

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, 2000
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 (IRS Employer Identification No.)
of
incorporation or organization)

450 NORTH BRAND BOULEVARD, GLENDALE, CALIFORNIA 91203-1903
(Address of principal executive offices) (Zip Code)
(818) 240-6055
(Registrant's telephone number, including area code)

525 North Brand Boulevard,
Glendale, California 91203-1903
(Former Address)

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, 2000
----- Common Stock, \$.01 par value	----- 20,008,341
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	SEPTEMBER 30, 2000	DECEMBER 31, 1999
	-----	-----
	(UNAUDITED)	
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 741	\$ 4,176
Receivables.....	33,575	35,335
Reacquired franchises and equipment held for sale, net....	3,008	2,842
Inventories.....	817	1,223
Prepaid expenses.....	4,545	4,309
	-----	-----
Total current assets.....	42,686	47,885
	-----	-----
Long-term receivables.....	275,898	265,983
Property and equipment, net.....	210,181	177,743
Reacquired franchises and equipment held for sale, net.....	17,046	16,102
Excess of costs over net assets acquired, net.....	11,303	11,625
Other assets.....	984	1,064
	-----	-----
Total assets.....	\$558,098	\$520,402
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt.....	\$ 8,974	\$ 8,956
Accounts payable.....	17,368	18,016
Accrued employee compensation and benefits.....	6,761	7,804
Other accrued expenses.....	8,250	5,896
Deferred income taxes.....	3,596	3,833
Capital lease obligations.....	1,874	1,682
	-----	-----
Total current liabilities.....	46,823	46,187
	-----	-----
Long-term debt.....	49,613	41,218
Deferred income taxes.....	43,569	39,768
Capital lease obligations and other.....	167,870	166,749
Shareholders' equity		
Preferred stock, \$1 par value, 10,000,000 shares authorized; none issued.....	--	--
Common stock, \$.01 par value, 40,000,000 shares authorized (September 30, 2000, 20,197,313 shares issued and 20,008,341 shares outstanding; December 31, 1999, 20,117,314 shares issued and outstanding).....	202	201
Additional paid-in capital.....	67,904	66,485
Retained earnings.....	183,896	158,294
Treasury stock, at cost (September 30, 2000, 188,972 shares; December 31, 1999, none).....	(2,986)	--
Contribution to ESOP.....	1,207	1,500
	-----	-----
Total shareholders' equity.....	250,223	226,480

	-----	-----
Total liabilities and shareholders' equity.....	\$558,098	\$520,402
	=====	=====

See the accompanying notes to the consolidated financial statements.

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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,	
	2000	1999	2000	1999
Revenues				
Franchise operations				
Rent.....	\$13,144	\$11,457	\$ 37,562	\$ 33,899
Service fees and other.....	33,863	30,176	99,324	87,605
	-----	-----	-----	-----
	47,007	41,633	136,886	121,504
Sale of franchises and equipment.....	12,675	12,114	27,077	27,052
Company operations.....	18,985	18,271	53,414	52,298
	-----	-----	-----	-----
Total revenues.....	78,667	72,018	217,377	200,854
	-----	-----	-----	-----
Costs and Expenses				
Franchise operations				
Rent.....	7,018	5,939	20,123	17,533
Other direct costs.....	11,415	10,234	33,781	30,884
	-----	-----	-----	-----
	18,433	16,173	53,904	48,417
Cost of sales of franchises and equipment.....	7,800	7,586	17,541	16,674
Company operations.....	18,036	17,366	50,894	49,573
Field, corporate and administrative.....	8,856	8,848	26,665	26,010
Depreciation and amortization.....	3,398	3,153	10,050	9,245
Interest.....	5,364	4,869	16,185	13,715
Other (income) and expense, net.....	391	(29)	508	(307)
	-----	-----	-----	-----
Total costs and expenses.....	62,278	57,966	175,747	163,327
	-----	-----	-----	-----
Income before income taxes.....	16,389	14,052	41,630	37,527
Provision for income taxes.....	6,310	5,411	16,028	14,449
	-----	-----	-----	-----
Net income.....	\$10,079	\$ 8,641	\$ 25,602	\$ 23,078
	=====	=====	=====	=====
Net Income Per Share				
Basic.....	\$ 0.50	\$ 0.43	\$ 1.28	\$ 1.16
	=====	=====	=====	=====
Diluted.....	\$ 0.50	\$ 0.42	\$ 1.27	\$ 1.13
	=====	=====	=====	=====
Weighted Average Shares Outstanding				
Basic.....	20,004	20,068	20,019	19,940
	=====	=====	=====	=====
Diluted.....	20,268	20,496	20,238	20,364
	=====	=====	=====	=====

See the accompanying notes to the consolidated financial statements.

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IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

NINE MONTHS ENDED

	SEPTEMBER 30,	
	2000	1999
Cash flows from operating activities		
Net income.....	\$ 25,602	\$ 23,078
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization.....	10,050	9,245
Deferred taxes.....	3,564	4,237
Contribution to ESOP.....	1,207	1,084
Change in current assets and liabilities		
Accounts receivable.....	1,947	774
Inventories.....	406	(16)
Prepaid expenses.....	(236)	(342)
Accounts payable.....	(648)	(7,392)
Accrued employee compensation and benefits.....	(1,043)	1,299
Other accrued expenses.....	2,354	2,662
Other, net.....	4,038	269
Cash provided by operating activities.....	47,241	34,898
Cash flows from investing activities		
Additions to property and equipment.....	(70,860)	(54,269)
Additions to notes.....	(8,638)	(9,414)
Principal receipts from notes and equipment contracts receivable.....	9,136	8,174
Additions to reacquired franchises held for sale.....	(1,280)	(929)
Cash used by investing activities.....	(71,642)	(56,438)
Cash flows from financing activities		
Proceeds from issuance of long-term debt, including revolving line of credit.....	8,803	3,372
Proceeds from sale and lease back arrangements.....	16,625	17,684
Repayment of long-term debt, including revolving line of credit.....	(390)	(3,285)
Principal payments on capital lease obligations.....	(1,006)	(795)
Treasury stock transactions.....	(4,447)	--
Exercise of stock options.....	1,381	4,882
Cash provided by financing activities.....	20,966	21,858
Net change in cash and cash equivalents.....	(3,435)	318
Cash and cash equivalents at beginning of period.....	4,176	2,294
Cash and cash equivalents at end of period.....	\$ 741	\$ 2,612
Supplemental disclosures		
Interest paid, net of capitalized amounts.....	\$ 15,235	\$ 12,536
Income taxes paid.....	12,470	10,315
Capital lease obligations incurred.....	2,017	29,958

See the accompanying notes to the consolidated financial statements.

IHOP CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- GENERAL--The accompanying, unaudited, consolidated financial statements for the three months and nine months ended September 30, 2000 and 1999, 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, 1999, 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, 2000, are not necessarily indicative of the results to be expected for the full year ending December 31, 2000.

2. Certain reclassifications have been made to prior year information to conform to the current year presentation.
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, 2000					
Revenues from external customers.....	\$ 47,007	\$18,985	\$12,675	\$ --	\$ 78,667
Intercompany real estate charges (revenues).....	1,741	186	--	(1,927)	--
Depreciation and amortization.....	1,016	1,065	--	1,317	3,398
Operating income (loss).....	21,416	(850)	4,875	5,168	30,609
Field, corporate and administrative expenses.....					8,856
Interest expense.....					5,364
Income before income taxes.....					16,389
Additions to long-lived assets.....	17,402	4,036	1,450	11,949	34,837
Total assets.....	406,125	51,677	20,054	80,242	558,098
THREE MONTHS ENDED SEPTEMBER 30, 1999					
Revenues from external customers.....	\$ 41,633	\$18,271	\$12,114	\$ --	\$ 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 expenses.....					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	71,424	490,725

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IHOP CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	FRANCHISE OPERATIONS	COMPANY OPERATIONS	SALES OF FRANCHISES AND EQUIPMENT	CONSOLIDATING ADJUSTMENTS AND OTHER	CONSOLIDATED TOTAL
	-----	-----	-----	-----	-----
	(IN THOUSANDS) (UNAUDITED)				
NINE MONTHS ENDED SEPTEMBER 30, 2000					
Revenues from external customers.....	\$136,886	\$53,414	\$27,077	\$ --	\$217,377
Intercompany real estate charges (revenues).....	4,898	501	--	(5,399)	--
Depreciation and amortization.....	3,083	3,087	--	3,880	10,050
Operating income (loss).....	62,004	(2,751)	9,536	15,691	84,480
Field, corporate and administrative expenses.....					26,665
Interest expense.....					16,185
Income before income taxes.....					41,630
Additions to long-lived assets.....	42,890	8,536	2,647	19,434	73,507
Total assets.....	406,125	51,677	20,054	80,242	558,098
NINE MONTHS ENDED SEPTEMBER 30, 1999					
Revenues from external customers.....	\$121,504	\$52,298	\$27,052	\$ --	\$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 expenses.....					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 71,424 490,725

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 or capital lease obligations. The accounting adjustments required to bring lease revenues and expenses into conformance with GAAP are included in the Consolidating Adjustments and Other. All of IHOP's owned land and restaurant buildings are included in total assets in Consolidating Adjustments and Other.

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,	
	2000	1999	2000	1999
	(DOLLARS IN THOUSANDS) (UNAUDITED)			
Restaurant Data				
Effective restaurants(a)				
Franchise.....	698	644	689	630
Company.....	77	75	75	73
Area license.....	151	149	150	147
Total.....	926	868	914	850
System-wide				
Sales(b).....	\$321,546	\$289,644	\$929,031	\$837,740
Percent increase.....	11.0%	10.9%	10.9%	10.4%
Average sales per effective restaurant.....	\$ 347	\$ 334	\$ 1,016	\$ 986
Percent increase.....	3.9%	3.1%	3.0%	3.2%
Comparable average sales per restaurant(c).....	\$ 365	\$ 351	\$ 1,068	\$ 1,031
Percent increase.....	1.6%	0.6%	0.9%	1.1%
Franchise				
Sales.....	\$265,867	\$236,994	\$765,423	\$684,067
Percent increase.....	12.2%	12.0%	11.9%	13.1%
Average sales per effective restaurant.....	\$ 381	\$ 368	\$ 1,111	\$ 1,086
Percent increase.....	3.5%	2.5%	2.3%	3.4%
Comparable average sales per restaurant(c).....	\$ 378	\$ 363	\$ 1,105	\$ 1,067
Percent increase.....	1.9%	0.5%	1.1%	1.0%
Company				
Sales.....	\$ 18,985	\$ 18,271	\$ 53,414	\$ 52,298
Percent change.....	3.9%	8.4%	2.1%	(1.1)%
Average sales per effective restaurant.....	\$ 247	\$ 244	\$ 712	\$ 716
Percent change.....	1.2%	4.3%	(0.6)%	0.1%
Area License				
Sales.....	\$ 36,694	\$ 34,379	\$110,194	\$101,375
Percent increase.....	6.7%	5.0%	8.7%	0.2%
Average sales per effective restaurant.....	\$ 243	\$ 231	\$ 735	\$ 690
Percent change.....	5.2%	3.1%	6.5%	(1.1)%

(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. The

restaurants included in the calculations typically will be different from period to period. Comparable average sales do not include data on restaurants located in Florida and Japan.

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2000	1999	2000	1999
(UNAUDITED)				
RESTAURANT DEVELOPMENT ACTIVITY				
IHOP--beginning of period.....	923	864	903	835
New openings				
IHOP-developed.....	23	18	45	45
Investor and conversion programs.....	6	1	9	5
Area license.....	--	1	4	4
	---	---	---	---
Total new openings.....	29	20	58	54
Closings				
Company and franchise.....	(5)	(1)	(13)	(6)
Area license.....	(1)	--	(2)	--
	---	---	---	---
IHOP--end of period.....	946	883	946	883
	===	===	===	===
Summary--end of period				
Franchise.....	717	660	717	660
Company.....	78	74	78	74
Area license.....	151	149	151	149
	---	---	---	---
Total IHOP.....	946	883	946	883
	===	===	===	===
RESTAURANT FRANCHISING ACTIVITY				
IHOP-developed.....	20	18	40	42
Investor and conversion programs.....	6	1	9	5
Rehabilitated and refranchised.....	1	3	6	4
	---	---	---	---
Total restaurants franchised.....	27	22	55	51
Reacquired by IHOP.....	(3)	(2)	(9)	(10)
Closed.....	(4)	--	(7)	(5)
	---	---	---	---
Net addition.....	20	20	39	36
	===	===	===	===

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, 1999. 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; 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

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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, and have little if any associated cost of sales. Equipment for newly developed IHOP restaurants generally sells for approximately \$300,000 and has 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 occasionally 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 \$350,000, 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, the condition of reacquired franchise locations and the availability of qualified franchisees. The timing of new restaurant openings is affected by a variety of real estate construction issues including obtaining regulatory approvals and weather conditions. As a consequence of the foregoing factors, the results of operations for the nine months ended September 30, 2000, are not necessarily indicative of the results to be expected for the full year ending December 31, 2000.

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 \$31,902,000 or 11.0% in the third quarter of 2000 and \$91,291,000 or 10.9% in the first nine months of 2000. Growth in the number of effective restaurants and increases in average sales per effective unit 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. The number of effective restaurants grew by 58 or 6.7% in the third quarter of 2000 and by 64 or 7.5% in the first nine months of 2000 due to new restaurant development. Newly developed restaurants generally have seating and sales above the system-wide averages. System-wide average sales per effective restaurant grew 3.9% in the third quarter of 2000 and 3.0% in the first nine months of 2000. 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 59.8% of total revenues in the third quarter of 2000 and 63.0% in the first nine months of 2000. Franchise operations revenues grew \$5,374,000 or 12.9% in the third quarter of 2000 and \$15,382,000 or 12.7% in the first nine months of 2000. An increase in the number of effective franchise restaurants coupled with higher average sales per franchise restaurant caused the growth in franchise operations revenues. The number of effective franchise restaurants grew by 54 or 8.4% in the third quarter of 2000 and 59 or 9.4% in the first nine months of 2000. Average sales per effective franchise restaurant grew 3.5% in the third quarter of 2000 and 2.3% in the first nine months of 2000.

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 \$2,260,000 or 14.0% in the third quarter of 2000 and \$5,487,000 or 11.3% in the first nine months of 2000.

Franchise operations margin is equal to franchise operations revenues less franchise operations costs and expenses. Franchise operations margin increased \$3,114,000 to \$28,574,000 in the third quarter of 2000 and \$9,895,000 to \$82,982,000 in the first nine months of 2000. Franchise operations margin was 60.8% and 60.6% of franchise operations revenues in the third quarter and first nine months of 2000, respectively, compared with 61.2% and 60.2% in the same periods in the prior year. The change in margin for the third quarter was primarily due to the decrease in rent margin due to an increase in the number of operating leases. The increase in margin for the first nine months of 2000 was primarily due to increased royalty income and increased interest income associated with the Company's financing of sales of franchises and equipment to its franchisees.

SALES OF FRANCHISES AND EQUIPMENT

Sales of franchises and equipment were 16.1% of total revenues in the third quarter of 2000 and 12.5% of total revenues in the first nine months of 2000. Sales of franchises and equipment increased \$561,000 or 4.6% in the third quarter of 2000 and \$25,000 or 0.1% in the first nine months of 2000. An increase in the number of restaurants franchised was the primary cause of the increase in sales of franchises and equipment. IHOP franchised 27 and 55 restaurants in the third quarter and first nine months of 2000, respectively, compared with 22 and 51 in the same periods in the prior year.

Cost of sales of franchises and equipment increased \$214,000 or 2.8% in the third quarter of 2000 and \$867,000 or 5.2% in the first nine months of 2000. The increase was primarily due to the sale of more restaurants in the third quarter and the first nine months of 2000 compared with the same periods in the prior year.

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 increased \$347,000 to \$4,875,000 in the third quarter of 2000 and decreased \$842,000 to \$9,536,000 in the first nine months of 2000. Margin on sales of franchises and equipment was 38.5% and 35.2% in the third quarter and first nine months of 2000, respectively, compared with 37.4% and 38.4% in the same periods in the prior year. The margin in the third quarter was positively impacted by the franchising of more company developed and investor program restaurants in the third quarter of 2000 compared with the same period in the prior year. The margin in the first nine months was negatively impacted by the franchising of more rehabilitated restaurants in the first nine months of 2000 compared with the same period in the prior year.

COMPANY OPERATIONS

Company operations revenues are sales to customers at restaurants operated by IHOP. Company operations revenues were 24.1% of total revenues in the third quarter of 2000 and 24.6% of total revenues in the first nine months of 2000. Company operations revenues increased \$714,000 or 3.9% in the third quarter of 2000 and increased \$1,116,000 or 2.1% in the first nine months of 2000. Increases in the number of effective IHOP-operated restaurants in each period were primarily responsible for the changes in revenues. The number of effective IHOP-operated restaurants increased by 2 or 2.7% in the third quarter and the first nine months of 2000. Average sales per effective IHOP-operated restaurant increased 1.2% in the third quarter of 2000 and decreased 0.6% in the first nine months of 2000.

Company operations costs and expenses include food, labor and benefits, utilities and occupancy costs. Company operations costs increased \$670,000 or 3.9% in the third quarter of 2000 and increased

\$1,321,000 or 2.7% in the first nine months of 2000. Company operations costs were affected by increases in the number of effective restaurants and labor costs.

Company operations margin is equal to company operations revenues less

company operations costs and expenses. Company operations margin increased \$44,000 to \$949,000 in the third quarter of 2000 and declined \$205,000 to \$2,520,000 in the first nine months of 2000. Company operations margin was 5.0% and 4.7% of company operations revenues in the third quarter and first nine months of 2000, respectively, compared with 5.0% and 5.2% in the same periods in the prior year. The decline in margin for the first nine months of 2000 was primarily the result of the decrease in average sales per effective IHOP-operated restaurant.

OTHER COSTS AND EXPENSES

Field, corporate and administrative costs and expenses increased \$8,000 or 0.1% and \$655,000 or 2.5% in the third quarter and first nine months of 2000, respectively, compared with the same periods in the prior year. The increase was primarily caused by higher compensation expenses in the third quarter and first nine months of 2000 compared with the same periods in the prior year. The higher compensation expenses were offset primarily by lower professional service expenses. Field, corporate and administrative costs were 2.8% and 2.9% of system-wide sales in the third quarter and first nine months of 2000, respectively, compared with 3.1% in the same periods in the prior year.

Depreciation and amortization expense increased \$245,000 or 7.8% and \$805,000 or 8.7% in the third quarter and first nine months of 2000, respectively. The increases were caused primarily by the addition of new restaurants to the IHOP chain from our ongoing restaurant development program.

Interest expense increased \$495,000 or 10.2% and \$2,470,000 or 18.0% in the third quarter and first nine months of 2000, respectively. The increases were due to interest associated with new capital leases that were partially offset by reductions in interest on our senior notes due 2002 as the principal balance is paid down.

BALANCE SHEET ACCOUNTS

The balance of property and equipment, net at September 30, 2000, increased \$32,438,000 or 18.2% from December 31, 1999 primarily due to new restaurant development.

The balance of long-term receivables at September 30, 2000, increased \$9,915,000 or 3.7% over that of the prior year-end primarily due to IHOP's financing activities associated with the sale of franchises and equipment.

The balance of long-term debt at September 30, 2000, increased over that of the prior year-end primarily due to an increase in the balance of our unsecured bank revolving line of credit.

LIQUIDITY AND CAPITAL RESOURCES

The Company invests in its business primarily through the development of additional restaurants and, to a lesser extent, through the remodeling of older company-operated restaurants. Also, the Company began repurchasing shares of its common stock in 2000. As of September 30, 2000, the Company has repurchased 289,390 shares of its common stock.

In 2000, IHOP and its franchisees and area licensees forecast developing and opening approximately 75 to 85 restaurants. Included in that number are the development of 65 to 70 new restaurants by us and the development of 10 to 15 restaurants by our franchisees and area licensees. Capital expenditure projections for 2000, which include our portion of the above development program, are approximately \$80 to \$90 million. In November 2000, the fifth annual installment of \$4.6 million in principal becomes due on our senior notes due 2002 and the first annual installment of \$3.8 million in

principal becomes due on our senior notes due 2008. The Company expects 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, our principal repayment on our senior notes and any further stock repurchases in 2000. At September 30, 2000, \$11.3 million was available to be borrowed under the Company's unsecured bank revolving credit agreement. In October 2000, the Company closed on approximately \$17 million in sale leaseback transactions. The sale leaseback transactions increased the amount available under the Company's unsecured bank revolving credit agreement to \$20 million.

PART II: OTHER INFORMATION

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

(a) Exhibits

- 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, 2000.

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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 31, 2000

(Date)

BY: /s/ RICHARD K. HERZER

CHAIRMAN OF THE BOARD, PRESIDENT AND CHIEF
EXECUTIVE OFFICER (PRINCIPAL EXECUTIVE OFFICER)

October 31, 2000

(Date)

BY: /s/ ALAN S. UNGER

V.P.--FINANCE, TREASURER AND CHIEF FINANCIAL
OFFICER (PRINCIPAL FINANCIAL OFFICER)

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EXHIBIT 11.0
 IHOP CORP. AND SUBSIDIARIES
 STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
 (In thousands, except per share data)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2000	1999	2000	1999
NET INCOME PER COMMON SHARE - BASIC				
Weighted average shares outstanding	20,004	20,068	20,019	19,940
	=====	=====	=====	=====
Net income available to common shareholders	\$10,079	\$ 8,641	\$25,602	\$23,078
	=====	=====	=====	=====
Net income per share - basic	\$ 0.50	\$ 0.43	\$ 1.28	\$ 1.16
	=====	=====	=====	=====
NET INCOME PER COMMON SHARE - DILUTED				
Weighted average shares outstanding	20,004	20,068	20,019	19,940
Net effect of dilutive stock options based on the treasury stock method using the average market price	264	428	219	424
	-----	-----	-----	-----
Total	20,268	20,496	20,238	20,364
	=====	=====	=====	=====
Net income available to common shareholders	\$10,079	\$ 8,641	\$25,602	\$23,078
	=====	=====	=====	=====
Net income per share - diluted	\$ 0.50	\$ 0.42	\$ 1.27	\$ 1.13
	=====	=====	=====	=====

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
THE CONSOLIDATED FINANCIAL STATEMENTS OF IHOP CORP. AND SUBSIDIARIES

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<F1>REPRESENTS BASIC EARNINGS PER SHARE

</FN>