

DENNYS CORP
Form 10-Q
November 01, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the Quarterly Period Ended September 26, 2007

**Commission File Number 0-18051
DENNY'S CORPORATION**
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-3487402
(I.R.S. Employer
Identification No.)

**203 East Main Street
Spartanburg, South Carolina 29319-0001**
(Address of principal executive offices)
(Zip Code)

(864) 597-8000
(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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 26, 2007, 94,248,232 shares of the registrant's common stock, par value \$.01 per share, were outstanding.

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PART I - FINANCIAL INFORMATION**Item 1. Financial Statements**

Denny's Corporation and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	Quarter Ended		Three Quarters Ended	
	September 26, 2007	September 27, 2006	September 26, 2007	September 27, 2006
(In thousands, except per share amounts)				
Revenue:				
Company restaurant sales	\$ 216,792	\$ 234,705	\$ 650,909	\$ 680,735
Franchise and license revenue	24,617	23,491	68,193	68,937
Total operating revenue	241,409	258,196	719,102	749,672
Costs of company restaurant sales:				
Product costs	55,520	59,509	166,969	170,219
Payroll and benefits	88,341	95,627	273,141	281,497
Occupancy	13,193	12,893	39,345	38,619
Other operating expenses	33,842	34,250	95,937	102,576
Total costs of company restaurant sales	190,896	202,279	575,392	592,911
Costs of franchise and license revenue	6,858	6,772	20,266	21,220
General and administrative expenses	15,974	16,440	49,067	49,259
Depreciation and amortization	12,117	13,812	37,475	41,997
Operating gains, losses and other charges, net	(747)	(36,703)	(16,427)	(43,491)
Total operating costs and expenses	225,098	202,600	665,773	661,896
Operating income	16,311	55,596	53,329	87,776
Other expenses:				
Interest expense, net	10,489	14,959	32,783	44,449
Other nonoperating expense (income), net	34	1,499	(391)	1,475
Total other expenses, net	10,523	16,458	32,392	45,924
Net income before income taxes and cumulative effect of change in accounting principle	5,788	39,138	20,937	41,852
Provision for income taxes	451	13,635	2,937	14,015
Net income before cumulative effect of change in accounting principle	5,337	25,503	18,000	27,837