

APPLEBEE'S INTERNATIONAL, INC.
4551 W. 107th Street
Overland Park, KS 66207

Via email to jerichter@fasb.org

June 10, 2005

Mr. Lawrence W. Smith
Chairman of Emerging Issues Task Force
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856-5116

RE: Comments on Proposed Issue 05-6, Determining the Amortization Period for Leasehold Improvements, to be Discussed at EITF Meeting on June 15-16, 2005

Dear Mr. Smith:

These comments are being submitted on behalf of Applebee's International, Inc. (the "Company").

Company Overview

The Company is headquartered in Overland Park, Kansas and develops, franchises and operates casual dining restaurants in 49 states and 12 international countries. The Company is the largest casual dining concept in America both in terms of number of restaurants and market share. As of June 8, 2005, there were 1,717 Applebee's restaurants, of which 1,259 were operated by franchisees and 458 were operated by the Company. Of the company-owned restaurants, 68 were acquired subject to a lease agreement. Remodels involve purchases of leasehold improvements subsequent to the inception of the lease.

Comments on Proposed Issue 05-6, Determining the Amortization Period for Leasehold Improvements

The Company supports View A for Issue 1 that leasehold improvements acquired in a business combination should be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonably assured at the date of acquisition. We also support View A for Issue 2 that leasehold improvements purchased subsequent to the inception of a lease should be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonably assured at the date the leasehold improvements are purchased.

We support View A on both issues because we conclude that leasehold improvements obtained through acquisitions or purchased subsequent to the inception of a lease must be evaluated to ensure that the amortization periods of these assets equate to their useful lives not to exceed

available option periods. Furthermore, the useful lives of these leasehold improvements should be consistent with the lives of leasehold improvements in non-lease restaurants. We believe that these leasehold improvements added often benefit future periods beyond the original lease term and thus, create an economic penalty, as described in paragraphs 5(f) and 5(o) of FAS 13, if the Company fails to renew the lease beyond the original lease term. Existence of an economic penalty provides reasonable assurance that the lease would be extended.

View B would result in assets that have up to a 20 year useful life being amortized over a period as short as one year. A \$250,000 remodel would be expensed in one year instead of being amortized over the expected life of the leasehold improvements.

Please contact the undersigned at 913-967-8177 to discuss this submission, if applicable. We appreciate your consideration of our comments.

Very truly yours,

Beverly O. Elving
Vice President & Controller