UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1999

OR

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

FOR THE TRANSITION PERIOD FROM _____________ TO _____________

COMMISSION FILE NUMBER 0-8360

IHOP CORP.

(Exact name of registrant as specified in its charter)

DELAWARE	95-3038279
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

525 NORTH BRAND BOULEVARD, GLENDALE, CALIFORNIA 91203-1903
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AS OF SEPTEMBER 30, 1999
Common Stock, $.01 par value	20,110,647

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
	(UNAUDITED)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,215	$ 8,577
Receivables	29,135	28,461
Reacquired franchises and equipment held for sale, net	2,662	2,284
Inventories	1,238	1,222
Prepaid expenses	4,032	274
Total current assets	47,282	40,818
Long-term receivables	237,535	217,156
Property and equipment, net	185,594	161,689
Reacquired franchises and equipment held for sale, net	15,085	12,943
Excess of costs over net assets acquired, net	11,732	12,054
Other assets	1,100	1,239
Total assets	$498,328	$445,899
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	$ 5,498	$ 5,386
Accounts payable	19,933	22,589
Accrued employee compensation and benefits	7,316	6,017
Other accrued expenses	7,971	5,309
Deferred income taxes	3,486	2,560
Capital lease obligations	1,550	1,388
Total current liabilities	45,754	43,249
Long-term debt	49,740	49,765
Deferred income taxes	38,019	34,708
Capital lease obligations and other	147,903	130,309
Shareholders' equity		
Preferred stock, $1 par value, 10,000,000 shares authorized; none issued	--	--
Common stock, $.01 par value, 40,000,000 shares authorized; shares issued and outstanding: September 30, 1999, 20,110,647 shares; December 31, 1998, 19,763,160 shares (net of 9,240 treasury shares)	202	199
Additional paid-in capital (net of treasury shares at cost: 1998, $154)	66,379	60,100
Retained earnings	149,247	126,169
Contribution to ESOP	1,084	1,400
Total shareholders' equity	216,912	187,868
Total liabilities and shareholders' equity	$498,328	$445,899

See the accompanying notes to the consolidated financial statements.

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
Revenues				
Franchise operations				
Rent	$11,457	$ 9,964	$ 33,899	$ 28,428
Service fees and other	30,176	26,836	87,605	77,066
	41,633	36,800	121,504	105,494
Sale of franchises and equipment	12,114	12,649	27,052	28,725
Company operations	18,271	16,855	52,298	52,891
Total revenues	72,018	66,304	200,854	187,110
Costs and Expenses				
Franchise operations				
Rent	5,939	4,885	17,533	14,523
Other direct costs	10,234	9,799	30,884	27,939
	16,173	14,684	48,417	42,462
Cost of sales of franchises and equipment	7,586	7,778	16,674	18,060
Company operations	17,366	15,941	49,573	49,598
Field, corporate and administrative	8,848	7,963	26,010	23,794
Depreciation and amortization	3,153	2,891	9,245	8,397
Interest	4,869	4,460	13,715	12,676
Other (income) and expense, net	(29)	710	(307)	1,944
Total costs and expenses	57,966	54,427	163,327	156,931
Income before income taxes	14,052	11,877	37,527	30,179
Provision for income taxes	5,411	4,632	14,449	11,770
Net income	$ 8,641	$ 7,245	$ 23,078	$ 18,409
Net Income Per Share				
Basic	$ 0.43	$ 0.37	$ 1.16	$ 0.94
Diluted	$ 0.42	$ 0.36	$ 1.13	$ 0.92
Weighted Average Shares Outstanding				
Basic	20,068	19,710	19,940	19,628
Diluted	20,496	20,103	20,364	20,009

See the accompanying notes to the consolidated financial statements.

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)
(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998
Cash flows from operating activities		
Net income	$ 23,078	$ 18,409
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	9,245	8,397
Deferred taxes	4,237	3,066
Contribution to ESOP	1,084	969
Change in current assets and liabilities		
Accounts receivable	774	2,493
Inventories	(16)	58
Prepaid expenses	(3,758)	418
Accounts payable	(2,656)	(3,586)
Accrued employee compensation and benefits	1,299	1,056
Other accrued expenses	2,662	3,634
Other, net	269	4,680
Cash provided by operating activities	36,218	39,594
Cash flows from investing activities		
Additions to property and equipment	(54,269)	(57,012)
Proceeds from sale and leaseback arrangements	17,684	11,684
Additions to notes, equipment contracts and direct financing leases receivable	(9,414)	(9,588)
Principal receipts from notes, equipment contracts and direct financing leases receivable	8,174	7,149
Additions to reacquired franchises held for sale	(929)	(1,289)
Cash used by investing activities	(38,754)	(49,056)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	3,372	6,535
Repayment of long-term debt	(3,285)	(3,341)
Principal payments on capital lease obligations	(795)	(526)
Exercise of stock options	4,882	3,452
Cash provided by financing activities	4,174	6,120
Net change in cash and cash equivalents	1,638	(3,342)
Cash and cash equivalents at beginning of period	8,577	5,964
Cash and cash equivalents at end of period	$ 10,215	$ 2,622
Supplemental disclosures		
Interest paid, net of capitalized amounts	$ 12,536	$ 11,373
Income taxes paid	10,315	7,598
Capital lease obligations incurred	19,865	18,017

See the accompanying notes to the consolidated financial statements.

IHOP CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL--The accompanying, unaudited, consolidated financial statements for the three months and nine months ended September 30, 1999 and 1998, have been prepared in accordance with generally accepted accounting principles ("GAAP"). These financial statements have not been audited by independent public accountants but include all adjustments, consisting of normal, recurring accruals, which in the opinion of management of IHOP Corp. and Subsidiaries ("IHOP") are necessary for a fair statement of the financial position and the

results of operations for the periods presented. The accompanying consolidated balance sheet as of December 31, 1998, has been derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for the three months and nine months ended September 30, 1999, are not necessarily indicative of the results to be expected for the full year ending December 31, 1999.

2. STOCK SPLIT--On April 29, 1999, IHOP Corp.'s Board of Directors authorized a 2-for-1 split of IHOP's common stock effective May 27, 1999, in the form of a stock dividend for stockholders of record at the close of business on May 13, 1999. All share, per-share retained earnings, and common stock amounts in the accompanying consolidated financial statements have been restated to give effect to the stock split.

3. SEGMENTS--IHOP identifies its operating segments based on the organizational units used by management to monitor performance and make operating decisions. The Franchise Operations segment includes restaurants operated by franchisees and area licensees in the United States, Canada and Japan. The Company Operations segment includes company-operated restaurants in the United States. We measure segment profit as operating income, which is defined as income before field, corporate and administrative expense, interest expense, and income taxes. Information on segments and a reconciliation to income before income taxes are as follows:

	FRANCHISE OPERATIONS	COMPANY OPERATIONS	SALES OF FRANCHISES AND EQUIPMENT	CONSOLIDATING ADJUSTMENTS AND OTHER	CONSOLIDATED TOTAL
			(IN THOUSANDS) (UNAUDITED)		
THREE MONTHS ENDED SEPTEMBER 30, 1999					
Revenues from external customers.........	$ 41,618	$18,271	$12,114	$ 15	$ 72,018
Intercompany real estate charges (revenues)	1,502	167	--	(1,669)	--
Depreciation and amortization...........	917	1,001	--	1,235	3,153
Operating income (loss).................	19,331	(770)	4,528	4,680	27,769
Field, corporate and administrative......					8,848
Interest expense........................					4,869
Income before income taxes..............					14,052
Additions to long-lived assets..........	8,915	1,837	79	5,150	15,981
Total assets............................	351,616	49,938	17,747	79,027	498,328
THREE MONTHS ENDED SEPTEMBER 30, 1998					
Revenues from external customers.........	36,838	16,855	12,649	(38)	66,304
Intercompany real estate charges (revenues)............................	1,575	205	--	(1,780)	--
Depreciation and amortization...........	837	910	--	1,144	2,891
Operating income (loss).................	16,635	(642)	4,871	3,436	24,300
Field, corporate and administrative......					7,963
Interest expense........................					4,460
Income before income taxes..............					11,877
Additions to long-lived assets..........	12,594	--	638	7,668	20,900
Total assets............................	301,528	40,926	17,577	69,321	429,352

	FRANCHISE OPERATIONS	COMPANY OPERATIONS	SALES OF FRANCHISES AND EQUIPMENT	CONSOLIDATING ADJUSTMENTS AND OTHER	CONSOLIDATED TOTAL
			(IN THOUSANDS) (UNAUDITED)		
NINE MONTHS ENDED SEPTEMBER 30, 1999					
Revenues from external customers.........	$121,532	$52,298	$27,052	$ (28)	$200,854
Intercompany real estate charges (revenues)............................	4,320	422	--	(4,742)	--
Depreciation and amortization...........	2,808	2,930	--	3,507	9,245
Operating income (loss).................	55,724	(2,118)	10,378	13,268	77,252
Field, corporate and administrative......					26,010
Interest expense........................					13,715
Income before income taxes..............					37,527
Additions to long-lived assets..........	35,606	4,119	929	14,544	55,198
Total assets............................	351,616	49,938	17,747	79,027	498,328
NINE MONTHS ENDED SEPTEMBER 30, 1998					
Revenues from external customers.........	105,617	52,891	28,725	(123)	187,110
Intercompany real estate charges (revenues)............................	4,156	714	--	(4,870)	--
Depreciation and amortization...........	2,348	2,798	--	3,251	8,397
Operating income (loss).................	47,964	(1,490)	10,665	9,510	66,649
Field, corporate and administrative......					23,794
Interest expense........................					12,676

Income before income taxes..............					30,179
Additions to long-lived assets..........	33,484	3,484	1,289	20,044	58,301
Total assets............................	301,528	40,926	17,577	69,321	429,352

For management reporting purposes, we treat all restaurant lease revenues and expenses as operating lease revenues and expenses, although most of these leases are direct financing leases (revenues) or capital leases (expenses). The accounting adjustments required to bring lease revenues and expenses into conformance with GAAP are included in the Consolidated Adjustments and Other segment. All of IHOP's owned land and restaurant buildings are included in the total assets of the Consolidating Adjustments and Other segment and are leased to the Franchise Operations and Company Operations segments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth certain operating data for IHOP restaurants:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
	(DOLLARS IN THOUSANDS) (UNAUDITED)			
Restaurant Data				
Effective restaurants(a)				
Franchise................................	644	589	630	576
Company..................................	75	72	73	74
Area license.............................	149	146	147	145
Total..................................	868	807	850	795
System-wide				
Sales(b)..................................	$289,644	$261,159	$837,740	$758,917
Percent increase........................	10.9%	12.2 %	10.4 %	13.2 %
Average sales per effective restaurant.....	$ 334	$ 324	$ 986	$ 955
Percent increase........................	3.1%	4.2 %	3.2 %	5.2 %
Comparable average sales per restaurant(c)...........................	$ 351	$ 338	$ 1,031	$ 993
Percent increase........................	0.6%	1.3 %	1.1 %	2.7 %
Franchise				
Sales.....................................	$236,994	$211,568	$684,067	$604,808
Percent increase........................	12.0%	15.2 %	13.1 %	15.0 %
Average sales per effective restaurant.....	$ 368	$ 359	$ 1,086	$ 1,050
Percent increase........................	2.5%	5.6 %	3.4 %	7.0 %
Comparable average sales per restaurant(c)...........................	$ 363	$ 349	$ 1,067	$ 1,026
Percent increase........................	0.5%	1.4 %	1.0 %	2.9 %
Company				
Sales.....................................	$ 18,271	$ 16,855	$ 52,298	$ 52,891
Percent change..........................	8.4%	5.0 %	(1.1)%	17.8 %
Average sales per effective restaurant.....	$ 244	$ 234	$ 716	$ 715
Percent change..........................	4.3%	(2.5)%	0.1 %	0.3 %
Area License				
Sales.....................................	$ 34,379	$ 32,736	$101,375	$101,218
Percent change..........................	5.0%	(0.5)%	0.2 %	1.9 %
Average sales per effective restaurant.....	$ 231	$ 224	$ 690	$ 698
Percent change..........................	3.1%	(3.9)%	(1.1)%	(2.2)%

(a) "Effective restaurants" are the number of restaurants in a given fiscal period adjusted to account for restaurants open only a portion of the period.

(b) "System-wide sales" are retail sales of franchisees, area licensees and company-operated restaurants as reported to IHOP.

(c) "Comparable average sales" reflects sales for restaurants that are operated for the entire fiscal period in which they are being compared. Comparable average sales do not include data on restaurants located in Florida and Japan.

The following table summarizes IHOP's restaurant development and franchising activity:

	THREE MONTHS ENDED SEPTEMBER 30, 1999	THREE MONTHS ENDED SEPTEMBER 30, 1998	NINE MONTHS ENDED SEPTEMBER 30, 1999	NINE MONTHS ENDED SEPTEMBER 30, 1998
	(UNAUDITED)			
RESTAURANT DEVELOPMENT ACTIVITY				
IHOP--beginning of period	864	804	835	787
New openings				
IHOP-developed	18	18	45	40
Investor and conversion programs	1	3	5	9
Area license	1	-	4	2
Total new openings	20	21	54	51
Closings				
Company and franchise	(1)	(6)	(6)	(18)
Area license	-	-	-	(1)
IHOP--end of period	883	819	883	819
Summary--end of period				
Franchise	660	603	660	603
Company	74	70	74	70
Area license	149	146	149	146
Total IHOP	883	819	883	819
RESTAURANT FRANCHISING ACTIVITY				
IHOP-developed	18	20	42	44
Investor and conversion programs	1	3	5	9
Rehabilitated and refranchised	3	3	4	6
Total restaurants franchised	22	26	51	59
Reacquired by IHOP	(2)	(5)	(10)	(14)
Closed	-	(4)	(5)	(13)
Net addition	20	17	36	32

GENERAL

The following discussion and analysis provides information we believe is relevant to an assessment and understanding of IHOP's consolidated results of operations and financial condition. The discussion should be read in conjunction with the consolidated financial statements and notes thereto contained in IHOP's Annual Report on Form 10-K for the fiscal year ended December 31, 1998. Certain forward-looking statements are contained in this quarterly report. They use such words as "may," "will," "expect," "believe," "plan," or other similar terminology. These statements involve known and unknown risks, uncertainties and other factors that 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: availability of suitable locations and terms of the sites designated for development; legislation and government regulation including the ability to obtain satisfactory regulatory approvals; conditions beyond IHOP's control such as weather or natural disasters; availability and cost of materials and labor; cost and availability of capital; competition; continuing acceptance of the International House of Pancakes brand and concept by guests and franchisees; IHOP's overall marketing, operational and financial performance; IHOP's ability to mitigate the impact of the year 2000 issue successfully;

economic and political conditions; adoption of new, or changes in, accounting policies and practices; and other factors discussed from time to time in our filings with the Securities and Exchange Commission. Forward-looking information is provided by us 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, we disclaim any intent or obligation to update these forward-looking statements.

Our quarterly results are subject to seasonal fluctuation. The mix and number of restaurants franchised affect revenues from sales of franchises and equipment and their associated costs of sales. We franchise four kinds of restaurants: restaurants newly developed by IHOP, restaurants developed by franchisees, restaurants developed by area licensees and restaurants that have been previously reacquired from franchisees. Franchise rights for restaurants newly developed by IHOP normally sell for a franchise fee of $200,000 to $350,000, have little if any franchise cost of sales and have equipment in excess of $300,000 that is usually sold at a price that includes little or no profit margin. Franchise rights for restaurants developed by franchisees normally sell for a franchise fee of $50,000, have minor associated franchise cost of sales and do not include an equipment sale. Area license rights are normally granted in return for a one-time development fee that is recognized ratably as restaurants are developed in the area. Previously reacquired franchises normally sell for a franchise fee of $100,000 to $300,000, include an equipment sale, and may have substantial costs of sales associated with both the franchise and the equipment. The timing of sales of franchises is affected by the timing of new restaurant openings and the number of restaurants in our inventory of restaurants that are available for refranchising. As a consequence of the foregoing factors, the results of operations for the nine months ended September 30, 1999, are not necessarily indicative of the results to be expected for the full year ending December 31, 1999.

SYSTEM-WIDE RETAIL SALES

System-wide retail sales include the sales of all IHOP restaurants as reported to IHOP by its franchisees, area licensees and company-operated restaurants. System-wide retail sales grew $28,485,000 or 10.9% in the third quarter of 1999 and $78,823,000 or 10.4% in the first nine months of 1999. Growth in the number of effective restaurants and increases in average per unit sales caused the growth in system-wide sales. "Effective restaurants" are the number of restaurants in operation in a given fiscal period adjusted to account for restaurants in operation for only a portion of the period. Effective restaurants grew by 61 or 7.6% in the third quarter of 1999 and by 55 or 6.9% in the first nine months of 1999 due to new restaurant development. Newly developed restaurants generally have seating and sales above the system-wide averages. System-wide comparable average sales per restaurant (exclusive of area license restaurants in Florida and Japan) grew 0.6% in the third quarter of 1999 and 1.1% in the first nine months of 1999. Management continues to pursue growth in sales through new restaurant development, advertising and marketing efforts, improvements in customer service and operations, and remodeling of existing restaurants.

FRANCHISE OPERATIONS

Franchise operations revenues are the revenues received by IHOP from its franchisees and include rent, royalties, sales of proprietary products, advertising fees and interest. Franchise operations revenues were 57.8% of total revenues in the third quarter of 1999 and 60.5% of total revenues in the first nine months of 1999. Franchise operations revenues grew $4,833,000 or 13.1% in the third quarter of 1999 and $16,010,000 or 15.2% in the first nine months of 1999. An increase in the number of effective franchise restaurants coupled with higher average sales per franchise restaurant caused the growth in franchise operations revenues. Effective franchise restaurants grew by 55 or 9.3% in the third quarter of 1999 and by 54 or 9.4% in the first nine months of 1999. Average sales per franchise restaurant grew 2.5% in the third quarter of 1999 and 3.4% in the first nine months of 1999.

Franchise operations costs and expenses include rent, advertising, the cost of sales of proprietary products and other direct costs associated with franchise operations. Franchise operations costs and expenses increased $1,489,000 or 10.1% in the third quarter of 1999 and $5,955,000 or 14.0% in the first nine months of 1999. Increases in franchise operations costs were generally in line with the growth in franchise operations revenue. A reduction in the number of IHOP-owned restaurant properties due to sale and leaseback arrangements completed in the second quarter of 1999 caused an increase in rent expense in the third quarter of 1999.

Franchise operations margin is equal to franchise operations revenues less franchise operations costs and expenses. Franchise operations margin increased $3,344,000 to $25,460,000 in the third quarter of 1999 and $10,055,000 to $73,087,000 in the first nine months of 1999. Franchise operations margin was 61.2% and 60.2% of franchise operations revenues in the third quarter and first nine months of 1999 compared with 60.1% and 59.7% in the same periods in the prior year. Increased interest income associated with IHOP's financing of sales of franchises and equipment to its franchisees was primarily responsible for the improvement in franchise operations margin in 1999.

SALES OF FRANCHISES AND EQUIPMENT

Sales of franchises and equipment were 16.8% of total revenues in the third quarter of 1999 and 13.5% of total revenues in the first nine months of 1999. Sales of franchises and equipment declined $535,000 or 4.2% in the third quarter of 1999 and $1,673,000 or 5.8% in the first nine months of 1999. A decrease in the number of restaurants franchised was the primary cause of the decline in sales of franchises and equipment. IHOP franchised 22 and 51 restaurants in the third quarter and first nine months of 1999 compared with 26 and 59 in the same periods in the prior year.

Cost of sales of franchises and equipment declined $192,000 or 2.5% in the third quarter of 1999 and $1,386,000 or 7.7% in the first nine months of 1999. The decline was generally in line with the decrease in the number of restaurants franchised, although the mix of restaurants franchised also impacted the cost of sales.

Margin on sales of franchises and equipment is equal to sales of franchises and equipment less the cost of sales of franchises and equipment. Margin on sales of franchises and equipment decreased $343,000 to $4,528,000 in the third quarter of 1999 and decreased $287,000 to $10,378,000 in the first nine months of 1999. Margin on sales of franchises and equipment was 37.4% and 38.4% in the third quarter and first nine months of 1999 compared with 38.5% and 37.1% in the same periods in the prior year. The change in margin was primarily due to the mix of restaurants franchised in the respective periods.

COMPANY OPERATIONS

Company operations revenues are sales to customers at restaurants operated by IHOP. Company operations revenues were 25.4% of total revenues in the third quarter of 1999 and 26.0% of total revenues in the first nine months of 1999. Company operations revenues increased $1,416,000 or 8.4% in the third quarter of 1999 and decreased $593,000 or 1.1% in the first nine months of 1999. Changes in the number of effective IHOP operated restaurants were primarily responsible for the changes in revenues. Effective IHOP operated restaurants increased by three or 4.2% in the third quarter of 1999 and decreased by one or 1.4% in the first nine months of 1999. Average sales per IHOP operated restaurant increased by 4.3% in the third quarter of 1999 and by 0.1% in the first nine months of 1999.

Company operations costs and expenses include food, labor and benefits, utilities and occupancy costs. Company operations costs increased $1,425,000 or 8.9% in the third quarter of 1999 and decreased $25,000 or 0.1% in the first nine months of 1999. IHOP experienced slight increases in the costs of food, labor and benefits as a percentage of company operations revenues in the third quarter and first nine months of 1999.

Company operations margin is equal to company operations revenues less company operations costs and expenses. Company operations margin declined $9,000 to $905,000 in the third quarter of 1999 and $568,000 to $2,725,000 in the first nine months of 1999. Company operations margin was 5.0% and 5.2% of company operations revenues in the third quarter and first nine months of 1999 compared with 5.4% and 6.2% in the same periods in the prior year.

OTHER COSTS AND EXPENSES AND BALANCE SHEET ACCOUNTS

Field, corporate and administrative costs and expenses increased $885,000 or 11.1% and $2,216,000 or 9.3% in the third quarter and first nine months of 1999 compared with the same periods in the prior year. The increases were primarily caused by normal increases in salaries and wages and the addition of employees to support our growth. Field, corporate and administrative costs were 3.1% of system-wide sales in both the third quarter and first nine months of 1999 compared with 3.0% and 3.1% in the same periods in the prior year.

Depreciation and amortization expense increased $262,000 or 9.1% and $848,000 or 10.1% in the third quarter and first nine months of 1999. The increases were caused primarily by the addition of new restaurants to the IHOP chain from our ongoing restaurant development program.

Interest expense increased $409,000 or 9.2% and $1,039,000 or 8.2% in the third quarter and first nine months of 1999. The increases were due to interest associated with capital leases which were partially offset by reductions in interest on our senior notes due 2002 as the principal balance is paid down.

The balance of long-term receivables at September 30, 1999, increased over that of the prior year end primarily due to IHOP's financing activities associated with the sale of franchises and equipment and the leasing of restaurants to its franchisees.

The net balance of long-term reacquired franchises and equipment held for sale at September 30, 1999, increased over that of the prior year end primarily due to the reacquisition of ten restaurants during the first nine months of 1999. The increase was partially offset by the refranchising of four restaurants in the same period.

Balances of property and equipment, net and capital lease obligations at September 30, 1999, increased over those of the prior year end primarily due to new restaurant development and IHOP's capital lease obligations associated with that development.

LIQUIDITY AND CAPITAL RESOURCES

We invest in our business primarily through the development of additional restaurants and, to a lesser extent, through the remodeling of older company-operated restaurants.

In 1999 IHOP and its franchisees and area licensees forecast developing and opening approximately 70 to 80 restaurants. Included in that number are the development of 60 to 65 new restaurants by us and the development of 10 to 15 restaurants by our franchisees and area licensees. This forecast differs from earlier projections due to a decrease by ten in the number of restaurants projected to be developed and opened by our franchisees and area licensees. Capital expenditure projections for 1999, which include our portion of the above development program, are approximately $75 to $85 million. In November 1999 the fourth annual installment of $4.6 million in principal becomes due on our senior notes due 2002. We expect that funds from operations, sale and leaseback arrangements (estimated to be about $30 to $35 million) and our $20 million revolving line of credit will be sufficient to cover our operating requirements, our budgeted capital expenditures and our principal repayment on our senior notes in 1999. At September 30, 1999, $20 million was available to be borrowed under our unsecured bank revolving credit agreement. In June 1999 IHOP's unsecured bank revolving credit agreement was extended by one year, through June 30, 2002, under similar terms and conditions.

YEAR 2000 COMPLIANCE

The Year 2000 issue is primarily a result of computer programs being written using two digits, e.g. "99," to define a year. Date sensitive hardware and software may recognize the year "00" as the year 1900 rather than the year 2000. This would result in errors and miscalculations or even system failure causing

disruptions in everyday business activities and transactions. Software is termed Year 2000 compliant when it is capable of performing transactions correctly in the year 2000.

IHOP's information technology ("IT") systems include our financial software for accounting and payroll, our network hardware and software and our restaurant point-of-sale (POS) systems. In 1996 and 1997 we installed new client-server software and hardware to perform accounting and payroll functions. This software was upgraded to the latest release in 1999. In 1998 we upgraded our network hardware and software to current release versions. The various vendors of these hardware and software systems have represented to IHOP that they are Year 2000 compliant.

Most of our POS systems have been supplied by one vendor. That vendor had represented to IHOP in 1997 that these systems were Year 2000 compliant, but later informed us that the systems were not Year 2000 compliant. Our vendor agreed to supply, free of charge to all sites under software maintenance contracts, software upgrades to make our franchise and company operated POS systems Year 2000 compliant. The software upgrade is available to sites not under software maintenance contracts at a cost of $1,000 per site. In some older POS systems, upgraded hardware will be necessary to run the new versions of the software. Costs to upgrade or replace existing hardware range from $500 to $5,000 per POS system for these older systems. Costs to be incurred in company-operated restaurants are included in IHOP's estimated future remediation and testing costs discussed below. We expect to have substantially all of our POS systems Year 2000 compliant before December 31, 1999, however, IHOP franchisees are independent operators and some franchisees may choose to not upgrade their systems. As of October 27, 1999, upgraded software has been shipped to approximately 90% of the sites using this POS equipment.

Our non-IT systems consist primarily of our telephone switching equipment and restaurant operating equipment. We have upgraded our telephone switching equipment where necessary. Our assessment of our restaurant operating equipment has indicated that modification or replacement will not be necessary as a result of the Year 2000 issue. Therefore we are not currently remediating this operating equipment. However, the existence of non-compliant embedded technology in this type of equipment is, by nature, more difficult to identify and repair than in computer hardware and software.

We developed plans in conjunction with a major IT consulting company to independently test all of our IT and non-IT systems to ensure that they are Year 2000 compliant. We completed the testing phase for all significant systems by September 30, 1999, and all systems tested as Year 2000 compliant except for certain POS systems, as discussed above.

IHOP's most significant third-party business partners consist of restaurant food and supplies vendors who serve the IHOP chain. An inventory of our significant third-party partners has been completed and letters mailed requesting information regarding each party's Year 2000 compliance status. We received responses from all of these vendors indicating that the vendor is now or will be Year 2000 compliant prior to January 1, 2000.

Information received from our primary bank indicates that the bank will be Year 2000 compliant prior to January 1, 2000.

A Year 2000 information package has been sent to all franchisees. It explains the Year 2000 issue and associated business risks and provides information to assist the franchisees in assessing and remediating their Year

2000 risks. Additional mailings to franchisees have been made as IHOP learns of new Year 2000 related facts. IHOP will continue its efforts to raise awareness and inform franchisees of the risks posed by the Year 2000 throughout fiscal year 1999.

To date IHOP's costs specifically related to the Year 2000 issue in IT and non-IT systems have been less than $250,000. Future remediation and testing costs are currently estimated at $100,000 or less, although these costs could increase substantially if remediation of restaurant operating equipment becomes necessary.

We believe that we have an effective plan in place to resolve the Year 2000 issue in a timely manner. However, due to the unusual nature of the problem and lack of historical experience with Year 2000 issues, it is difficult to predict with certainty what will happen after December 31, 1999. For example, if there are general public infrastructure failures, IHOP will not have contingency plans available to it to operate restaurants under those conditions. As a result, those restaurants affected will be unable to operate until the failures are resolved.

Despite our Year 2000 remediation, testing efforts and contingency planning, there may be disruptions and unexpected business problems caused by IT systems, non-IT systems or third party vendors during the early months of the year 2000. IHOP has made diligent efforts to assess the Year 2000 readiness of our significant business partners and have developed contingency plans for critical areas where we believe our exposure to Year 2000 risk is the greatest. However, despite our best efforts, we may encounter unanticipated third party failures or a failure to have successfully concluded our systems remediation efforts. Any of these unforeseen events could have a material adverse impact on IHOP's results of operations, financial condition or cash flows. Additionally, any prolonged inability of a significant number of our franchisees to operate their restaurants and remit payments to us could have a material adverse effect on us. The amount of any potential losses related to these occurrences cannot be reasonably estimated at this time.

The most likely worst case scenario for IHOP is that a significant number of our restaurants will be unable to operate for a few days due to public infrastructure failures and/or food supply problems. Some restaurants may have longer-term problems lasting a few weeks. The failure of restaurants to operate would result in reduced revenues and cash flows for IHOP during the period of disruption. Loss of company-operated restaurant revenues would be partially mitigated by reduced costs. Loss of revenues from franchise operations would more directly impact our profitability. The impact to IHOP of one lost day of operations, on average, for all franchised restaurants is projected to be approximately $500,000. Our gross profit margin on franchise operations in the first nine months of 1999 was 60.2%.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

Exhibits not incorporated by reference are filed herewith. The remainder of the exhibits have heretofore been filed with the Commission and are incorporated herein by reference.

3.1 Certificate of Incorporation of IHOP Corp. Exhibit 3.1 to IHOP Corp.'s Form 10-K for the fiscal year ended December 31, 1997 (the "1997 Form 10-K") is hereby incorporated by reference.

3.2 Bylaws of IHOP Corp. Exhibit 3.2 to IHOP Corp.'s 1997 Form 10-K is hereby incorporated by reference.

11.0 Statement Regarding Computation of Per Share Earnings.

27.0 Financial Data Schedule

(b) No reports on Form 8-K were filed during the quarter ended September 30, 1999.

SIGNATURES

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 thereunto duly authorized.

IHOP CORP.
(Registrant)

October 28, 1999 (Date)	BY:	/s/ RICHARD K. HERZER CHAIRMAN OF THE BOARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER (PRINCIPAL EXECUTIVE OFFICER)
October 28, 1999 (Date)	BY:	/s/ GENE A. SCOTT CONTROLLER, ACTING CHIEF FINANCIAL OFFICER (PRINCIPAL ACCOUNTING OFFICER)

EXHIBIT 11.0

IHOP CORP. AND SUBSIDIARIES STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
1999	1999	1998	1999	1998
NET INCOME PER COMMON SHARE-BASIC				
Weighted average shares outstanding......................	20,068	19,710	19,940	19,628
Net income available to common shareholders..............	$ 8,641	$ 7,245	$23,078	$18,409
Net income per share-basic...............................	$ 0.43	$ 0.37	$ 1.16	$ 0.94
NET INCOME PER COMMON SHARE-DILUTED				
Weighted average shares outstanding......................	20,068	19,710	19,940	19,628
Net effect of dilutive stock options based on the treasury stock method using the average market price......	428	393	424	381
Total...	20,496	20,103	20,364	20,009
Net income available to common shareholders..............	$ 8,641	$ 7,245	$23,078	$18,409
Net income per share-diluted.............................	$ 0.42	$ 0.36	$ 1.13	$ 0.92

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
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