

IHOP CORP
Form 8-K
April 27, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): April 26, 2006

IHOP CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-15283
(Commission
File Number)

95-3038279
(I.R.S. Employer
Identification No.)

450 North Brand, Glendale, California
(Address of principal executive offices)

91203
(Zip Code)

(818) 240-6055

Registrant's telephone number, including area code

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On April 26, 2006, IHOP Corp. issued a press release announcing its first quarter 2006 financial results. A copy of the press release is attached as Exhibit 99.1, and incorporated herein by reference.

Also on April 26, 2006, IHOP Corp. held a conference call to discuss its first quarter 2006 financial results. A copy of the prepared remarks of management is attached as Exhibit 99.2, and incorporated herein by reference.

The prepared remarks of management accompanying management's discussion during the conference call include references to the non-GAAP financial measures free cash flow and net income excluding stock option and other stock compensation expense. The Company defines free cash flow for a given period as cash provided by operating activities for such period, less capital expenditures for such period. The Company defines net income excluding stock option and other stock compensation expense for given period as net income for such period, less any stock compensation expense incurred in such period. Management utilizes free cash flow as a measure of operating efficiency to determine the amount of cash remaining for general corporate and strategic purposes after funding operating activities and capital expenditures. Management believes this information is helpful to investors to determine the Company's cash available for these purposes. Management believes net income excluding stock option and other stock compensation expense and basic and diluted net income per share excluding stock option and other stock compensation expense is useful because it provides a more accurate period to period comparison. Free cash flow and net income excluding stock option and other stock compensation expense for any given period may be affected by a variety of factors, including but not limited to, changes in assets and liabilities and the timing of purchases and payments. Free cash flow and net income excluding stock option and other stock compensation expense are supplemental non-GAAP financial measures and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

The following table reconciles the Company's free cash flow to the Company's cash provided by operating activities for each of the three months ended March 31, 2006 and 2005:

| | Three Months Ended March 31, 2006 (dollars in thousands) | Three Months Ended March 31, 2005 (dollars in thousands) |
|---------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|
| Cash flows from operating activities: | \$ 21,502 | \$ 14,927 |
| Capital expenditures | (241) | (1,163) |
| Free cash flow | \$ 21,261 | \$ 13,764 |

The following table reconciles net income to net income excluding the impact of stock option and other stock compensation expense, and basic and diluted net income per share to net income excluding stock option and other stock compensation expense per share, for each of the three months ended March 31, 2006 and 2005:

| | Three Months Ended March 31, | |
|------------------------|--------------------------------------------------|-----------|
| | 2006 | 2005 |
| | (dollars in thousands, except per share amounts) | |
| Net income as reported | \$ 12,594 | \$ 10,075 |
| Stock option expense | 564 | |

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| | | | | |
|----------------------------------------------------------------------------------|----|--------|----|--------|
| Restricted stock | | 245 | | 29 |
| Income tax benefit | | (307) | | (11) |
| Net income excluding stock option and other stock compensation expense | \$ | 13,096 | \$ | 10,093 |
| Basic net income per share: | | | | |
| Net income as reported per share | \$ | 0.68 | \$ | 0.50 |
| Stock option expense per share | | 0.03 | | |
| Restricted stock per share | | 0.01 | | |
| Income tax benefit per share | | (0.01) | | |
| Net income excluding stock option and other stock compensation expense per share | \$ | 0.71 | \$ | 0.50 |
| Diluted net income per share: | | | | |
| Net income as reported per share | \$ | 0.68 | \$ | 0.50 |
| Stock option expense per share | | 0.03 | | |
| Restricted stock per share | | 0.01 | | |
| Income tax benefit per share | | (0.01) | | |
| Net income excluding stock option and other stock compensation expense per share | \$ | 0.71 | \$ | 0.50 |

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

| Exhibit Number | Description |
|----------------|-------------------------------------------------------------------------------------------|
| 99.1 | Press release of Registrant, dated April 26, 2006 (First Quarter 2006 Financial Results). |
| 99.2 | Prepared remarks of management of Registrant for conference call held on April 26, 2006. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 27, 2006

IHOP CORP.

By:

/s/ THOMAS CONFORTI

Thomas Conforti

Chief Financial Officer(Principal Financial Officer)

EXHIBIT INDEX TO CURRENT REPORT ON FORM 8-K

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