1.1) million [dollars] for the year, which met our 2005 performance expectations for this segment, decreasing our loss by 63.9% versus 2004.

Finally, turning to Financing Operations… This segment continued to gradually decline as expected in line with declining long-term note balances in the fourth quarter and fiscal 2005. Segment comparisons to 2004 are also impacted by the 53rd week. In 2004, this added an extra week of interest income, which amounts to approximately $450,000 [dollars] pretax. Financing Operations profit was $14.7 million [dollars] for the year, which met our 2005 performance expectations for this segment.

Moving to General and Administrative expense, G&A came in 1.8% below 2004 spending levels at $58.8 million [dollars]. This was not only due to the careful expense management that Julia referenced – but also due to the absence of certain one-time expenses in 2005 versus 2004. In 2004, we incurred increased recruiting and relocation expenses associated, in part, with the development of our dedicated market in Cincinnati, as well as increased professional services expenses incurred due to the implementation of Sarbanes-Oxley. Additionally, reduced travel and conference expense was a significant factor driving G&A expense lower in 2005 versus 2004. This was the result of the proactive steps we took early in 2005. Looking ahead, we will continue to aggressively seek out areas to manage and control spending, but we will resume some spending growth in 2006 as our sales results have shown great recovery in the second half of 2005.

A particular strength of our operating model is our ability to generate significant, reliable cash flows. In 2005, we generated $74.8 million [dollars] in total cash. This includes $55.4 million [dollars] in Cash from Operations, as well as $19.4 million [dollars] in cash generated from the run-off of principal receipts from note, equipment contracts and direct financing leases receivables. Looking at Free Cash Flow – Cash from Operation less CAPEX – per share was approximately $2.45 [dollars/cents], while cash generated from the run-off of our principal receipts of long-term receivables was nearly a dollar per share.

Cash from Operations in 2005 was lower than the prior year, partially due to a one-time non-cash charge of $14.1 million [dollars] in 2004 associated with our Company restaurant repositioning efforts. Cash from Operations was also impacted by higher advertising payments in 2005 compared to 2004, as well as a decrease in net tax liabilities associated with the tax treatment of our receivables run-off in 2005.

Before moving on, I'd like to take a moment to provide an update on our IRS appeals process. As you know, the IRS is challenging our tax treatment of the accounting methodology IHOP uses to report initial franchise fees for federal income tax purposes. While our appeal is still underway, we have continued to pay taxes over time associated with past deferred tax obligations. As a result, while we still expect our worst case federal tax obligation to be approximately $19 million [dollars] – excluding interest, penalties and any related state tax liability – should the appeal not go our way, we now anticipate that IHOP's net federal tax obligation to be approximately $10 million [dollars]. Therefore, we would expect to receive a refund for taxes already paid, which translates to significantly less cash outflow as a result of any potential negative outcome of the appeals process.

Capital expenditures came in well below our expectations at $7.4 million [dollars] for fiscal 2005, primarily due to timing of restaurant development in our Company market of Cincinnati. We expect a spending catch up in 2006, which is reflected in our CAPEX guidance of $12 to $14 million [dollars] this year.

Moving to balance sheet highlights, cash and cash equivalents decreased primarily due to cash generated net of CAPEX being offset by share repurchase activities and dividend payments during the year. Long-term asset categories continued to show a gradual decline, as expected, due to our business model change.

I also wanted to mention that we are in the process of actively evaluating the alternatives and implications of addressing the covenant restriction regarding minimum shareholders' equity levels on our private placement debt. We hope to determine a more definitive path by the end of the first half of 2006, and plan to share that decision in a timely manner.

Finally, I'd like to provide you with a snapshot of the long promised unit level economics at franchise restaurants. Please bear in mind that this information is based on summary unaudited financial statements we have collected from our franchisees, and whose accuracy we cannot vouch for. This information includes 785 restaurants that operate under "Old Model" economics, which typically have higher costs of doing business than restaurants developed by franchisees. These higher costs include higher rents and a higher cost of capital, but substantially lower upfront investment as IHOP delivered turnkey operations to franchisees through the use of our balance sheet. The "Old" franchising model represented for our franchisees a low investment, limited return profit model, as IHOP needed additional revenue streams from franchisees to justify the use of our balance sheet.

With that caveat, an average "Old Model" franchise restaurant reported an approximate 8% profit from the operations of the four-wall restaurant in 2005. Average retail sales at a franchise restaurant were approximately $1.7 million [dollars] in 2005, while food costs were approximately 25.1% and labor costs were approximately 32.5%.

We also looked at the profitability profile of franchisees with restaurants not developed under the "Old Model" – that is, restaurants where the development and financing came from sources other than IHOP. Profit at 223 franchisee-developed restaurants was reported at approximately 11% and average retails sales were approximately $1.7 million [dollars] in 2005. Food costs were approximately 24.6% and labor costs were approximately 33.2% at franchisee-developed IHOPs.

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

Julia Stewart – Wrap Up to Q&A

Thanks, Tom. We are extremely pleased with our performance in 2005.

2005 was always the year in which we said we would reach "steady state" and complete our business model transition, and a year in which we would demonstrate the full strategic and financial benefits of our new business model. And, we did just that!

We ended the year with strong same-store sales momentum, which we expect to continue into 2006. Our franchisees met their development commitments in the numbers and timeframes expected. Careful G&A

management demonstrated the type of operating leverage we can achieve – even when faced with modest sales performance in the first half of 2005. And, we kept our commitment to maximize shareholder value through share repurchase and dividend payments. Since 2003, we have returned an excess of $215 million [dollars] to shareholders.

IHOP's three-fold strategy – Energizing the Brand, Improving Operations Performance and Maximizing Franchise Development – are as relevant today as they were three years ago. And, we will continue to employ these strategies with a disciplined approach in our efforts to become number one in family dining.

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

Julia Stewart – Closing Comments

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 first quarter 2006 results, which is scheduled for Wednesday, April 26th. Thank you.