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 JUNE 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 JUNE 30, 1999

Common Stock, $.01 par value 19,980,516

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

IHOP CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	JUNE 30, 1999	DECEMBER 31, 1998
	(UNAUDITED)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,677	$ 8,577
Receivables	25,473	28,461
Reacquired franchises and equipment held for sale, net	2,729	2,284
Inventories	1,228	1,222
Prepaid expenses	3,840	274
Total current assets	36,947	40,818
Long-term receivables	227,319	217,156
Property and equipment, net	179,397	161,689
Reacquired franchises and equipment held for sale, net	15,462	12,943
Excess of costs over net assets acquired, net	11,840	12,054
Other assets	1,120	1,239
Total assets	$ 472,085	$ 445,899
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	$ 5,489	$ 5,386
Accounts payable	19,134	22,589
Accrued employee compensation and benefits	5,881	6,017
Other accrued expenses	5,342	5,309
Deferred income taxes	2,971	2,560
Capital lease obligations	1,489	1,388
Total current liabilities	40,306	43,249
Long-term debt	49,883	49,765
Deferred income taxes	36,118	34,708
Capital lease obligations and other	140,325	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: June 30, 1999, 19,980,516 shares; December 31, 1998, 19,763,160 shares (net of 9,240 treasury shares)	200	199
Additional paid-in capital (net of treasury shares at cost: 1998, $154)	63,980	60,100
Retained earnings	140,606	126,169
Contribution to ESOP	667	1,400
Total shareholders' equity	205,453	187,868
Total liabilities and shareholders' equity	$ 472,085	$ 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 JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
Revenues				
Franchise operations				
Rent	$ 11,390	$ 9,480	$ 22,442	$ 18,464
Service fees and other	28,877	25,304	57,429	50,230
	40,267	34,784	79,871	68,694
Sale of franchises and equipment	9,227	12,029	14,938	16,076
Company operations	18,020	18,351	34,027	36,036
Total revenues	67,514	65,164	128,836	120,806
Costs and Expenses				
Franchise operations				
Rent	5,922	4,884	11,594	9,638
Other direct costs	10,230	9,085	20,650	18,140
	16,152	13,969	32,244	27,778
Cost of sales of franchises and equipment	5,343	7,259	9,088	10,282
Company operations	17,024	17,208	32,207	33,657
Field, corporate and administrative	8,855	8,398	17,162	15,831
Depreciation and amortization	3,076	2,815	6,092	5,506
Interest	4,389	4,107	8,846	8,216
Other (income) and expense, net	(93)	812	(278)	1,234
Total costs and expenses	54,746	54,568	105,361	102,504
Income before income taxes	12,768	10,596	23,475	18,302
Provision for income taxes	4,916	4,133	9,038	7,138
Net income	$ 7,852	$ 6,463	$ 14,437	$ 11,164
Net Income Per Share				
Basic	$ .39	$ .33	$ .73	$ .57
Diluted	$ .39	$ .32	$ .71	$ .56
Weighted Average Shares Outstanding				
Basic	19,935	19,675	19,876	19,587
Diluted	20,385	20,093	20,297	19,963

See the accompanying notes to the consolidated financial statements.

IHOP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)
(UNAUDITED)

	SIX MONTHS ENDED JUNE 30,	
	1999	1998
Cash flows from operating activities		
Net income	$ 14,437	$ 11,164
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	6,092	5,506
Deferred taxes	1,821	1,865
Contribution to ESOP	667	585
Change in current assets and liabilities		
Accounts receivable	3,766	444
Inventories	(6)	131
Prepaid expenses	(3,566)	486
Accounts payable	(3,455)	(3,538)
Accrued employee compensation and benefits	(136)	(322)
Other accrued expenses	33	914
Other, net	(184)	3,023
Cash provided by operating activities	19,469	20,258
Cash flows from investing activities		
Additions to property and equipment	(38,367)	(36,750)
Proceeds from sale and leaseback arrangements	12,482	5,570
Additions to notes, equipment contracts and direct financing leases receivable	(5,377)	(5,437)
Principal receipts from notes, equipment contracts and direct financing leases receivable	5,584	4,696
Additions to reacquired franchises held for sale	(850)	(651)

Cash used by investing activities	(26,528)	(32,572)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	3,372	6,535
Repayment of long-term debt	(3,151)	(29)
Principal payments on capital lease obligations	(543)	(342)
Exercise of stock options	2,481	3,208
Cash provided by financing activities	2,159	9,372
Net change in cash and cash equivalents	(4,900)	(2,942)
Cash and cash equivalents at beginning of period	8,577	5,964
Cash and cash equivalents at end of period	$ 3,677	$ 3,022
Supplemental disclosures		
Interest paid, net of capitalized amounts	$ 8,740	$ 8,028
Income taxes paid	5,785	4,597
Capital lease obligations incurred	19,102	9,225

See the accompanying notes to the consolidated financial statements.

IHOP CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATMENTS

1. GENERAL--The accompanying consolidated financial statements for the six months ended June 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 presentation 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 six months ended June 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 JUNE 30, 1999					
Revenues from external customers	$ 40,290	$ 18,020	$ 9,227	$ (23)	$ 67,514
Intercompany real estate charges (revenues)	1,393	144	--	(1,537)	--
Depreciation & amortization	932	1,013	--	1,131	3,076
Operating income (loss)	18,524	(667)	3,884	4,271	26,012
Field, corporate and administrative					8,855
Interest expense					4,389
Income before income taxes					12,768
Additions to long-lived assets	20,181	1,002	195	4,709	26,087
Total assets	341,313	45,250	18,191	67,331	472,085
THREE MONTHS ENDED JUNE 30, 1998					
Revenues from external customers	34,831	18,351	12,029	(47)	65,164

Intercompany real estate charges (revenues)	1,333	287	--	(1,620)	--
Depreciation & amortization	775	950	--	1,090	2,815
Operating income (loss)	15,935	(496)	4,770	2,892	23,101
Field, corporate and administrative					8,398
Interest expense					4,107
Income before income taxes					10,596
Additions to long-lived assets	17,060	591	(101)	4,868	22,418
Total assets	285,335	39,816	16,402	69,609	411,162

	FRANCHISE OPERATIONS	COMPANY OPERATIONS	SALES OF FRANCHISES AND EQUIPMENT	CONSOLIDATING ADJUSTMENTS AND OTHER	CONSOLIDATED TOTAL
			(IN THOUSANDS) (UNAUDITED)		
SIX MONTHS ENDED JUNE 30, 1999					
Revenues from external customers	$ 79,914	$ 34,027	$ 14,938	$ (43)	$ 128,836
Intercompany real estate charges (revenues)	2,818	255	--	(3,073)	--
Depreciation & amortization	1,891	1,929	--	2,272	6,092
Operating income (loss)	36,393	(1,348)	5,850	8,588	49,483
Field, corporate and administrative					17,162
Interest expense					8,846
Income before income taxes					23,475
Additions to long-lived assets	26,691	2,282	850	9,394	39,217
Total assets	341,313	45,250	18,191	67,331	472,085
SIX MONTHS ENDED JUNE 30, 1998					
Revenues from external customers	68,779	36,036	16,076	(85)	120,806
Intercompany real estate charges (revenues)	2,581	509	--	(3,090)	--
Depreciation & amortization	1,511	1,888	--	2,107	5,506
Operating income (loss)	31,329	(848)	5,794	6,074	42,349
Field, corporate and administrative					15,831
Interest expense					8,216
Income before income taxes					18,302
Additions to long-lived assets	20,890	3,484	651	12,376	37,401
Total assets	285,335	39,816	16,402	69,609	411,162

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 JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
	(DOLLARS IN THOUSANDS) (UNAUDITED)			
Restaurant Data				
Effective restaurants(a)				
Franchise	625	572	622	569
Company	75	76	72	75
Area license	146	146	145	145
Total	846	794	839	789
System-wide				

	Three months 1999	Three months 1998	Six months 1999	Six months 1998
Sales(b)	$ 278,463	$ 250,346	$ 548,096	$ 497,758
Percent increase	11.2%	13.2%	10.1%	13.8%
Average sales per effective restaurant	$ 329	$ 315	$ 653	$ 631
Percent increase	4.4%	5.4%	3.5%	5.9%
Comparable average sales per restaurant(c)	$ 344	$ 327	$ 679	$ 653
Percent increase	1.7%	2.5%	0.8%	3.4%
Franchise				
Sales	$ 227,277	$ 198,691	$ 447,073	$ 393,240
Percent increase	14.4%	14.4%	13.7%	14.9%
Average sales per effective restaurant	$ 364	$ 347	$ 719	$ 691
Percent increase	4.9%	7.1%	4.1%	7.8%
Comparable average sales per restaurant(c)	$ 356	$ 338	$ 701	$ 675
Percent increase	1.7%	2.6%	0.8%	3.6%
Company				
Sales	$ 18,020	$ 18,351	$ 34,027	$ 36,036
Percent change	(1.8)%	24.0%	(5.6)%	24.9%
Average sales per effective restaurant	$ 240	$ 241	$ 473	$ 480
Percent change	(0.4)%	2.6%	(1.5)%	3.2%
Area License				
Sales	$ 33,166	$ 33,304	$ 66,996	$ 68,482
Percent change	(0.4)%	2.4%	(2.2)%	3.1%
Average sales per effective restaurant	$ 227	$ 228	$ 462	$ 472
Percent change	(0.4)%	(2.6)%	(2.1)%	(1.9)%

(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 JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
	(UNAUDITED)			
RESTAURANT DEVELOPMENT ACTIVITY				
IHOP--beginning of period	844	792	835	787
New openings				
IHOP-developed	17	15	27	22
Investor and conversion program	2	4	4	6
Area license	3	1	3	2
Total new openings	22	20	34	30
Closings				
Company and franchise	(2)	(8)	(5)	(12)
Area license	--	--	--	(1)
IHOP--end of period	864	804	864	804
Summary--end of period				
Franchise	640	586	640	586
Company	76	72	76	72
Area license	148	146	148	146
Total IHOP	864	804	864	804
RESTAURANT FRANCHISING ACTIVITY				
IHOP-developed	15	18	24	24
Investor and conversion program	2	4	4	6
Rehabilitated and refranchised	1	2	1	3
Total restaurants franchised	18	24	29	33
Reacquired by IHOP	(2)	(2)	(8)	(9)
Closed	(2)	(6)	(5)	(9)
Net addition	14	16	16	15

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 disclaims 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 six months ended June 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 $28,117,000 or 11.2% in the second quarter of 1999 and $50,338,000 or 10.1% in the first six 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 52 or 6.5% in the second quarter of 1999 and by 50 or 6.3% in the first six 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 1.7% in the second quarter of 1999 and 0.8% in the first six 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 59.6% of total revenues in the second quarter of 1999 and 62.0% of total revenues in the first six months of 1999. Franchise operations revenues grew $5,483,000 or 15.8% in the second quarter of 1999 and $11,177,000 or 16.3% in the first six 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 53 or 9.3% in both the second quarter and first six months of 1999. Average sales per franchise restaurant grew 4.9% in the second quarter of 1999 and 4.1% in the first six 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 $2,183,000 or 15.6% in the second quarter of 1999 and $4,466,000 or 16.1% in the first six months of 1999. Increases in franchise operations costs were generally in line with the growth in franchise operations revenue.

Franchise operations margin is equal to franchise operations revenues less franchise operations costs and expenses. Franchise operations margin increased $3,300,000 to $24,115,000 in the second quarter of 1999 and $6,711,000 to $47,627,000 in the first six months of 1999. Franchise operations margin was 59.9% and 59.6% of franchise operations revenues in the second quarter and first six months of 1999 compared with 59.8% and 59.6% 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 13.7% of total revenues in the second quarter of 1999 and 11.6% of total revenues in the first six months of 1999. Sales of franchises and equipment declined $2,802,000 or 23.3% in the second quarter of 1999 and $1,138,000 or 7.1% in the first six 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 18 and 29 restaurants in the second quarter and first six months of 1999 compared with 24 and 33 in the same periods in the prior year.

Cost of sales of franchises and equipment declined $1,916,000 or 26.4% in the second quarter of 1999 and $1,194,000 or 11.6% in the first six 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 $886,000 to $3,884,000 in the second quarter of 1999 and increased $56,000 to $5,850,000 in the first six months of 1999. Margin on sales of franchises and equipment was 42.1% and 39.2% in the second quarter and first six months of 1999 compared with 39.7% and 36.0% 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 26.7% of total revenues in the second quarter of 1999 and 26.4% of total revenues in the first six months of 1999. Company operations revenues declined $331,000 or 1.8% in the second quarter of 1999 and $2,009,000 or 5.6% in the first six months of 1999. Decreases in the number of effective IHOP operated restaurants and in the average sales per IHOP operated restaurant caused the revenue decline. Effective IHOP operated restaurants decreased by one or 1.3% in the second quarter of 1999 and by three or 4.0% in the first six months of 1999. Average sales per IHOP operated restaurant decreased by 0.4% in the second quarter of 1999 and by 1.5% in the first six months of 1999.

Company operations costs and expenses include food, labor and benefits, utilities and occupancy costs. Company operations costs declined $184,000 or 1.1% in the second quarter of 1999 and $1,450,000 or 4.3% in the first six months of 1999. IHOP experienced slight increases in the costs of food, labor and benefits as a percentage of company operations revenues in the second quarter and first six months of 1999.

Company operations margin is equal to company operations revenues less company operations costs and expenses. Company operations margin declined $147,000 to $996,000 in the second quarter of 1999 and $559,000 to $1,820,000 in the first six months of 1999. Company operations margin was 5.5% and 5.3%

of company operations revenues in the second quarter and first six months of 1999 compared with 6.2% and 6.6% in the same periods in the prior year.

OTHER COSTS AND EXPENSES AND BALANCE SHEET ACCOUNTS

Field, corporate and administrative costs and expenses increased $457,000 or 5.4% and $1,331,000 or 8.4% in the second quarter and first six 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 3.2% and 3.1% of system-wide sales in the second quarter and first six months of 1999 compared with 3.4% and 3.2% in the same periods in the prior year.

Depreciation and amortization expense increased $261,000 or 9.3% and $586,000 or 10.6% in the second quarter and first six 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 $282,000 or 6.9% and $630,000 or 7.7% in the second quarter and first six 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 June 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 balance of long-term reacquired franchises and equipment held for sale, net at June 30, 1999, increased over that of the prior year end primarily due to the reacquisition of eight restaurants during the first six months of 1999.

Balances of property and equipment, net and capital lease obligations at June 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 75 to 85 restaurants. Included in that number are the development of 60 to 65 new restaurants by us and the development of 15 to 20 restaurants by our franchisees and area licensees. This forecast differs from earlier projections due to a decrease by five 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 June 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. 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 has now informed us that the systems are not Year 2000 compliant. Our vendor has agreed to supply, free of charge, software upgrades to make our franchise and company operated POS systems Year 2000 compliant. 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 our POS systems Year 2000 compliant by September 30, 1999.

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 have 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. Completion of the testing phase for all significant systems is expected by September 30, 1999.

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. To date we have received responses from about 95% of these vendors, all of which indicate that the vendor is now or will be Year 2000 compliant prior to January 1,2000. IHOP has developed contingency plans for any vendors that appear to have substantial Year 2000 operational risks. Such contingency plans include a change of vendors to minimize our risk.

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. 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 $250,000 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 is making diligent efforts to assess the Year 2000 readiness of our significant business partners and will develop 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 1998 was 59.9%.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The annual meeting of shareholders (the "Meeting") was held on May 11, 1999.

Shareholders voted in person or by proxy for the following purposes. Shareholder votes have been adjusted to give effect to the 2-for-1 split of IHOP's common stock effective May 27, 1999.

(a) Shareholders voted to elect three Class II directors, each to serve for a term of three years, as follows:

NOMINEE	VOTES FOR	VOTES WITHHELD
Michael S. Gordon..	17,860,576	299,424
Larry Alan Kay...	17,861,898	298,102
Dennis M. Leifheit...	17,862,498	297,502

There were no abstentions or broker non-votes. Directors whose terms of office continued after the Meeting were H. Frederick Christie, Frank Edelstein, Richard K. Herzer, Neven C. Hulsey, Caroline W. Nahas, and Patrick W. Rose.

(b) Shareholders voted to approve and ratify the amendment of the IHOP Corp. 1994 Stock Option Plan for Non-Employee Directors to provide for annual grants of options. 17,154,380 shares were voted for this proposal, 955,098 were voted against, there were 50,532 abstentions and no broker non-votes.

(c) Shareholders voted to approve and ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the year ending December 31, 1999. 15,326,878 shares were voted for this proposal, 2,822,358 were voted against, there were 10,764 abstentions and no broker non-votes.

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.
4.0	Sixth Amendment to Letter Agreement, dated as of June 30, 1999, among International House of Pancakes, Inc., IHOP Corp. and Bank of America National Trust and Savings Association (successor by merger to Bank of America Illinois).
10.0	IHOP Corp. 1994 Stock Option Plan for Non-Employee Directors as Amended and Restated February 23, 1999. Annex "A" to the IHOP Corp. Proxy Statement for Annual Meeting of Shareholders to be Held on Tuesday, May 11, 1999, 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 June 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)

July 29, 1999 ----------- (Date)	BY: /s/ RICHARD K. HERZER -- Richard K. Herzer CHAIRMAN OF THE BOARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER (PRINCIPAL EXECUTIVE OFFICER)
July 29, 1999 ----------- (Date)	BY: /s/ GENE A. SCOTT -- Gene A. Scott CONTROLLER, ACTING CHIEF FINANCIAL OFFICER (PRINCIPAL ACCOUNTING OFFICER)

EXHIBIT 4.0

SIXTH AMENDMENT TO LETTER AGREEMENT

THIS SIXTH AMENDMENT TO LETTER AGREEMENT (this "Sixth Amendment") is made and dated as of June 30, 1999 among INTERNATIONAL HOUSE OF PANCAKES, INC. (the "Borrower"), IHOP CORP., as Guarantor (the "Guarantor"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (successor by merger to Bank of America Illinois) (the "Bank"), and amends that certain Letter Agreement between the parties dated as of June 30, 1993, as amended by a letter dated July 15, 1993 from Continental Bank to the Borrower, a First Amendment to Letter Agreement dated as of December 31, 1994, a Second Amendment to Letter Agreement dated as of March 11, 1996, a Third Amendment to Letter Agreement dated as of September 3, 1996, a Fourth Amendment to Letter Agreement dated as of November 1, 1996, a letter from the Bank to the Borrower dated June 25, 1997 and a Fifth Amendment to Letter Agreement dated as of June 30, 1998 (as so amended, the "Agreement").

RECITAL

The Borrower has requested that the Bank agree to certain amendments to the Agreement, and the Bank is willing to do so on the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINED TERMS. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Agreement.

2. AMENDMENTS TO AGREEMENT. The parties hereto agree that the Agreement is hereby amended as follows:

(a) Section 1 of the Agreement is hereby amended by deleting "June 30, 2001" and inserting "June 30, 2002" in lieu thereof.

(b) Section 14.12(a) of the Agreement is amended and restated in its entirety as follows:

"(a) incur capital expenditures in excess of $55,000,000 per fiscal year, net of all proceeds relating to sale leaseback transactions in such fiscal year; PROVIDED, HOWEVER, that in the fiscal year ending December 31, 2000 only, the Borrower may incur capital expenditures up to $70,000,000, net of all proceeds relating to sale leaseback transactions in such fiscal year;"

3. REAFFIRMATION OF IHOP GUARANTY. IHOP does hereby reaffirm that the terms and provisions of Section 17 of the Agreement continue in full force and effect and are ratified and confirmed in all respects on and as of the date hereof, after giving effect to this Sixth Amendment. IHOP agrees that any references to the Note in the Agreement, including without limitation Section 17 of the Agreement, shall be deemed a reference to the Agreement and amounts owing thereunder, as evidenced by the loan accounts referred to in Section 3 of the Agreement, as amended hereby.

4. REPRESENTATIONS AND WARRANTIES. IHOP and the Borrower do hereby represent and warrant as follows:

(a) AUTHORITY. Each of the Borrower and IHOP has been duly incorporated and is a validly existing corporation under the laws of the State of Delaware, has full legal right, power and authority to enter into this Sixth Amendment and to carry out and consummate all transactions contemplated by the Agreement and this Sixth Amendment.

(b) ENFORCEABILITY. This Sixth Amendment has been duly authorized and is a valid and binding obligation of the Borrower and IHOP, enforceable in accordance with its terms.

(c) NO CONFLICT. This Sixth Amendment will not conflict with or constitute a breach of or a default under their respective articles of incorporation or bylaws, or any material agreement to which the Borrower or IHOP is a party or by which the Borrower or IHOP or any of their respective properties are bound, or any rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or IHOP or any of their respective activities or properties.

(d) NO EVENT OF DEFAULT. No event of Default under the Agreement has occurred and is continuing.

(e) REPRESENTATIONS AND WARRANTIES. The representations and warranties in Section 11 of the Agreement are true and correct in all respects on and as of the date hereof as though made on and as of the date hereof.

5. CONDITIONS EFFECTIVENESS. The effectiveness of this Sixth Amendment shall be subject to:

(a) the compliance by the Borrower with its agreements herein contained;

(b) the delivery to the Bank of copies of this Sixth Amendment signed by the Company and IHOP and a Guarantor Acknowledgement and Consent (in the form attached to this Sixth Amendment) executed by IHOP Restaurants, Inc.; IHOP Properties, Inc.; and IHOP Realty Corp;

(c) the delivery of such other evidence with respect to the Company, IHOP, and any other person as the Bank may reasonably request in connection with this Amendment and the compliance with the conditions set forth herein; and

(d) payment by the Borrower to the Bank of an amendment fee of $10,000.00.

6. MISCELLANEOUS

(a) Except as hereby expressly amended, all terms, covenants and provisions of the Agreement shall remain in full force and effect and all references to the Agreement therein and in any agreement, contract, indenture, document or instrument mentioned in the Agreement shall henceforth refer to the Agreement as amended by this Sixth Amendment. This Sixth Amendment shall be deemed incorporated into, and a part of, the Agreement.

(b) This Sixth Amendment is specific in time and in intent and does not constitute, nor shall it be construed as, a waiver of any other right, power or privilege under the Agreement, or under any agreement, contract, indenture, document or instrument mentioned in the Agreement; nor does it preclude other or further exercise hereof or the exercise of any other right, power or privilege, nor shall any waiver of any right, power, privilege or default hereunder, or under any agreement, contract,

indenture, document or instrument mentioned in the Agreement, constitute a waiver of any other default of the same or of any other term or provision.

(c) This Sixth Amendment shall be a contract made under and governed by the internal laws of the state of Illinois.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Bank of a facsimile transmitted document purportedly bearing the signature of the Borrower and IHOP shall bind the Borrower and IHOP with the same force and effect as the delivery of a hard copy original. Any failure by the Bank to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document which hard copy page was not received by the Bank.

IN WITNESS WHEREOF, each of the parties hereto has caused its respective duly authorized officer to execute and deliver this Sixth Amendment as of the date first written above.

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: /s/ RICHARD K. HERZER

Title: PRESIDENT

IHOP CORP.

By: /s/ RICHARD K. HERZER

Title: PRESIDENT

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
(SUCCESSOR BY MERGER OF BANK OF AMERICA ILLINOIS)

By: /s/ RICHARD G. PARKHURST

Title: MANAGING DIRECTOR

GUARANTOR ACKNOWLEDGMENT AND CONSENT

The undersigned, each a guarantor with respect to the Borrower's obligations to the Bank under the Agreement, each hereby:

(1) acknowledges and consents to the execution, delivery and performance by the Borrower and the Guarantor of the foregoing Sixth Amendment to Letter Agreement (the "AMENDMENT"), and

(2) Reaffirms and agrees that the respective guaranty to which the undersigned is party and all other documents and agreements executed and delivered by the undersigned to the Bank in connection with the

Agreement are in full force and effect, without defense, offset or counterclaim.

IHOP REALTY CORP.

By: /s/ RICHARD K. HERZER

Title: PRESIDENT

IHOP RESTAURANTS, INC.

By: /s/ RICHARD K. HERZER

Title: PRESIDENT

IHOP PROPERTIES,INC.

By: /s/ RICHARD K. HERZER

Title: PRESIDENT

EXHIBIT 11.0

IHOP CORP. AND SUBSIDIARIES

STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
NET INCOME PER COMMON SHARE--BASIC				
Weighted average shares outstanding	19,935	19,675	19,876	19,587
Net income available to common shareholders	$ 7,852	$ 6,463	$ 14,437	$ 11,164
Net income per share--basic	$ .39	$ .33	$ .73	$ .57
NET INCOME PER COMMON SHARE--DILUTED				
Weighted average shares outstanding	19,935	19,675	19,876	19,587
Net effect of dilutive stock options based on the treasury stock method using the average market price	450	418	421	376
Total	20,385	20,093	20,297	19,963
Net income available to common shareholders	$ 7,852	$ 6,463	$ 14,437	$ 11,164
Net income per share--diluted	$ .39	$ .32	$ .71	$ .56

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF IHOP CORP. AND SUBSIDIARIES AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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