

APPLEBEES INTERNATIONAL INC
Form DEFA14A
December 20, 2006

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

APPLEBEE'S INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Investor Meetings Investor Meetings December December 2006 2006 Many of the statements made in this presentation with respect to our business outlook, including comparable sales increases, costs, earnings per share growth, and new restaurant development are forward looking and based on current expectations. There are several risks and uncertainties that could cause actual results to differ materially from those described, including but not limited to the ability of the company and our franchisees to open and operate additional restaurants profitably, the continued growth of our franchisees and our ability to attract and retain qualified franchisees, the impact of intense competition in the casual dining segment of the restaurant industry and our ability to control restaurant operating costs which are impacted by market changes, minimum wage and other employment laws, food costs and inflation. Please review our Form 10-K for the fiscal year ended December 25, 2005, for important information about factors that could cause actual results or events to be materially different. Safe Harbor Statement

Investor Meetings Investor Meetings December December 2006 2006 Many of the statements made in this presentation with respect to Many of the statements made in this presentation with respect to our business outlook, including comparable sales increases, cost our business outlook, including comparable sales increases, costs, s, earnings per share growth, and new restaurant development are earnings per share growth, and new restaurant development are forward looking and based on current expectations. There are forward looking and based on current expectations. There are several risks and uncertainties that could cause actual results several risks and uncertainties that could cause actual results to differ materially from those described, including but not limited to differ materially from those described, including but not limited to the ability of the company and our franchisees to open and operate the ability of the company and our franchisees to open and operate additional restaurants profitably, the continued growth of our additional restaurants profitably, the continued growth of our franchisees and our ability to attract and retain qualified franchisees and our ability to attract and retain qualified franchisees, the impact of intense competition in the casual dining franchisees, the impact of intense competition in the casual dining segment of the restaurant industry and our ability to control restaurant operating costs which are impacted by market changes, restaurant operating costs which are impacted by market changes, minimum wage and other employment laws, food costs and minimum wage and other employment laws, food costs and inflation. Please review our Form 10-K for the fiscal year ended K for the fiscal year ended December 25, 2005, for important information about factors that December 25, 2005, for important information about factors that could cause actual results or events to be materially different. could cause actual results or events to be materially different. Safe Harbor Statement Safe Harbor Statement

2Agenda Agenda Current Environment Current Environment Sales Initiatives Sales Initiatives Cost Outlook
Outlook Development Development Financial Strength Financial StrengthSame Same-Store Sales Store Sales(Syst
(System-wide) wide)1.7%2.9% 3.2%4.1%4.8%1.8%-0.8%2000 2001 2002 2003 2004 2005 YTD 2006(thru
Nov)1.7%2.9% 3.2%4.1%4.8%1.8%-0.8%2000 2001 2002 2003 2004 2005 YTD 2006(thru Nov)

3(519 company restaurants as of November 19, 2006) (519 company restaurants as of November 19, 2006)Company
 Markets Company Markets16 1660 60877 7767 67 67 6758 5834 34 89 898 23 2312 1224% 24% 22% 22% 25% 25%
 18% 18% \$100,000 \$100,000+17% 17% 20% 20% 20% 20% 24% 24% \$75,000 \$75,000 -\$99,999 \$99,99922% 22%
 25% 25% 21% 21% 23% 23% \$50,000 \$50,000 -\$74,999 \$74,99916% 16% 18% 18% 19% 19% 16% 16% \$35,000
 \$35,000 -\$49,999 \$49,99916% 16% 10% 10% 11% 11% 12% 12% \$25,000 \$25,000 -\$34,999 \$34,9995% 5% 5% 5%
 4% 4% 7% 7% Under Under\$25,000 \$25,000Friday Friday's Ruby Ruby's Chili Chili's Applebee Applebee'sHeavy
 User Heavy User - Income IncomeSource: 2005 Segmentation Study

4Sales Initiatives Sales Initiatives Food and Menu Food and Menu- Continued evolution based on Continued evolution based on segmentation study segmentation study- Adding resources to menu development Adding resources to menu development team team- More rapid innovation More rapid innovation- Maintain value positioning Maintain value positioning- Updated beverage menu Updated beverage menu Roasted Garlic & Asiago Chicken Roasted Garlic & Asiago Chicken

5Quesadilla Burger Quesadilla BurgerApple Walnut Chicken Salad Apple Walnut Chicken Salad

6Roasted Turkey & Bacon Ciabatta Roasted Turkey & Bacon CiabattaBistro Sirloin Sandwich Bistro Sirloin
Sandwich

7 Tuscan Pesto Chicken Ciabatta Tuscan Pesto Chicken Ciabatta Angus Bacon Cheeseburger Angus Bacon
Cheeseburger

8June June Nov Nov Dec Dec Oct Oct Sept Sept August August July July Feb Feb Mar Mar April April May May Jan
JanBranded Campaign Events Branded Campaign EventsNeighborhood Branding Neighborhood BrandingCarside To
Go Carside To GoWeight Watchers Weight WatchersMarketing Muscle Marketing Muscle

9September 25 September 25 - November 19 November 19Bruschetta Burger Bruschetta Burger

10Crispy Brick Chicken Crispy Brick ChickenPenne Rosa with Sweet Italian Sausage Penne Rosa with Sweet Italian Sausage

11Herb Herb-Crusted Chicken Crusted ChickenNovember 20 November 20 - January 7 January 7

12	Cost Outlook	Cost Outlook	Commodity Update	Commodity Update	Labor Costs	Labor Costs	Energy Imp
Energy Impact-	Fuel surcharges, utilities, resins	Fuel surcharges, utilities, resins	Investment Costs	Investment	Costs	Costs	Costs
Costs	G&A	G&A	Restaurant Operating Margins	Restaurant Operating Margins	(before Pre	(before Pre	(before Pre-Opening)
Opening)	2000	2001	2002	2003	2004	2005	Q3 YTD2006
15.1%	15.5%	15.9%	16.5%	13.8%	16.2%	15.9%	12.8%
4.4%	1.8%	2.5%	1.8%	-0.9%	5.2%	3.8%	-0.8%
12.0%	13.0%	14.0%	15.0%	16.0%	17.0%	18.0%	19.0%
2000	2001	2002	2003	2004	2005	Q3 YTD2006	-2.0%
-1.0%	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%
ROP	SSS	15.1%	15.5%	15.9%	16.5%	13.8%	16.2%
15.9%	12.8%	4.4%	1.8%	2.5%	1.8%	-0.9%	5.2%
3.8%	-0.8%	12.0%	13.0%	14.0%	15.0%	16.0%	17.0%
2000	2001	2002	2003	2004	2005	Q3 YTD2006	-2.0%
-1.0%	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%
ROP	SSS						

139.5% 9.4% 9.8% 9.9% 9.6% 9.4% 9.0% 10.4% 1999 2000 2001 2002 2003 2004 2005 Q3 YTD 2006* 9.5% 9.4% 9.8%
9.9% 9.6% 9.4% 9.0% 10.4% 1999 2000 2001 2002 2003 2004 2005 Q3 YTD 2006* G & A Expenses G & A
Expenses (as a % of Revenue) (as a % of Revenue)* Includes stock-based compensation Development Development

14113145162 163145116 107125109 1071001091441993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003
2004 2005 2006E113145162 163145116 107125109 1071001091441993 1994 1995 1996 1997 1998 1999 2000 2001
2002 2003 2004 2005 2006E~125Fourteen Consecutive Years With At Least Fourteen Consecutive Years With At
Least100 New Restaurant Openings 100 New Restaurant OpeningsUnit Growth Unit Growth1994 1995 1996 1997
1998 1999 2000 2001 2002 2003 2004 2005 Oct '06Franchise CompanyMarket Dominance Market
DominanceApplebee Applebee's Dominates in s Dominates inSystem Size and Annual Growth System Size and
Annual Growth1,911 1,91127% 27%73% 73%505519 5191,392 1,392

151,8261,114854562APPB Chili's Ruby's Friday's1,8261,114854562APPB Chili's Ruby's Friday'sMarket Dominance
Market DominanceDomestic unit counts as of November 2006 for APPB Domestic unit counts as of November 2006
for APPBDomestic unit counts as of September 2006 for Chili Domestic unit counts as of September 2006 for Chili's,
Ruby s, Ruby's, & Friday s, & Friday'sUNITED STATES of AMERICACanadaALASKA (USA)COLOMBIA
VENEZUELA PERU BOLIVIA Honduras Ecuador GUYANA SURINAME FRENCH GUIANACOSTA
RICAPANAMA Guatemala GuatemalaCUBAPARAGUAYARGENTINAURUGUAY Chile GREENLAND
ICELAND NORWAY SWEDEN FINLAND DENMARK ESTONIA LATVIA LITHUANIA BELARUS
GERMANY CZECHREPUBLIC NETHERLANDS BELGIUMFRANCE
SWITZ.AUSTRIASLOVAKIAHUNGARYROMANIAITALYUKRAINETURKEYSYRIAIRAQYEMENOMANEgypt
Egypt LIBYAALGERIAMOROCCO TUNISIAWESTERN SAHARA MAURITANIA MALINIGER CHAD
SUDANETHIOPIASOMALIAUGANDASENEGALGUINEALIBERIAACOTED'IVOIREBURKINAGHANANIGERIAACAM
REPUBLICGABON CONGODEMOCRATICREPUBLIC OF CONGO KENYA TANZANIA ANGOLA ZAMBIA
MOZAMBIQUENAMIBIABOTSWANAZIMBABWEREPUBLICOF SOUTH AFRICA MADAGASCAR
KAZAKHSTAN GEORGIA IRAN UZBEKISTAN TURKMENISTAN AFGHANISTAN KYRGYZSTAN
TAHKISTAN PAKISTAN NEPAL MYANMAR THAILAN
DSRILANKAMONGOLIANORTHKOREASOUTHKOREA
JAPANAIWANCAMBODIALAOSVIETNAMPHILIPPINESINDONESIAPAPUANEW
GUINEAAUSTRALIANEWZEALANDMexico Saudi SaudiArabia Arabia RUSSIA CHINA INDIA Brazil
BrazilInternational Locations International Locations85 Units Open in 17 Countries 85 Units Open in 17 Countries(As
of November 19, 2006)Jordan JordanKuwait KuwaitQatar QatarLebanon LebanonBahrain BahrainUAE UAEGreece
GreeceSicily Sicily

16 Balance Sheet Highlights Balance Sheet Highlights September 24, 2006 September 24, 2006 (\$ in thousands) (\$ in thousands)
 Cash & Investments Cash & Investments \$ 10,067 10,067 Total Assets Total Assets \$ 894,020 894,020
 Total Debt Total Debt \$ 194,280 194,280 Stockholders' Equity Equity \$ 479,137 479,137 Total Capitalization Total Capitalization \$ 673,417 673,417 Total Debt/Capitalization Total Debt/Capitalization 28.8%
 28.8% Solid Balance Sheet Solid Balance Sheet Franchise Business Model Franchise Business Model Franchise Company Company
 2005 2005 Unit Mix Unit Mix 2005 2005 Profit Contribution Profit Contribution Before G&A Before G&A 27% 73% 486 486 1,318 53% 47% \$128.8M \$128.8M \$145.1M \$145.1M

17	Franchise Strength	Franchise Strength	46 Franchisees with 1,307 U.S. Restaurants	46 Franchisees with 1,307 U.S. Restaurants											
Range	Unit Range	1-10	11-25	26-50	50 >50	# of Groups	# of Groups	16	16	13	13	98	# of Units	# of Units	
99	99	246	246	332	332	630	630	8%	8%	19%	19%	25%	25%	48%	48%
(Domestic as of November 19, 2006) (Domestic as of November 19, 2006)															
Range of Franchise Size Range of Franchise Size															
\$36	\$40	\$51	\$64	\$91	\$72	2001	2002	2003	2004	2005	2006	E	New Restaurants	Remodels & Replacements	Other
\$36	\$40	\$51	\$64	\$91	\$72	2001	2002	2003	2004	2005	2006	E	New Restaurants	Remodels & Replacements	Other
\$50	\$50	(\$ in millions) (\$ in millions)													
Capital Expenditures Capital Expenditures															
\$65	\$65	\$83	\$83	\$105	\$105	\$139	\$139	\$115	\$115	\$125	\$125				

	2000	2001	2002	2003	2004	2005	2006
Capital Expenditures	\$18.0	\$50.0	\$100.0	\$150.0	\$200.0	\$250.0	\$300.0
Acquisitions	\$0.0	\$50.0	\$100.0	\$150.0	\$200.0	\$250.0	\$300.0
Stock Repurchases	\$0.0	\$50.0	\$100.0	\$150.0	\$200.0	\$250.0	\$300.0
Net Debt Repayments	\$0.0	\$50.0	\$100.0	\$150.0	\$200.0	\$250.0	\$300.0
Dividends	\$0.0	\$50.0	\$100.0	\$150.0	\$200.0	\$250.0	\$300.0
Major Uses of Cash	\$103.0	\$43.2	\$45.0	\$26.1	\$49.8	\$99.7	\$196.1
Stock Repurchases	\$27.5	\$199.2	\$200.0	\$200.0	\$200.0	\$200.0	\$200.0
YTD 2006	\$103.0	\$43.2	\$45.0	\$26.1	\$49.8	\$99.7	\$196.1
Million Available	\$251.0	\$251.0	\$251.0	\$251.0	\$251.0	\$251.0	\$251.0

19IMPORTANT INFORMATION IMPORTANT INFORMATIONApplebee Applebee's International, Inc. (s International, Inc. ("Applebee Applebee's") plans to file with the SEC and mail) plans to file with the SEC and mailto its stockholders a Proxy Statement in connection with its 200 to its stockholders a Proxy Statement in connection with its 2007 Annual 7 AnnualMeeting, and advises its security holders to read the proxy stat Meeting, and advises its security holders to read the proxy statement and other ement and otherdocuments relating to the 2007 Annual Meeting when they become a documents relating to the 2007 Annual Meeting when they become available, vailable,because they will contain important information. Security holde because they will contain important information. Security holders may obtain rs may obtaina free copy of the proxy statement and other documents (when ava a free copy of the proxy statement and other documents (when available) that ilable) thatApplebee Applebee's files with the SEC at the SEC s files with the SEC at the SEC's web site at s web site at www.sec.gov www.sec.gov. The proxy . The proxystatement and these other documents may also be obtained for fre statement and these other documents may also be obtained for free from e fromApplebee Applebee's by directing a request to our Corporate Secretary, Applebee s by directing a request to our Corporate Secretary, Applebee'sInternational, Inc., 4551 West 107 International, Inc., 4551 West 107th th Street, Overland Park, KS 66207. Street, Overland Park, KS 66207.CERTAIN INFORMATION CONCERNING PARTICIPANTS CERTAIN INFORMATION CONCERNING PARTICIPANTSApplebee Applebee's, its directors and named executive officers may be deemed to b s, its directors and named executive officers may be deemed to beparticipants in the solicitation of Applebee participants in the solicitation of Applebee's security holders in connection with s security holders in connection withits 2007 Annual Meeting. Security holders may obtain informatio its 2007 Annual Meeting. Security holders may obtain information regarding n regardingthe names, affiliations and interests of such individuals in App the names, affiliations and interests of such individuals in Applebee lebee's Annual s AnnualReport on Form 10 Report on Form 10-K for the year ended, December 25, 2005, and its proxy K for the year ended, December 25, 2005, and its proxystatement dated April 11, 2006, each of which is filed with the statement dated April 11, 2006, each of which is filed with the SEC. To the SEC. To theextent holders of Applebee extent holders of Applebee's securities have changed from the amounts s securities have changed from the amountsdisclosed in the proxy statement, such changes have been reflect disclosed in the proxy statement, such changes have been reflected on ed onStatements of Change in Ownership on Form 4 filed with the SEC. Statements of Change in Ownership on Form 4 filed with the SEC. These Thesedocuments are available free of charge at the SEC documents are available free of charge at the SEC's website at www.sec.gov. s website at www.sec.gov.