

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997 COMMISSION FILE NUMBER: 0-8360

IHOP CORP.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE 95-3038279
(STATE OR OTHER JURISDICTION (I.R.S. EMPLOYER
OF INCORPORATION OR ORGANIZATION) IDENTIFICATION NO.)

525 NORTH BRAND BOULEVARD, GLENDALE,
CALIFORNIA 91203-1903
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (818) 240-6055
SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS NAME OF EACH EXCHANGE
----- ON WHICH REGISTERED

NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
COMMON STOCK, \$.01 PAR VALUE
(TITLE OF CLASS)

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any

amendment to this Form 10-K. [X]

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of January 31, 1998. \$314 million

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

CLASS	OUTSTANDING AS OF JANUARY 31, 1998
Common Stock, \$.01 par value.....	9,735,762

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for Annual Meeting of Shareholders to be held on Tuesday, May 12, 1998, (the "1998 Proxy Statement") are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS.

General Development of Business

IHOP Corp. and its subsidiaries ("IHOP" or the "Company") develop, operate and franchise International House of Pancakes restaurants, one of America's best-known, national, family restaurant chains. As of December 31, 1997, the Company had 787 restaurants, of which 571 were operated by franchisees, 145 by area licensees and 71 by the Company. IHOP restaurants are located in 36 states, Canada and Japan.

IHOP Corp. was incorporated under the laws of the State of Delaware in 1976. In July 1991, IHOP completed an initial public offering of its common stock. There were no significant changes to the Company's corporate structure during 1997, nor material changes in the Company's method of conducting business.

Financial Information about Industry Segments

IHOP Corp. and its subsidiaries are engaged exclusively in the foodservice industry, primarily in the United States, wherein IHOP develops, franchises and operates restaurants. Information with respect to revenues, operating profits and assets attributable to IHOP's sole industry segment is contained under the caption "Five Year Financial Summary" in the Financial Information Section beginning on page F-1 of this Annual Report on Form 10-K.

Narrative Description of Business

The Company develops, franchises and operates International House of Pancakes restaurants. IHOP restaurants feature moderately-priced, high-quality food and beverage items, and table service in an attractive and comfortable atmosphere. Although IHOP restaurants are best known for their award-winning pancakes, omelets and other breakfast specialties, IHOP restaurants are open throughout the day and evening hours and offer a broad array of lunch, dinner and snack items as well.

More than 90% of IHOP restaurants are operated by franchisees, who are independent third parties. The Company's approach to franchising (discussed in greater detail below) is founded on the franchisees' active involvement in the

day-to-day operations of their respective restaurants. The Company is selective in granting franchises, preferring to franchise to individuals who intend to be active in the management of their restaurant(s) and not to passive investors or investment groups. This provides a quality of management and dedication that, in the view of the Company, is generally unmatched by salaried employees or absentee owners. In addition, IHOP itself develops most new restaurants prior to franchising them and, following the franchising of the restaurant, becomes the franchisee's landlord. This landlord/tenant relationship provides IHOP with enhanced profits and greater control over its franchise system.

Management seeks to increase revenues and profits by focusing on several areas of the Company's business. These areas include the development and franchising of new IHOP restaurants, improvements in sales levels at existing restaurants through the attraction of new guests and retention of existing customers, and restaurant-level operating changes designed to improve profitability.

Restaurant Development

The Company intends to add restaurants to the IHOP system primarily through the development of new restaurants in major markets where the Company already has a core customer base. Management believes that by concentrating growth in its existing markets, the Company will be able to achieve economies of scale with respect to supervisory, advertising and distribution functions. New restaurants are developed after a stringent site selection process which is supervised by senior management. In addition, the Company may acquire non-IHOP restaurants in existing markets for conversion to International House of Pancakes restaurants. In 1997, the Company developed 45 new restaurants and franchisees developed an additional 22 restaurants.

IHOP secondarily looks to develop new markets in which it has no presence or its presence is limited, primarily where such new markets are geographically near to existing markets and are deemed to present significant business opportunities. In such regard, management may consider proposals to acquire several non-IHOP units in markets in which the Company has little or no presence. Management evaluates such proposals on a case-by-case basis and may elect to acquire such restaurants for conversion to International House of Pancakes restaurants.

In 1997, the Company built two types of new restaurant buildings. The larger format restaurant averages approximately 4,500 square feet with about 170 seats. The second building type is designed for use in smaller, high-potential markets and is approximately 3,900 square feet in size and seats about 128 people. Of the 45 new IHOP restaurants built by the Company in 1997, 25 were the larger format building, 13 were the smaller format building and 7 were existing restaurants converted to International House of Pancakes restaurants (restaurant conversions). The number of seats in a restaurant conversion is variable by location, and, in 1997, averaged 175 seats per restaurant. In comparison, IHOP's older A-Frame style restaurants, which have not been built since 1985, average approximately 3,000 square feet with 100 seats. The new restaurants feature larger kitchens designed to accommodate IHOP's continuing expansion of its lunch and dinner business and to more efficiently service the peak breakfast and brunch hours on weekends. To the greatest extent possible, the Company continues to use its familiar signature blue color on the roof, awnings and other exterior decor of its restaurants.

The table below sets forth the average development cost per restaurant in 1997. For leased restaurants, the discounted present value of the lease and any "key money" have been allocated to land, building and site improvements and other costs, as appropriate.

	AVERAGE PER RESTAURANT
Land.....	\$ 509,000
Building.....	750,000
Equipment.....	328,000
Site improvements and other costs.....	168,000

Total.....	\$1,755,000
	=====

New restaurants opened in 1996 have realized, on average, sales of \$1,513,000 in their first twelve full months of operations.

Franchising

IHOP's approach to franchising is somewhat different from that of its franchising competitors in the foodservice industry. In most franchise systems, the franchisee is called upon to pay a modest initial fee and uses his/her own capital to acquire a site, build and equip the restaurant and fund working capital needs. While IHOP offers a Franchise Investor Program, which affords certain experienced franchisees the opportunity to fund the development of their own restaurants, the large majority of IHOP restaurants are developed directly by IHOP. In this regard, IHOP generally (i) identifies the site for the new restaurant, (ii) purchases the site or leases it from a third party, (iii) builds the restaurant and equips it with all required furniture, fixtures and equipment ("equipment"), (iv) selects the franchisee and trains the franchisee and supervisory personnel who will run the restaurant, (v) finances the purchase of the franchise, (vi) leases the restaurant and equipment to the franchisee and (vii) provides continuing support with respect to operations, marketing and new product development. Although IHOP incurs substantial obligations in the development, franchising and start-up operations of a new restaurant, its involvement in such development allows the Company to command a substantial franchise and development fee. In addition, IHOP derives income from the partial financing of the franchise and development fee and from the leasing of property and equipment to franchisees. IHOP's involvement in site selection and development, the training and supervising of franchisees, as well as its control over restaurant property, products and services, are an integral part of the Company's operating philosophy.

IHOP franchisees are predominantly owner/operators, not passive investors. The majority of franchisees own only one restaurant and only eleven franchisees (excluding area licensees) currently own more than six restaurants. It is the Company's belief that franchisees who are actively involved in the operation of their restaurants provide a quality of management and commitment to our guests that cannot be matched by salaried managers. In addition, a majority of new restaurants are franchised to current franchisees or restaurant managers who already understand IHOP's approach to the restaurant business. In the past five years sales to existing franchisees and IHOP employees, or their immediate families, constituted approximately 85% of franchise sales transactions.

IHOP's franchise agreements generally require the payment of an initial franchise fee of approximately \$200,000 to \$350,000 for a newly developed restaurant (depending on the site), of which approximately 20% is initially paid in cash. The balance of the initial franchise fee is financed by the Company over five to eight years. IHOP also receives continuing revenues from the franchisee: a royalty equal to 4.5% of a franchisee's sales; income from the leasing of the restaurant and related equipment; revenue from the sale of certain proprietary products; a local advertising fee equal to about 2% of a franchisee's sales (which is usually paid to a local advertising cooperative);

and a national advertising fee equal to 1% of a franchisee's sales. Franchise agreements relating to restaurants developed directly by franchisees under the Company's Franchise Investor Program provide for a reduced initial franchise fee of \$50,000, revenue from the sale of certain proprietary products, and royalties and advertising fees in amounts similar to those described above.

The Company or its predecessor has entered into long-term area licensing agreements covering the state of Florida and the Southern-most counties of Georgia, the province of British Columbia, Canada and the country of Japan. These agreements provide for royalties ranging from 0.5% to 2% of sales and advertising fees equal to 0.25% of sales. The Company also derives revenue from the sale of certain proprietary products to the area licensees.

Area licensing arrangements, similar to those described above, may be used in the future for domestic and international expansion into areas where neither the Company nor investor program franchisees are likely to develop International House of Pancakes restaurants.

Restaurant Operations and Support

It is the Company's goal to make every dining experience at IHOP a satisfying one. IHOP franchisees and operators strive always to exceed guests' expectations, and hold firm to the belief that a satisfied customer will both be a return customer and will tell others about our restaurants. To ensure that our guests' expectations are fulfilled, all restaurants are operated in accordance with uniform operating standards and specifications relating to the quality and preparation of menu items, selection of menu items, maintenance, repair and cleanliness of premises, and the appearance and conduct of employees.

The Company's Operations Department is charged with insuring that these high standards are met at all times. These operating standards are detailed in the Company's Manual of Standard Operating Procedures and have been developed by the Company in consultation with our franchisee operators. Each restaurant is assigned an Operations Consultant who regularly visits and evaluates the restaurant to ensure that it remains in compliance with the operating guidelines and procedures. In addition to frequent visits to the restaurant, the Operations Consultant conducts at least two annual comprehensive written evaluations of every aspect of the restaurant's operations. The Operations Consultant then meets with the franchisee or manager to discuss the results of his review and develop a plan to address any areas for improvement.

The International House of Pancakes menu offers a large selection of high-quality, moderately-priced products designed to appeal to a broad customer base. These include a wide variety of pancakes, waffles, omelets and other breakfast specialties, chicken, steak and sandwiches. In most restaurants, IHOP offers special items for children and seniors at reduced prices. IHOP restaurants are located throughout the United States, and, in recognition of local tastes, most IHOP restaurants offer regional specialties that complement the IHOP core.

menu. IHOP's Research and Development Department working together with franchisees and the Company's Operations and Marketing departments continually develop new menu ideas. These new menu items are thoroughly tested in the Company's test kitchen and in limited regional tests before being introduced throughout the system. The purpose of adding new items is to be responsive to our guests' needs and requests, and to keep the menu fresh and appealing to our customers.

Training is ongoing at all IHOP restaurants. Each prospective franchisee is required to participate in an extensive training program before he/she is sold a franchise. The training program involves classroom study in the Company's training facility in San Dimas, California, and hands-on operational training in one of our regional training restaurants. Each franchisee learns to cook, wait on tables, serve as a host, wash dishes and each of the other myriad

tasks necessary to operate a successful restaurant. Field training teams and new restaurant opening teams provide on-site instruction to Company and franchised restaurant employees to assist in the opening of new IHOP restaurants.

The Company's regional headquarters offer additional training courses from time to time on subjects such as suggestive selling, improving service, managing people and diversity.

Marketing and Advertising

Most IHOP franchisees and Company-operated restaurants contribute about 2% of their sales to local advertising cooperatives and the Company provides additional funding to these cooperatives. The advertising co-ops use these funds to purchase television advertising time and place advertisements in printed media or direct mail. For many years, IHOP's television advertising has featured Cliff Bemis, as IHOP's affable spokesperson. The viewer's response to Cliff has always been positive and the Company is continuing to create new Cliff commercials. In these new commercials though, a greater emphasis is being placed on the appetizing appearance, quality and taste of the delicious IHOP food. In addition to television advertising, IHOP encourages local area marketing by its franchisees. These marketing programs include discounts and specials aimed at increasing customer traffic and encouraging repeat business.

Company-Operated Restaurants

The pool of Company-operated restaurants consists of those restaurants newly-developed by the Company which have not yet been franchised and those restaurants re-acquired by the Company through negotiation or franchisee defaults. The relative number and identity of restaurants in each group within the pool, and the total number of restaurants in the pool, varies from time to time as IHOP develops new restaurants, reacquires franchised restaurants and franchises new and reacquired restaurants. Those restaurants that the Company repossesses typically require investment in remodeling and rehabilitation by the Company before being refranchised and may remain in the pool for a substantial period of time. As a consequence of this adverse selection process, some Company-operated restaurants may incur operating losses during the period of their rehabilitation.

Remodeling and Refranchising Program

Restaurants reacquired by IHOP are usually underperforming as a result of having been poorly operated, physically neglected and/or badly staffed. When a restaurant enters the pool of Company-operated restaurants as a result of negotiation or franchisee default, IHOP begins a multi-step rehabilitation program for that restaurant. These restaurants are physically rehabilitated by IHOP. IHOP also hires and trains the restaurant staff. The Company then implements new marketing and operations programs designed to regain the business of former guests and attract new patrons. After a restaurant has been rehabilitated and its sales volume reaches acceptable levels, the restaurant is refranchised to a qualified franchisee. In the past five years IHOP reacquired a total of 61 restaurants from franchisees. In those same years restaurants that were refranchised totaled 36.

In the past five years IHOP has remodeled and updated approximately 33 then Company-operated restaurants at an average cost per restaurant of approximately \$95,000. Management believes that, from 1991 through 1997, average sales in remodeled Company-operated restaurants increased approximately 14.7% in the 12 months subsequent to the remodeling. IHOP intends to continue this remodeling program with respect to Company-operated restaurants on an ongoing basis to facilitate the refranchising of these restaurants and to enhance the chain's image and maintain and expand its customer base.

IHOP also requires most of its franchisees, and strongly encourages all of its franchisees, to periodically remodel their restaurants. In the past five years 175 restaurants have been remodeled by franchisees.

Purchasing

To minimize costs, achieve economies of scale, and ensure food quality and consistency, IHOP has set up informal purchasing cooperatives among franchisees to negotiate bulk orders of food products. IHOP has also entered into long-term supply contracts for various products, including pancake mixes, coffee, soft drinks and juices, to ensure the availability of quality products at competitive prices.

Competition and Markets

The restaurant business is highly competitive and is affected by, among other things, changes in eating habits and preferences, local, regional and national economic conditions, population trends and traffic patterns. The principal bases of competition in the industry are the quality and price of the food products served. Additionally, restaurant location, quality and speed of service, advertising, name identification and attractiveness of facilities are also important. The acquisition of sites is highly competitive as well, with IHOP often competing with other restaurant chains and retail businesses for suitable sites for the development of new restaurants.

The current structure of the U.S. restaurant and institutional foodservice market is characterized by differentiated chains competing within their segments against each other and local, single-outlet operators. Foodservice chains in the United States include the following segments: quick-service sandwich, chicken, pizza, family restaurant, dinner house, grill-buffet, hotel restaurant and contract/catering. Information published in 1997 by an industry trade publication ranked IHOP 34th out of the top 100 chains based on estimated fiscal 1996 system-wide foodservice sales in the United States. The same publication included twelve family restaurant chains in its top 100 chains, and IHOP ranked fourth in this segment. A national consumer survey, performed by an independent restaurant industry publication in 1997, indicates that approximately 80% of all Americans are familiar with International House of Pancakes restaurants, making IHOP one of the two top family restaurant chains in terms of consumer awareness. In December 1997, based on a nationwide sample of IHOP restaurants, the approximate guest check average per IHOP customer was \$6.15.

Trademarks and Service Marks

The Company has registered "International House of Pancakes," "IHOP" and variations of each, as well as other trademarks and service marks, including "Any Time's a Good Time for Breakfast at IHOP," "the Home of the Never Empty Coffee Pot," "Rooty Tooty Fresh 'N Fruity," and "Harvest Grain 'N Nut" with the United States Patents and Trademark Office. IHOP also registers new trademarks and service marks from time to time. The Company is not aware of any infringing uses that could materially affect its business or any prior claim to these marks that would prevent IHOP from using or licensing the use thereof for restaurants in any area of the United States. The Company has registered its trademarks and service marks and variations thereof in Japan and Canada for use by current licensees and, where feasible and appropriate, registers its trademarks and service marks in other nations for future use. The Company's current registered trademarks and service marks will expire, unless renewed, at various dates from 1998 to 2013. IHOP routinely applies to renew its active trademarks and service marks prior to their expiration.

Seasonality

IHOP's business, like that of most restaurants, is seasonal in that restaurants generally experience greater customer traffic and sales in the warmer months and during the Thanksgiving and Christmas seasons.

Government Regulation

IHOP is subject to various federal, state and local laws affecting its business as well as a variety of regulatory provisions relating to zoning of restaurant sites, sanitation, health and safety. As a franchisor, the Company is subject to state and federal laws regulating various aspects of franchise operations and sales. These laws impose registration and disclosure requirements on franchisors in the offer and sale of franchises and, in certain cases, also apply substantive standards to the relationship between franchisor and franchisee, including primarily defaults, termination and non-renewal of franchises.

Various federal and state labor laws govern IHOP's relationships with its employees, including such matters as minimum wage requirements, overtime and other working conditions. Environmental requirements have not had a material effect on the operations of the Company or those of its franchisees. Significant additional government-imposed increases in minimum wages, paid leaves of absence, mandated health benefits or increased tax reporting and tax payment requirements in respect to employees who receive gratuities could, however, be detrimental to the economic viability of franchisee-operated and Company-operated International House of Pancakes restaurants.

Employees

At December 31, 1997, the Company employed approximately 2,600 persons, of whom 233 were full-time, non-restaurant, corporate personnel. The Company considers relations with its employees to be satisfactory.

ITEM 2. PROPERTIES.

The table below shows the location and status of the 787 IHOP restaurants in operation as of December 31, 1997:

LOCATION	UNITED STATES	AREA			
		FRANCHISE	COMPANY	LICENSE	TOTAL
Alabama.....		3	1	0	4
Arizona.....		15	0	0	15
Arkansas.....		3	0	0	3
California.....		135	23	0	158
Colorado.....		17	0	0	17
Connecticut.....		6	0	0	6
Delaware.....		1	0	0	1
Florida.....		0	0	108	108
Georgia.....		32	1	1	34
Hawaii.....		2	0	0	2
Idaho.....		0	1	0	1
Illinois.....		28	11	0	39
Indiana.....		4	2	0	6
Kansas.....		1	1	0	2
Maine.....		1	0	0	1
Maryland.....		23	1	0	24
Massachusetts.....		15	0	0	15
Michigan.....		10	1	0	11
Mississippi.....		5	0	0	5
Missouri.....		11	0	0	11
Nevada.....		9	3	0	12
New Hampshire.....		2	0	0	2
New Jersey.....		26	1	0	27
New Mexico.....		7	0	0	7

New York.....	31	1	0	32
North Carolina.....	21	0	0	21
Oklahoma.....	1	0	0	1
Oregon.....	5	9	0	14
Pennsylvania.....	11	2	0	13
Rhode Island.....	1	1	0	2
South Carolina.....	10	0	0	10
Tennessee.....	11	0	0	11
Texas.....	88	0	0	88
Virginia.....	15	0	0	15
Washington.....	8	10	0	18
Wisconsin.....	2	2	0	4

INTERNATIONAL

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Canada(1).....	11	0	0	11
Japan.....	0	0	36	36
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Totals.....	571	71	145	787
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- (1) The Company reports restaurants in Canada as franchise restaurants although the eleven restaurants are operated under an area license agreement.

As of December 31, 1997, of the 71 Company-operated restaurants, 6 were located on Company-owned sites and 65 were located on Company-leased sites; of the 571 franchisee-operated restaurants, 39 were located on Company-owned sites, 425 were located on Company-leased sites and 107 were located on sites owned or leased by franchisees; and all of the restaurants operated by area licensees were located on sites owned or leased by area licensees.

IHOP's leases with its landlords generally provide for an initial term of 15 to 25 years, with most having one or more five-year renewal options in favor of the Company. The leases typically provide for payment of rentals in an amount equal to the greater of a fixed amount or a specified percentage of gross sales and for payment by IHOP of taxes, insurance premiums, maintenance expenses and certain other costs. Historically, IHOP generally has been successful at renewing those leases that expire without further renewal options. However, from time to time the Company chooses not to renew a lease or is unsuccessful in negotiating satisfactory renewal terms, and, as a result, the restaurant is closed and possession returned to the landlord.

IHOP leases its principal corporate offices in Glendale, California under a lease having a remaining term of approximately three years with two five-year options to renew. The Company also leases regional offices in Lyndhurst, New Jersey; Norcross, Georgia; Lombard, Illinois; Dallas, Texas; Portland, Oregon and Sylmar, California. The Sylmar office also houses the Company's Purchasing and Product Development Departments, which includes a warehouse facility of approximately 6,200 square feet and a test kitchen.

ITEM 3. LEGAL PROCEEDINGS.

The Company is subject to various claims and legal actions which arise in the ordinary course of business. The Company believes such claims and legal actions, individually or in the aggregate, will not have a material adverse effect on the business or financial condition of the Company.

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

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is traded as a national market stock on the Nasdaq Stock Market under the symbol "IHOP". As of January 31, 1998, there were approximately 2,400 shareholders, including shareholders whose shares are held in street name.

The following table sets forth the high and low prices of the stock as reported by the Nasdaq National Market.

QUARTER ENDED	HIGH	LOW	QUARTER ENDED	HIGH	LOW
March 31, 1997.....	\$27 1/4	\$23 5/8	March 31, 1996.....	\$27 1/8	\$21 1/2
June 30, 1997.....	31 1/8	23 5/8	June 30, 1996.....	29 7/8	25
September 30, 1997.....	37 3/8	30 3/8	September 30, 1996.....	27 1/8	22
December 31, 1997.....	37 3/8	31	December 31, 1996.....	26 1/4	19 1/4

The Company has not paid any dividends on its Common Stock in the last five years and has no plans to do so in 1998. Any future determination to declare dividends will depend on the Company's earnings, financial condition, cash requirements, future prospects and other factors deemed relevant by the Company's Board of Directors. The purchase agreements governing the Company's 7.79% senior notes, its 7.42% senior notes, and its credit agreement with its bank limit the amount of retained earnings available for dividends and investments. At December 31, 1997, approximately \$42 million of retained earnings was free of restriction as to distribution as dividends.

ITEM 6. SELECTED FINANCIAL DATA.

Certain selected financial data for each of the five years ended December 31, 1997, is contained under the caption "Five Year Financial Summary" in the Financial Information Section beginning on page F-1 of this Annual Report on Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

A discussion of the Company's financial condition, changes in financial condition and results of operations is contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Financial Information Section beginning on page F-1 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated balance sheets of IHOP Corp. and Subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1997, together with the related notes and the report of Coopers & Lybrand, L.L.P., independent accountants, are contained in the Financial Information Section beginning on page F-1 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information appearing under the captions "Information Concerning Nominees and Members of the Board of Directors," "Executive Officers of the Company" and "Compliance with Section 16(a) of the Securities Exchange Act" contained in the 1998 Proxy Statement is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Information appearing under the captions "Executive Compensation--Summary of Compensation," "Executive Compensation--Stock Options and Stock Appreciation Rights" and "Executive Officers of the Company--Employment Agreements" contained in the 1998 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" contained in the 1998 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information appearing under the caption "Certain Relationships and Related Transactions" contained in the 1998 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) (1) Consolidated Financial Statements

The following documents are contained in the Financial Information Section beginning on page F-1 of this Annual Report on Form 10-K.

Consolidated Balance Sheets as of December 31, 1997 and 1996.

Consolidated Statements of Operations for each of the three years in the period ended December 31, 1997.

Consolidated Statement of Shareholders' Equity for each of the three years in the period ended December 31, 1997.

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 1997.

Notes to the Consolidated Financial Statements.

Report of Independent Accountants.

(2) Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

(3) 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. Management contracts or compensatory plans or arrangements are marked with an asterisk.

- 3.1 Restated Certificate of Incorporation of IHOP Corp.
- 3.2 Bylaws of IHOP Corp.
- 4.1 Senior Note Purchase Agreement, dated as of November 19, 1992, among IHOP Corp., International House of Pancakes, Inc. ("IHOP, Inc.") and Mutual Life Insurance Company of New York and other purchasers.
- 4.2 First Amendment to Senior Note Purchase Agreement, dated as of November 1, 1996, among IHOP Corp., IHOP Inc., and Mutual Life Insurance Company of New York and other purchasers. Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, (the "1996 Form 10-K") is hereby incorporated by reference.
- 4.3 \$10,000,000 Letter Agreement among IHOP, Inc., IHOP Corp. and Continental Bank, N.A., dated as of June 30, 1993.
- 4.4 First Amendment to Letter Agreement, dated as of December 31, 1994, among IHOP, Inc., IHOP Corp. and Bank of America Illinois (successor by merger to Continental Bank, N.A.).
- 4.5 Second Amendment to Letter Agreement, dated as of March 11, 1996, among IHOP, Inc., IHOP Corp. and Bank of America Illinois.
- 4.6 Third Amendment to Letter Agreement, dated as of September 3, 1996, among IHOP, Inc., IHOP Corp. and Bank of America Illinois. Exhibit 4.6 to the 1996 Form 10-K is hereby incorporated by reference.
- 4.7 Fourth Amendment to Letter Agreement, dated as of November 1, 1996, among IHOP, Inc., IHOP Corp. and Bank of America Illinois. Exhibit 4.7 to the 1996 Form 10-K is hereby incorporated by reference.

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- 4.8 Senior Note Purchase Agreement, dated as of November 1, 1996, among IHOP, Inc., IHOP Corp. and Jackson National Life Insurance Company and other purchasers. Exhibit 4.8 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.1 IHOP Corp. Executive Incentive Plan effective January 1, 1998.
- *10.2 IHOP Corp. 1991 Stock Incentive Plan as Amended and Restated February 23, 1994.
- *10.3 IHOP Corp. 1994 Stock Option Plan for Non-Employee Directors.
- *10.4 Employment Agreement between the Company and Rand Michael Ferris. Exhibit 10.6 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.5 Employment Agreement between the Company and Susan Henderson-Hernandez. Exhibit 10.7 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.6 Employment Agreement between the Company and Richard K. Herzer. Exhibit 10.8 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.7 Employment Agreement between the Company and Dennis M. Leifheit. Exhibit 10.9 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.8 Employment Agreement between the Company and Naomi K. Shively. Exhibit 10.10 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.9 Employment Agreement between the Company and Frederick G. Silny. Exhibit 10.11 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.10 Employment Agreement between the Company and Anna G. Ulvan. Exhibit 10.12 to the 1996 Form 10-K is hereby incorporated by reference.

- *10.11 Employment Agreement between the Company and Mark D. Weisberger. Exhibit 10.13 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.12 Employment Agreement between the Company and Richard C. Celio. Exhibit 10 to the Form 10-Q for the quarterly period ended March 31, 1997, is hereby incorporated by reference.
- *10.13 Employment Agreement between the Company and John Jordan.
- 10.14 Area Franchise Agreement, effective as of May 5, 1988, by and between IHOP, Inc. and FMS Management Systems, Inc.
- *10.15 International House of Pancakes Employee Stock Ownership Plan as Amended and Restated as of July 12, 1991 ("the ESOP").
- *10.16 Amendment No. 1 to the ESOP.
- *10.17 Amendment No. 2 to the ESOP.
- *10.18 Amendment No. 3 to the ESOP. Exhibit 10 to the Form 10-Q for the quarterly period ended September 30, 1996, is hereby incorporated by reference.
- *10.19 Amendment No. 4 to the ESOP. Exhibit 10 to the Form 10-Q for the quarterly period ended September 30, 1997, is hereby incorporated by reference.
- 11.0 Statement Regarding Computation of Per Share Earnings.
- 21.0 Subsidiaries of the Company.
- 23.0 Consent of Coopers & Lybrand, L.L.P.
- 27.0 Financial Data Schedule.

*Management contracts or compensatory plans or arrangements are marked with an asterisk.

(b) No reports on Form 8-K were filed during the quarter ended December 31, 1997.

(c) The exhibits described above in Item 14(a)(3) are incorporated herein by reference.

(d) Information regarding schedules described above in Item 14(a)(2) is incorporated herein by reference.

FINANCIAL INFORMATION SECTION

IHOP CORP. AND SUBSIDIARIES

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YEAR ENDED DECEMBER 31,

1997	1996	1995	1994	1993
------	------	------	------	------

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

INCOME STATEMENT DATA

Revenues

Franchise operations.....	\$113,722	\$102,368	\$ 93,039	\$ 83,868	\$ 71,451
Company operations.....	61,839	53,677	43,001	40,732	47,557
Other.....	39,897	34,051	28,283	25,394	23,537
Total revenues.....	215,458	190,096	164,323	149,994	142,545

Costs and expenses

Franchise operations.....	50,614	47,104	43,519	39,733	33,775
Company operations.....	58,001	50,852	41,621	37,507	43,791
Field, corporate and administrative.....	29,437	26,052	22,193	21,967	21,004
Depreciation and amortization.....	10,029	8,279	6,918	6,382	5,738
Interest.....	14,649	11,691	8,873	6,805	5,641
Other.....	18,442	15,367	13,698	12,616	11,480
Severance charges.....	--	--	800	--	--
Nonrecurring charge.....	--	--	--	--	2,500
Total costs and expenses.....	181,172	159,345	137,622	125,010	123,929

Income before income taxes.. \$ 34,286 \$ 30,751 \$ 26,701(a) \$ 24,984 \$ 18,616(b)

Net income..... \$ 20,914 \$ 18,604 \$ 16,154(a) \$ 15,115 \$ 10,733(b)

Net income per share(c)

Basic.....	\$ 2.18	\$ 1.97	\$ 1.73(a)	\$ 1.65	\$ 1.19(b)
	=====	=====	=====	=====	=====
Diluted.....	\$ 2.15	\$ 1.95	\$ 1.70(a)	\$ 1.60	\$ 1.15(b)
	=====	=====	=====	=====	=====

Weighted average shares
outstanding(c)

Basic.....	9,596	9,444	9,319	9,159	9,043
	=====	=====	=====	=====	=====
Diluted.....	9,743	9,523	9,488	9,444	9,310
	=====	=====	=====	=====	=====

**BALANCE SHEET DATA (END OF
PERIOD)**

Cash and cash equivalents.	\$ 5,964	\$ 8,658	\$ 3,860	\$ 2,036	\$ 1,179
Property and equipment, net.....	142,751	120,854	87,795	69,550	63,083
Total assets.....	382,593	328,889	252,057	202,553	168,657
Long-term debt.....	54,950	58,564	30,584	34,855	36,981
Capital lease obligations.	102,578	80,673	61,836	43,180	29,424
Shareholders' equity(d)....	156,184	129,357	108,297	88,299	71,178

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(a) Includes severance charges associated with a realignment of responsibilities in the Company's restaurant operations, restaurant development and purchasing functions of \$800,000, or \$484,000 net of income tax benefit, or \$.05 per share.

(b) Includes a nonrecurring charge unrelated to the Company's prior or ongoing restaurant and franchising activities pertaining to litigation of \$2,500,000, or \$1,440,000 net of income tax benefit, or \$.16 per share.

(c) Net income per share and weighted average shares outstanding for each of the four years ended December 31, 1996, have been restated in accordance with SFAS No. 128 (see Note 1 to the Consolidated Financial Statements).

- (d) The Company has not paid any dividends on its common stock in the last five years and has no plans to do so in 1998. Any future determination to declare dividends will depend on the Company's earnings, financial condition, cash requirements, future prospects and other factors deemed relevant by the Company's Board of Directors.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

GENERAL

IHOP's revenues are recorded in three categories: (i) franchise operations, which includes payments from franchisees of rents, royalties and advertising fees, proceeds from the sale of proprietary products to distributors and franchisees, interest income received in connection with the financing of franchise and development fees and equipment sales, and payments from area licensees of royalties and advertising fees (except for restaurants in Japan from which the Company does not receive advertising fees); (ii) Company operations, which consists of retail sales at Company-operated restaurants; and (iii) other revenues, which consists primarily of sales of franchises and equipment and interest income received from direct financing leases on franchised restaurant buildings.

Revenues from sales of franchises and equipment and their associated costs of sales are affected by the mix and number of restaurants franchised, as follows: (i) franchise rights with respect to restaurants newly developed by IHOP normally sell for a franchise fee of \$200,000 to \$350,000, and such restaurants 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; (ii) franchise rights with respect to restaurants developed by franchisees normally sell for a franchise fee of \$50,000, and such restaurants have minor associated franchise cost of sales and do not include an equipment sale; and (iii) 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 the Company's "inventory" of restaurants that are available for refranchising.

IHOP reports separately those expenses that are attributable to franchise operations and Company operations. Certain expenses, such as those recorded under field, corporate and administrative, depreciation and amortization, and interest, relate to both franchise operations and Company operations. Other expenses consist primarily of IHOP's investment in restaurants and equipment which are sold as franchises.

IHOP's results of operations are impacted by the timing of additions of new restaurants, and by the timing of the franchising of those restaurants. When a restaurant is franchised, IHOP no longer includes in revenues the retail sales from such restaurant, but receives a one-time franchise and development fee, periodic interest on the portion of such fee financed by the Company and recurring payments from franchisees described above and recorded under franchise operations.

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RESULTS OF OPERATIONS

The following table sets forth certain operating data for IHOP restaurants.

YEAR ENDED DECEMBER 31,

	1997	1996	1995
(DOLLARS IN THOUSANDS)			
Restaurant Data			
Effective restaurants(a)			
Franchise.....	540	503	463
Company.....	66	57	49
Area license.....	140	134	127
-----	-----	-----	-----
Total.....	746	694	639
=====	=====	=====	=====
System-wide			
Sales(b).....	\$903,140	\$796,555	\$714,910
Percent increase.....	13.4 %	11.4 %	13.2%
Average sales per effective restaurant.....	\$ 1,211	\$ 1,148	\$ 1,119
Percent increase.....	5.5 %	2.6 %	4.2%
Comparable average sales per restaurant(c)....	\$ 1,248	\$ 1,174	\$ 1,120
Percent increase.....	3.7 %	1.7 %	0.9%
Franchise Sales.....	\$709,420	\$622,969	\$548,784
Percent increase.....	13.9 %	13.5 %	13.5%
Average sales per effective restaurant.....	\$ 1,314	\$ 1,239	\$ 1,185
Percent increase.....	6.1 %	4.6 %	3.4%
Comparable average sales per restaurant(c)....	\$ 1,292	\$ 1,207	\$ 1,159
Percent increase.....	4.0 %	1.7 %	0.9%
Company Sales.....	\$ 61,839	\$ 53,677	\$ 43,001
Percent increase.....	15.2 %	24.8 %	5.6%
Average sales per effective restaurant.....	\$ 937	\$ 942	\$ 878
Percent change.....	(0.5)%	7.3 %	3.4%
Area License Sales.....	\$131,881	\$119,909	\$123,125
Percent change.....	10.0 %	(2.6)%	15.0%
Average sales per effective restaurant.....	\$ 942	\$ 895	\$ 969
Percent change.....	5.3 %	(7.6)%	6.7%

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(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 the Company.

(c) "Comparable average sales" reflect 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.

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The following table summarizes the Company's restaurant development and franchising activity:

RESTAURANT DEVELOPMENT ACTIVITY(A)	YEAR ENDED DECEMBER 31,				
	1997	1996	1995	1994	1993
	----	----	----	----	----
IHOP--beginning of year.....	729	678	620	572	530
New openings					
IHOP-developed.....	45	45	40	30	38
Investor program.....	13	11	17	14	17
Area license.....	9	7	8	10	9

	---	---	---	---	---
Total new openings.....	67	63	65	54	64
	---	---	---	---	---
Closings					
Company and franchise.....	(9)	(10)	(7)	(5)	(17)
Area license.....	--	(2)	--	(1)	(5)
	---	---	---	---	---
IHOP--end of year.....	787	729	678	620	572
	==	==	==	==	==
Summary--end of year					
IHOP					
Franchise.....	571	535	496	451	407
Company.....	71	58	51	46	51
Area license.....	145	136	131	123	114
	---	---	---	---	---
Total IHOP.....	787	729	678	620	572
	==	==	==	==	==
RESTAURANT FRANCHISING ACTIVITY (A)					
IHOP-developed.....	45	41	36	32	30
Investor program.....	13	11	17	14	17
Rehabilitated and refranchised.....	6	5	3	10	12
	---	---	---	---	---
Total restaurants franchised.....	64	57	56	56	59
Reacquired by Company.....	(23)	(11)	(8)	(10)	(9)
Closed.....	(5)	(7)	(3)	(2)	(13)
	---	---	---	---	---
Net addition.....	36	39	45	44	37
	==	==	==	==	==

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- (a) The Company reports restaurants in Canada as franchise restaurants although the eleven restaurants are operated under an area license agreement.

The following discussion and analysis provides information management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the consolidated financial statements and notes thereto. Certain forward-looking statements are contained in this annual 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 which 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 the Company'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; the Company's overall marketing, operational and financial performance; economic and political conditions; adoption of new, or changes in, accounting policies and practices and other factors discussed from time to time in the Company's filings with the Securities and Exchange Commission. Forward-looking information is provided by the Company 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, the Company disclaims any intent or obligation to update these forward-looking statements.

COMPARISON OF YEAR ENDED DECEMBER 31, 1997 TO YEAR ENDED DECEMBER 31, 1996

System-wide retail sales for 1997 grew 13.4% over system-wide retail sales for 1996. This was due to increases of 7.5% in the number of effective restaurants and 5.5% in the revenues per effective restaurant. System-wide comparable average sales per restaurant (exclusive of area license

restaurants) for 1997 grew by 3.7% over those in 1996. Management continues to pursue growth in sales through the Company's restaurant development program, its advertising and marketing efforts, improvements in customer service and operations, and the Company's remodeling program.

Franchise operations revenues for 1997 grew 11.1% over franchise operations revenues for 1996. This was primarily due to increases in the number of effective franchised restaurants of 7.4% and in the revenues per effective franchised restaurant of 6.1%. Franchise operations costs and expenses for 1997 increased 7.5% over costs and expenses for 1996. As a result of franchise revenues increasing in excess of franchise expenses, franchise margin rose to 55.5% in 1997 from 54.0% in 1996. The margin increased primarily because of (a) improved rent margin due, in part, to an increase in the number of IHOP-owned restaurants which do not have rent expense and (b) growth in interest-income associated with IHOP's financing of sales of franchises and equipment to its franchisees.

Company-operated restaurant revenues in 1997 grew 15.2% over revenues for 1996. This was primarily due to an increase in the effective number of Company-operated restaurants of 15.8% mitigated by a decrease in the revenues per effective Company-operated restaurant of 0.5%. Company-operated restaurant costs and expenses for 1997 increased 14.1% from costs and expenses for 1996. Margin at Company-operated restaurants in 1997 was 6.2% compared to 5.3% in 1996. The improvement in margin was primarily due to operating reductions in food costs as a percentage of revenues.

Other revenues in 1997 grew 17.2% over other revenues for 1996 primarily due to a 12.9% increase in sales of franchises and equipment augmented by an increase in interest income from direct financing leases of 30.4%. Sales of franchises and equipment in 1997 grew to \$28,864,000 from \$25,573,000 in the prior year. IHOP franchised 64 restaurants in 1997 compared with 57 in 1996. Other costs and expenses in 1997 increased 20.0% over 1996 primarily from the increase in franchise and equipment costs of sales to \$15,986,000 from \$14,334,000.

Field, corporate and administrative costs and expenses in 1997 increased 13.0% over costs and expenses in 1996. The rise in expenses was primarily due to normal increases in salaries and wages and additions to headcount to support the Company's growth. Field, corporate and administrative expenses were 3.3% of system-wide sales in both 1997 and 1996.

Depreciation and amortization expense in 1997 increased 21.1% over that of 1996 primarily reflecting the addition of new, larger restaurants and an increase in the number of Company-operated restaurants.

Interest expense increased 25.3% in 1997 over that of 1996 primarily due to (a) interest associated with additional capital lease obligations and (b) increased debt levels due to the private placement of \$35 million in senior notes in November 1996 (see Note 5 to the Consolidated Financial Statements).

Provision for income taxes was 39.0% and 39.5% of income before income taxes in 1997 and 1996, respectively.

The balance of long-term receivables at December 31, 1997, has 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.

Balances of property and equipment, net and capital lease obligations and other at December 31, 1997, have increased over those of the prior year end primarily due to new restaurant development and the Company's capital lease obligations associated with that development.

System-wide retail sales for 1996 grew 11.4% over system-wide retail sales for 1995. This was due to increases of 8.6% in the number of effective restaurants and 2.6% in the revenues per effective restaurant. The above results were mitigated by an unfavorable change in the Japanese yen--U.S. dollar exchange rate in 1996 versus the exchange rate in 1995. If the Japanese sales were excluded from the comparison, system-wide sales in 1996 would have grown by 13.2% over those in 1995.

System-wide comparable average sales per restaurant (exclusive of area license restaurants) for 1996 grew by 1.7% over those in 1995. Comparable average sales in the restaurant industry remained weak during 1996, however, IHOP's performance in this area has been, in general, stronger than that of our competitors. Management continues to pursue growth in sales through the Company's restaurant development program, its advertising and marketing efforts, improvements in customer service and operations, and the Company's remodeling program.

Franchise operations revenues for 1996 grew 10.0% over franchise operations revenues for 1995. This was primarily due to increases in the number of effective franchised restaurants of 8.6% and in the revenues per effective franchised restaurant of 4.6%. Franchise operations costs and expenses for 1996 increased 8.2% over costs and expenses for 1995. As a result of franchise revenues increasing in excess of franchise expenses, franchise margin rose to 54.0% in 1996 from 53.2% in 1995. The margin improved primarily because of increases in interest income associated with IHOP's financing of sales of franchises and equipment to its franchisees.

Company-operated restaurant revenues in 1996 grew 24.8% over revenues for 1995. This was primarily due to increases in the effective number of Company-operated restaurants of 16.3% and in the revenues per effective Company-operated restaurant of 7.3%. Company-operated restaurant costs and expenses for 1996 increased 22.2% from costs and expenses for 1995. Margin at Company-operated restaurants in 1996 was 5.3% compared to 3.2% in 1995. The improvement in margin was primarily due to operating reductions in food costs, salaries and wages and other controllable costs as a percentage of revenues.

Other revenues in 1996 grew 20.4% over other revenues for 1995 primarily due to a 15.2% increase in sales of franchises and equipment augmented by an increase in interest income from direct financing leases of 38.3%. Sales of franchises and equipment in 1996 grew to \$25,573,000 from \$22,202,000 in the prior year. IHOP franchised 57 restaurants in 1996 compared with 56 in 1995. Other costs and expenses in 1996 increased 12.2% over 1995 primarily from the increase in franchise and equipment costs of sales to \$14,334,000 from \$11,565,000.

Field, corporate and administrative costs and expenses in 1996 increased 17.4% over costs and expenses in 1995. The rise in expenses was primarily due to (a) normal increases in salaries and wages and inflation, (b) additions to headcount in the Company's restaurant operations, restaurant development and training functions to support the Company's growth, and (c) additional travel costs associated with growth in the number of restaurants in the IHOP system. Field, corporate and administrative expenses were 3.3% of system-wide sales in 1996 compared to 3.1% in 1995.

Depreciation and amortization expense in 1996 increased 19.7% over that of 1995 primarily reflecting the addition of new, larger restaurants and an increase in the number of Company-operated restaurants.

Interest expense increased 31.8% in 1996 over that of 1995 primarily due to interest associated with additional capital lease obligations, although interest associated with debt also increased. Interest associated with debt rose due to higher levels of borrowings through most of the year under the Company's bank revolving credit agreement and the private placement of \$35 million in senior notes in November 1996 (see Note 5 to the Consolidated Financial Statements).

Provision for income taxes was 39.5% of income before income taxes in both

1996 and 1995.

The balance of long-term receivables at December 31, 1996, has 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.

Balances of property and equipment, net and capital lease obligations and other at December 31, 1996, have increased over those of the prior year end primarily due to new restaurant development and the Company's capital lease obligations associated with that development.

LIQUIDITY AND CAPITAL RESOURCES

The Company invests available funds into its business primarily through the development of additional restaurants and, to a lesser extent, through the remodeling of older Company-operated restaurants.

In 1997, IHOP and its franchisees and area licensees developed and opened 67 IHOP restaurants. Of these, the Company developed and opened 45 restaurants. Capital expenditures in 1997, which included IHOP's portion of the above development program, were \$59.7 million. Funds for this investment primarily came from operations, \$41.6 million, and sale and leaseback arrangements of restaurant land and buildings, \$18.0 million. The Company also incurred capital lease obligations of \$22.8 million, a portion of which was due to the sale and leaseback transactions, and all of which was related to the acquisition of restaurant buildings.

In 1998, IHOP and its franchisees and area licensees plan to develop and open approximately 70 to 85 restaurants. Included in that number are the development of 50 to 60 new restaurants by the Company and the development of 20 to 25 restaurants by IHOP franchisees and area licensees. Capital expenditure projections for 1998, which include IHOP's portion of the above development program, are approximately \$60 to \$75 million. In November 1998, the third annual installment of \$4.6 million in principal becomes due on the Company's senior notes due 2002. The Company expects that funds from operations, sale and leaseback arrangements (estimated to be about \$35 million) and its revolving line of credit will be sufficient to cover its operating requirements, its budgeted capital expenditures and its principal repayment on its senior notes in 1998. At December 31, 1997, \$20 million was available to be borrowed under the Company's unsecured bank revolving credit agreement.

YEAR 2000 COMPLIANCE

The Year 2000 issue is a result of computer programs being written using two digits, e.g. "98," to define a year. Date-sensitive 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.

Based on a recent assessment of the Company's computer systems software, it has been determined that more than 90% of the Company's hardware and software systems are either currently Year 2000 compliant or have an existing upgrade available from the software vendor that is Year 2000 compliant. Included in the more than 60% of the Company's systems that are now Year 2000 compliant are the Company's financial systems for accounting and payroll and its point of sale (POS) systems in its restaurants. All systems that are not currently Year 2000 compliant will either be upgraded to be Year 2000 compliant or replaced with alternative systems that are Year 2000 compliant over the next eighteen months.

While achieving Year 2000 compliance will be a major task, it is not expected to have a material impact on the Company's financial condition or results of operations.

NEW ACCOUNTING STANDARDS

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 130 "Reporting Comprehensive Income," which establishes standards for reporting and

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displaying comprehensive income and its components (revenues, expenses, gains, and losses) in a full set of general-purpose financial statements. Comprehensive income includes net income and other comprehensive income components which under generally accepted accounting principles (GAAP) bypass the income statement and are reported in the balance sheet as a separate component of equity. For the three years ended December 31, 1997, the Company had no other comprehensive income components as defined in SFAS No. 130. SFAS No. 130 does not apply to an enterprise that has no items of other comprehensive income in any of the periods presented.

In June 1997, the FASB issued SFAS No. 131 "Disclosures About Segments of an Enterprise and Related Information," which changes current practice and establishes a new framework, referred to as the "management" approach, on which to base segment reporting. The management approach requires that management identify the "operating segments" based on the way that management disaggregates the entity for internal operating decisions. SFAS No. 131 is effective for fiscal years beginning after December 15, 1997, and is not required for interim statements in the first year of adoption. Management believes that the adoption of this new standard will not have any material impact on the Company's financial position or results of operations.

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IHOP CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	DECEMBER 31,	
	1997	1996
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 5,964	\$ 8,658
Receivables.....	30,490	29,324
Reacquired franchises and equipment held for sale, net.....	2,321	1,474
Inventories.....	1,378	1,180
Prepaid expenses.....	629	676
Total current assets.....	40,782	41,312
Long-term receivables.....	171,967	143,338
Property and equipment, net.....	142,751	120,854
Reacquired franchises and equipment held for sale, net.....	13,151	8,352
Excess of costs over net assets acquired, net.....	12,481	12,908
Other assets.....	1,461	2,125
Total assets.....	\$382,593	\$328,889

LIABILITIES AND SHAREHOLDERS' EQUITY		
<hr/>		
Current liabilities		
Current maturities of long-term debt.....	\$ 4,973	\$ 4,731
Accounts payable.....	20,626	17,474
Accrued employee compensation and benefits.....	4,595	2,674
Other accrued expenses.....	4,602	5,024
Deferred income taxes.....	3,468	4,311
Capital lease obligations.....	1,062	870
<hr/>		
Total current liabilities.....	39,326	35,084
<hr/>		
Long-term debt.....	54,950	58,564
Deferred income taxes.....	28,862	25,061
Capital lease obligations and other.....	103,271	80,823
<hr/>		
Shareholders' equity		
Preferred stock, \$1 par value, 10,000,000 shares authorized; issued and outstanding: 1997 and 1996, no shares.....	--	--
Common stock, \$.01 par value, 40,000,000 shares authorized; shares issued and outstanding: 1997, 9,709,261 shares (net of 1,539 treasury shares); 1996, 9,467,294 shares.....	97	95
Additional paid-in capital.....	54,629	48,768
Retained earnings.....	100,158	79,244
Contribution to ESOP.....	1,300	1,250
<hr/>		
Total shareholders' equity.....	156,184	129,357
<hr/>		
Total liabilities and shareholders' equity.....	\$382,593	\$328,889
<hr/>		

See the accompanying notes to the consolidated financial statements.

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IHOP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED DECEMBER 31,		
	1997	1996	1995
<hr/>			
Revenues			
Franchise operations rent.....	\$ 33,692	\$ 29,642	\$ 27,986
Service fees and other.....	80,030	72,726	65,053
<hr/>			
113,722	102,368	93,039	
Company operations.....	61,839	53,677	43,001
Other.....	39,897	34,051	28,283
<hr/>			
Total revenues.....	215,458	190,096	164,323
<hr/>			
Costs and Expenses			
Franchise operations rent.....	17,784	16,301	15,165
Other direct costs.....	32,830	30,803	28,354
<hr/>			
50,614	47,104	43,519	
Company operations.....	58,001	50,852	41,621
Field, corporate and administrative.....	29,437	26,052	22,193

Depreciation and amortization.....	10,029	8,279	6,918	
Interest.....	14,649	11,691	8,873	
Other.....	18,442	15,367	13,698	
Severance charges.....	--	--	800	
 Total costs and expenses.....	181,172	159,345	137,622	
 Income before income taxes.....	34,286	30,751	26,701	
Provision for income taxes.....	13,372	12,147	10,547	
 Net income.....	\$ 20,914	\$ 18,604	\$ 16,154	
 Net Income Per Share	 Basic.....	\$ 2.18	\$ 1.97	\$ 1.73
		 =====	 =====	 =====
	Diluted.....	\$ 2.15	\$ 1.95	\$ 1.70
		 =====	 =====	 =====
 Weighted Average Shares Outstanding	 Basic.....	9,596	9,444	9,319
		 =====	 =====	 =====
	Diluted.....	9,743	9,523	9,488
		 =====	 =====	 =====

See the accompanying notes to the consolidated financial statements.

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IHOP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	CONTRIBUTION TO ESOP	TOTAL
	SHARES	AMOUNT			
Balance, December 31, 1994.....	9,183,327	\$ 92	\$ 42,621	\$ 44,486	\$ 88,299
-----	-----	---	-----	-----	-----
Issuance of shares to ESOP.....	39,461	--	1,100	--	(1,100) --
Issuance of shares pursuant to stock plans.....	152,727	2	2,981	--	-- 2,983
Unearned compensation-- restricted stock.....	--	--	(339)	--	-- (339)
Contribution to ESOP....	--	--	--	1,200	1,200
Net income.....	--	--	16,154	--	16,154
-----	-----	---	-----	-----	-----
Balance, December 31, 1995.....	9,375,515	94	46,363	60,640	1,200 108,297
-----	-----	---	-----	-----	-----
Issuance of shares to ESOP.....	44,445	--	1,200	--	(1,200) --
Issuance of shares pursuant to stock plans.....	47,334	1	1,092	--	-- 1,093
Unearned compensation-- restricted stock.....	--	--	113	--	-- 113
Contribution to ESOP....	--	--	--	1,250	1,250
Net Income.....	--	--	18,604	--	18,604
-----	-----	---	-----	-----	-----
Balance, December 31, 1996	9,467,294	95	48,768	79,244	1,250 129,357
-----	-----	---	-----	-----	-----
Issuance of shares to ESOP.....	46,083	1	1,249	--	(1,250) --
Issuance of shares					

pursuant to stock plans.....	197,423	1	4,719	--	4,720
Unearned compensation-- restricted stock.....	--	--	(68)	--	--
Acquisition of treasury shares.....	(1,539)	--	(39)	--	--
Contribution to ESOP....	--	--	--	1,300	1,300
Net income.....	--	--	20,914	--	20,914
	-----	-----	-----	-----	-----
Balance, December 31, 1997	9,709,261	\$ 97	\$ 54,629	\$ 100,158	\$ 1,300
	=====	==	=====	=====	=====

See the accompanying notes to the consolidated financial statements.

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IHOP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1997	1996	1995
Cash flows from operating activities:			
Net income.....	\$ 20,914	\$ 18,604	\$ 16,154
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization.....	10,029	8,279	6,918
Deferred taxes.....	2,958	4,441	5,790
Contribution to ESOP.....	1,300	1,250	1,200
Change in current assets and liabilities:			
Accounts receivable.....	648	(6,250)	(3,860)
Inventories.....	(198)	(388)	25
Prepaid expenses.....	47	(443)	435
Accounts payable.....	3,152	1,495	5,246
Accrued employee compensation and benefits.....	1,921	1,112	(759)
Other accrued expenses.....	(422)	1,697	477
Other, net.....	1,226	1,804	(302)
	-----	-----	-----
Cash provided by operating activities.....	41,575	31,601	31,324
	-----	-----	-----
Cash flows from investing activities:			
Additions to property and equipment.....	(59,687)	(57,159)	(42,024)
Proceeds from sale and leaseback arrangements.....	17,995	7,593	12,792
Additions to notes, equipment contracts and direct financing leases receivable.....	(10,209)	(11,427)	(8,610)
Principal receipts from notes, equipment contracts and direct financing leases receivable.....	8,562	7,019	6,718
Additions to reacquired franchises held for sale....	(1,917)	(339)	(926)
	-----	-----	-----
Cash used by investing activities.....	(45,256)	(54,313)	(32,050)
	-----	-----	-----
Cash flows from financing activities:			
Proceeds from issuance of long-term debt.....	1,440	34,514	7,700
Repayment of long-term debt.....	(4,631)	(7,478)	(7,300)
Principal payments on capital lease obligations.....	(487)	(419)	(492)
Exercise of stock options.....	4,665	893	2,642
	-----	-----	-----
Cash provided by financing activities.....	987	27,510	2,550
	-----	-----	-----
Net change in cash and cash equivalents.....	(2,694)	4,798	1,824

Cash and cash equivalents at beginning of period.....	8,658	3,860	2,036
	-----	-----	-----
Cash and cash equivalents at end of period.....	\$ 5,964	\$ 8,658	\$ 3,860
	=====	=====	=====
Supplemental disclosures:			
Interest paid, net of capitalized amounts.....	\$ 14,478	\$ 11,300	\$ 8,953
Income taxes paid.....	10,680	7,588	4,177
Capital lease obligations incurred.....	22,778	19,786	19,423

See the accompanying notes to the consolidated financial statements.

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IHOP CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

IHOP Corp. and its subsidiaries ("IHOP" or the "Company") engage exclusively in the food-service industry, primarily in the United States, wherein IHOP franchises and operates restaurants. IHOP grants credit to its franchisees and licensees, all of whom are in the restaurant business. In the majority of its franchised operations, IHOP has developed restaurants on sites that it either owns or controls through leases. IHOP then leases or subleases the restaurants to its franchisees. Additionally, IHOP finances up to 80% of the initial franchise fee, leases restaurant equipment and fixtures to its franchisees, and sells proprietary products to its franchisees and licensees.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany accounts and transactions have been eliminated.

Fiscal Periods

IHOP's fiscal year ends on the Sunday nearest to December 31 of each year. For convenience, the Company reports all fiscal years as ending on December 31 and fiscal quarters as ending on March 31, June 30 and September 30. The fiscal years ended December 31, 1997, 1996 and 1995, are comprised of 52 weeks (364 days).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company at times purchases highly liquid, investment-grade securities with an original maturity of three months or less. These cash equivalents are stated at cost which approximates market value. IHOP does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Inventories

Inventories consisting of merchandise and supplies are stated at the lower of cost (on a first-in, first-out basis) or market.

Property and Equipment

Property and equipment are stated at cost and depreciated on the straight-line method over the estimated useful lives as follows:

CATEGORY	DEPRECIABLE LIFE
Buildings and improvements.....	Shorter of lease term or 25 years
Leaseholds and improvements.....	3-25 years
Equipment and fixtures.....	3-10 years
Properties under capital lease.....	Primary lease term

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IHOP CORP. AND SUBSIDIARIES

Leaseholds and improvements are amortized over a period not exceeding the term of the lease.

Impairment losses to long-lived assets are recognized when the carrying amount of the asset exceeds the estimated fair value of the asset in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

Excess of Costs Over Net Assets Acquired

The excess of costs over net assets acquired is amortized utilizing the straight-line method over forty years. Accumulated amortization at December 31, 1997 and 1996, was \$4,606,000 and \$4,179,000, respectively.

Franchise Revenues

Revenue from the sale of franchises is recognized as income when IHOP has substantially performed all of its material obligations under the franchise agreement, and the franchisee has commenced operations. Continuing service fees, which are a percentage of the net sales of franchised operations, are accrued as income when earned.

Leasing

The Company leases restaurant equipment, furniture and fixtures (equipment) to its franchisees and retains title to the leased equipment. These equipment contracts are accounted for as sales-type leases upon acceptance of the equipment by the franchisee. Leases of restaurant facilities are recorded as direct financing leases upon acceptance.

Preopening Expenses

Expenditures related to the opening of new restaurants, other than those for capital assets, are charged to expense when incurred.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 1997, 1996 and 1995, was \$22,748,000, \$20,450,000 and \$18,018,000, respectively.

Income Taxes

Deferred tax assets and liabilities are determined based on differences

between the financial reporting and tax bases of assets and liabilities. They are measured using the enacted marginal tax rates and laws that will be in effect when the differences are expected to reverse.

Net Income Per Share

In February 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 128, "Earnings Per Share." SFAS No. 128 supersedes and simplifies the previous computational guidelines under Accounting Principles Board (APB) Opinion No. 15, "Earnings Per Share." Among other changes, SFAS No. 128 eliminates the presentation of primary EPS and replaces it with basic EPS for which common stock equivalents are not considered in the computation. It also revises the computation of diluted EPS.

Basic net income per share is computed by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing the net income attributable to common shareholders by the weighted average number of

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IHOP CORP. AND SUBSIDIARIES

common and common equivalent shares outstanding during the period. Common share equivalents included in the diluted computation represent shares issuable upon assumed exercise of stock options using the treasury stock method. Net income per share and weighted average shares outstanding for all prior periods have been restated in accordance with SFAS No. 128.

New Accounting Standards

In June 1997, the FASB issued SFAS No. 130 "Reporting Comprehensive Income," which establishes standards for reporting and displaying comprehensive income and its components (revenues, expenses, gains, and losses) in a full set of general-purpose financial statements. Comprehensive income includes net income and other comprehensive income components which under GAAP bypass the income statement and are reported in the balance sheet as a separate component of equity. For the three years ended December 31, 1997, the Company had no other comprehensive income components as defined in SFAS No. 130. SFAS No. 130 does not apply to an enterprise that has no items of other comprehensive income in any of the periods presented.

In June 1997, the FASB issued SFAS No. 131 "Disclosures About Segments of an Enterprise and Related Information," which changes current practice and establishes a new framework, referred to as the "management" approach, on which to base segment reporting. The management approach requires that management identify the "operating segments" based on the way that management disaggregates the entity for internal operating decisions. SFAS No. 131 is effective for fiscal years beginning after December 15, 1997, and is not required for interim statements in the first year of adoption. Management believes that the adoption of this new standard will not have any material impact on the Company's financial position or results of operations.

Reclassification

Certain reclassifications have been made to prior year information to conform to the current year presentation.

2. RECEIVABLES

	1997	1996
	-----	-----
	(IN THOUSANDS)	

Accounts receivable.....	\$ 20,881	\$ 21,372
Notes receivable.....	34,347	31,924
Equipment contracts receivable.....	63,714	53,580
Direct financing leases receivable.....	84,117	66,231
	-----	-----
	203,059	173,107
Less allowance for doubtful accounts.....	602	445
	-----	-----
	202,457	172,662
Less current portion.....	30,490	29,324
	-----	-----
Long-term receivables.....	\$171,967	\$143,338
	=====	=====

Notes receivable include franchise fee notes due in five to eight years in the amount of \$32,022,000 and \$29,595,000 at December 31, 1997 and 1996, respectively. Franchise fee notes are due in equal weekly installments, primarily bear interest at 12.0% and are secured by the franchise. The term of an equipment contract coincides with the term of the corresponding restaurant building direct financing lease. Equipment contracts are due in equal weekly installments, primarily bear interest at 11.0% and are secured by the equipment. Where applicable, franchise fee notes, equipment contracts and direct financing leases contain cross-default provisions wherein a default under one constitutes a default under all. There is not a disproportionate concentration of credit risk in any geographic area.

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IHOP CORP. AND SUBSIDIARIES

3. PROPERTY AND EQUIPMENT, AT COST

	1997	1996
	-----	-----
	(IN THOUSANDS)	
Land.....	\$ 17,051	\$ 17,512
Buildings and improvements.....	33,603	32,529
Leaseholds and improvements.....	79,025	66,295
Equipment and fixtures.....	11,853	10,776
Construction in progress.....	13,650	3,598
Properties under capital lease.....	19,174	15,009
	-----	-----
	174,356	145,719
Less accumulated depreciation and amortization.....	31,605	24,865
	-----	-----
Property and equipment, net.....	\$142,751	\$120,854
	=====	=====

Accumulated depreciation and amortization includes accumulated amortization for properties under capital lease in the amount of \$2,326,000 and \$1,740,000 at December 31, 1997 and 1996, respectively.

4. REACQUIRED FRANCHISES AND EQUIPMENT HELD FOR SALE

Reacquired franchises and equipment held for sale are accounted for on the specific identification basis. At the date of reacquisition the franchise and equipment are recorded at the lower of (i) the sum of the franchise receivables and costs of reacquisition or (ii) the estimated net realizable value. Pending the sale of such franchise, the carrying value is amortized ratably over the remaining life of the asset or lease and the estimated net

realizable value is reassessed each year.

	1997	1996
	-----	-----
	(IN THOUSANDS)	
Franchises.....	\$ 8,596	\$ 5,484
Equipment.....	10,436	6,777
	-----	-----
Less amortization.....	19,032	12,261
	-----	-----
	3,560	2,435
	-----	-----
	15,472	9,826
Less current portion.....	2,321	1,474
	-----	-----
Long-term reacquired franchises and equipment held for sale, net.....	\$13,151	\$ 8,352
	=====	=====

5. DEBT

Debt consists of the following:

	1997	1996
	-----	-----
	(IN THOUSANDS)	
Senior notes due November 2008, payable in equal annual installments commencing November 2000, interest at 7.42%.	\$35,000	\$35,000
Senior notes due November 2002, payable in equal annual installments commencing November 1996, interest at 7.79%.	22,858	27,429
Other.....	2,065	866
	-----	-----
Total debt.....	59,923	63,295
Less current maturities.....	4,973	4,731
	-----	-----
Long-term debt.....	\$54,950	\$58,564
	=====	=====

IHOP CORP. AND SUBSIDIARIES

In November 1996, IHOP completed a private placement of \$35 million of unsecured senior notes due November 2008. The notes have a fixed interest rate of 7.42% with annual principal payments of \$3,889,000 commencing November 2000. Proceeds from the sale of the senior notes were used, in part, to repay \$17.6 million outstanding under the Company's revolving credit agreement with its bank, to pay \$4.7 million in principal and accrued interest for the senior notes due 2002, to fund capital expenditures for new restaurants and for general corporate purposes. The senior notes due November 2002 are also unsecured.

The Company has an unsecured \$20 million revolving credit agreement with its bank that was amended in June 1997 to extend the maturity date to June 2000. Borrowings under the agreement bear interest at the bank's reference rate (prime) or, at the Company's option, at the bank's quoted rate or at a Eurodollar rate. A commitment fee of 0.375% per annum is payable on unborrowed funds available under the agreement. There were no borrowings outstanding

under this agreement at December 31, 1997 and 1996. The largest amount outstanding under the agreement during 1997 was \$600,000.

The senior note agreements and the bank revolving credit agreement contain certain restrictions and conditions, the most restrictive of which limit dividends and investments. At December 31, 1997, approximately \$42 million of retained earnings was free of restriction as to distribution as dividends.

The prime rate was 8.5% at December 31, 1997, and 8.25% at December 31, 1996.

The Company's long-term debt maturities are as follows: 1998--\$4,973,000; 1999--\$5,344,000; 2000--\$8,826,000; 2001--\$8,784,000; 2002--\$8,663,000; and thereafter--\$23,333,000.

6. LEASES

The Company leases the majority of its restaurants with the exception of those where a franchisee enters into a lease directly with a landlord and those associated with area license agreements. The restaurants are subleased to franchisees or operated by IHOP. These noncancelable leases and subleases consist primarily of land and buildings and improvements.

Net investment in direct financing leases receivable is as follows:

	1997	1996
	-----	-----
(IN THOUSANDS)		
Total minimum rents receivable.....	\$282,732	\$224,554
Less unearned income.....	198,615	158,323
	-----	-----
Net investment in direct financing leases receivable.....	84,117	66,231
Less current portion.....	693	615
	-----	-----
Long-term direct financing leases receivable.....	\$ 83,424	\$ 65,616
	=====	=====

Contingent rental income for the years ended December 31, 1997, 1996 and 1995, was \$14,812,000, \$13,901,000 and \$14,332,000, respectively.

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IHOP CORP. AND SUBSIDIARIES

Minimum future lease payments on noncancelable leases at December 31, 1997, are as follows:

	CAPITAL LEASES	OPERATING LEASES
	-----	-----
(IN THOUSANDS)		
1998.....	\$ 12,399	\$ 18,632
1999.....	12,492	17,591
2000.....	12,617	16,839
2001.....	12,730	14,901
2002.....	12,880	13,762
Thereafter.....	221,467	164,129
	-----	-----

Total minimum lease payments.....	284,585	\$245,854
Less interest.....	180,945	=====
Capital lease obligations.....	103,640	
Less current portion.....	1,062	-----
Long-term capital lease obligations.....	\$102,578	=====

The minimum future lease payments shown above have not been reduced by the future minimum rents to be received on noncancelable subleases and leases of owned property at December 31, 1997, as follows:

DIRECT
FINANCING LEASES OPERATING LEASES
----- -----
(IN THOUSANDS)

1998.....	\$ 11,976	\$ 21,252
1999.....	12,015	20,615
2000.....	12,136	20,078
2001.....	12,225	19,311
2002.....	12,364	19,049
Thereafter.....	222,016	286,395
-----	-----	-----
Total minimum rents receivable.....	\$282,732	\$386,700
=====	=====	=====

IHOP has noncancelable leases, expiring at various dates through 2048, that require payment of contingent rents based upon a percentage of sales of the related restaurant as well as property taxes, insurance and other charges. Subleases to franchisees of properties under such leases are generally for the full term of the Company's lease obligation at rents that include IHOP's obligations for property taxes, insurance, contingent rents and other charges. Generally, the noncancelable leases include renewal options. Contingent rent expense for all noncancelable leases for the years ended December 31, 1997, 1996 and 1995, was \$3,385,000, \$3,161,000 and \$3,391,000, respectively. Minimum rent expense for all noncancelable operating leases for the years ended December 31, 1997, 1996 and 1995, was \$19,137,000, \$17,557,000 and \$15,464,000, respectively.

7. SHAREHOLDERS' EQUITY

The Stock Incentive Plan (the "Plan") was adopted in 1991 and amended and restated in 1994 to authorize the issuance of up to 1,380,000 shares of common stock pursuant to options, restricted stock, and other long-term stock-based incentives to officers and key employees of the Company. The Company will be requesting approval from the Company's shareholders at the 1998 Annual Meeting of Shareholders (scheduled for May 12, 1998) to ratify an amendment to the Plan increasing the number of shares available for issuance thereunder from 1,380,000 to 1,880,000. Except for substitute stock options which were issued in 1991 pursuant to the cancellation of a stock appreciation rights plan, no option can be granted at an option price of less than 100% of fair market value at the date of grant. Exercisability of options is determined at, or after, the date of grant by the

after three years or immediately upon change in control of the Company, as defined by the Plan, except for the substitute stock options which were immediately exercisable.

The Stock Option Plan for Non-Employee Directors (the "Directors Plan") was adopted in 1994 to authorize the issuance of up to 200,000 shares of common stock pursuant to options to non-employee members of the Company's Board of Directors. Options are to be granted at an option price equal to 100% of the fair market value of the stock on the date of grant. Options granted pursuant to the Directors Plan vest and become exercisable 1/3 after one year, 2/3 after two years and 100% after three years. Options for the purchase of shares are granted to each non-employee Director under the Directors Plan as follows: (a) 7,500 on February 23, 1995, or on the Director's election to the Board of Directors if he or she was not a Director on such date, and (b) 2,500 biennially in conjunction with the Company's Annual Meeting of Shareholders for that year.

The following summarizes stock option activity in IHOP's stock option plans for the years ended December 31, 1997, 1996 and 1995:

SHARES UNDER OPTION	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at December 31, 1994.....	749,540	\$18.68
Granted.....	298,000	26.58
Exercised.....	(139,697)	12.86
Terminated.....	(31,935)	27.77
-----	-----	-----
Outstanding at December 31, 1995.....	875,908	22.24
Granted.....	170,500	27.71
Exercised.....	(47,334)	12.55
Terminated.....	(50,129)	27.83
-----	-----	-----
Outstanding at December 31, 1996.....	948,945	23.33
Granted.....	214,000	27.16
Exercised.....	(186,427)	21.03
Terminated.....	(43,275)	27.03
-----	-----	-----
Outstanding at December 31, 1997.....	933,243	\$24.45
=====	=====	=====
Exercisable at December 31, 1997.....	551,546	\$22.60
=====	=====	=====

At December 31, 1997, the 933,243 outstanding shares under option have a range of exercise prices from \$7.14 to \$35.88 and a weighted average contractual life of 7.0 years.

There were 9,456 and 13,030 shares of restricted stock awarded in 1997 and 1995, respectively. No shares of restricted stock were awarded in 1996. At December 31, 1997, there were 13,799 shares of restricted stock outstanding.

IHOP has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" and will continue to use the intrinsic value based method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant date

for awards in 1995, 1996 and 1997 consistent with the provisions of SFAS No. 123, the Company's net earnings and diluted earnings per share would have been reduced to the pro forma amounts indicated below:

	1997	1996	1995

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
Net earnings, as reported.....	\$20,914	\$18,604	\$16,154
Net earnings, pro forma.....	19,956	17,930	15,768
Earnings per share--diluted, as reported.....	2.15	1.95	1.70
Earnings per share--diluted, pro forma.....	2.05	1.86	1.66
Weighted average fair value of options granted.....	27.16	27.71	26.58

The fair value of each option grant issued in 1997, 1996 and 1995 is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	1997	1996	1995

Risk free interest rate.....			
Risk free interest rate.....	6.25%	7.22%	7.22%
Expected volatility.....	37.0%	37.0%	37.0%
Dividend yield.....	--	--	--
Weighted average expected life.....	3 years	3 years	3 years

8. OTHER REVENUES

Other revenues include sales of franchises and equipment in the amount of \$28,864,000, \$25,573,000, and \$22,202,000, for the years ended December 31, 1997, 1996 and 1995, respectively.

9. SEVERANCE CHARGES

In the first quarter of 1995, the Company recognized severance charges of \$800,000 associated with a realignment of responsibilities in its restaurant operations, restaurant development and purchasing functions. The effect of the charges was \$484,000, net of income tax benefit, or \$.05 per share.

10. INCOME TAXES

	1997	1996	1995

(IN THOUSANDS)			
Provision for income taxes			
Current			
Federal.....	\$ 8,805	\$ 6,368	\$ 3,832
State and foreign.....	1,608	1,338	925
	-----	-----	-----
	10,413	7,706	4,757
	-----	-----	-----
Deferred			
Federal.....	2,022	3,383	4,997
State.....	937	1,058	793
	-----	-----	-----
	2,959	4,441	5,790

Provision for income taxes.....	\$13,372	\$12,147	\$10,547
	=====	=====	=====

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IHOP CORP. AND SUBSIDIARIES

The provision for income taxes differs from the expected federal income tax rates as follows:

	1997	1996	1995
Statutory federal income tax rate.....	35.0%	35.0%	35.0%
State and foreign income taxes, net of federal tax benefit.....	4.0	4.2	4.2
Other, net.....	--	0.3	0.3
	-----	-----	-----
Effective tax rate.....	39.0%	39.5%	39.5%
	=====	=====	=====

Deferred tax liabilities (assets) consist of the following:

	1997	1996
(IN THOUSANDS)		
Franchise and equipment sales, including differences in capitalization and revenue recognition.....	\$39,558	\$34,375
Property and equipment, including differences in capitalization and depreciation and amortization.....	8,025	8,037
Reacquired franchises and equipment held for resale, including differences in capitalization and depreciation and amortization.....	(6,148)	(7,083)
Direct financing leases and capital lease obligations, including differences in capitalization and application of cash receipts and disbursements.....	(8,067)	(6,315)
Federal tax benefit of net deferred state tax liability...	(1,766)	(1,516)
Other net liabilities.....	728	1,874
	-----	-----
Deferred tax liabilities.....	\$32,330	\$29,372
	=====	=====

11. EMPLOYEE BENEFIT PLANS

In 1987, IHOP adopted a noncontributory Employee Stock Ownership Plan ("ESOP"). The ESOP is a stock bonus plan under Section 401(a) of the Internal Revenue Code. The plan covers IHOP employees who meet the minimum credited service requirements of the plan except for those employees whose terms of service are covered by a collective bargaining agreement (unless the terms of such agreement specifically provide for participation in the ESOP).

The cost of the ESOP is borne by the Company through contributions determined by the Board of Directors in accordance with the ESOP provisions and Internal Revenue Service regulations. The contributions to the plan for the years ended December 31, 1997, 1996 and 1995, were \$1,300,000, \$1,250,000, and \$1,200,000, respectively. The contribution for the year ended December 31,

1997, will be made in shares of the Company's common stock.

Shares of stock acquired by the ESOP are allocated to each eligible employee and held by the ESOP. Upon the employee's termination after vesting, or in certain other limited circumstances, the employee's shares are distributed to the employee according to his or her direction.

12. COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims and legal actions that have arisen in the ordinary course of business. The Company believes such claims and legal actions, individually or in the aggregate, will not have a material adverse effect on the business or financial condition of the Company.

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IHOP CORP. AND SUBSIDIARIES

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

IHOP does not hold or issue financial instruments for trading purposes nor is it a party to derivative transactions, interest rate swaps or other transactions commonly utilized to manage interest rate or foreign currency risk.

The estimated fair values of all cash and cash equivalents, notes receivable and equipment contracts receivable as of December 31, 1997 and 1996, approximated their carrying amounts in the Consolidated Balance Sheets as of those dates. The estimated fair values of notes receivable and equipment contracts receivable are based on current interest rates offered for similar loans in the Company's present lending activities.

The estimated fair values of long-term debt are based on current rates available to IHOP for similar debt of the same remaining maturities. The carrying values of long-term debt at December 31, 1997 and 1996, were \$54,950,000 and \$58,564,000, respectively; and the fair values at those dates were \$57,657,000 and \$58,876,000, respectively.

14. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	REVENUES	GROSS PROFIT	NET INCOME	NET INCOME PER SHARE - BASIC (A)	NET INCOME PER SHARE - DILUTED (A)
<hr/>					
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
1997					
1st Quarter.....	\$46,441	\$16,379	\$3,550	\$.37	\$.37
2nd Quarter.....	51,574	19,192	5,038	.53	.52
3rd Quarter.....	56,312	20,536	5,733	.59	.58
4th Quarter.....	61,131	22,265	6,593	.68	.67
1996					
1st Quarter.....	\$40,292	\$14,414	\$3,062	\$.32	\$.32
2nd Quarter.....	44,465	16,159	4,369	.46	.46
3rd Quarter.....	51,569	18,495	5,389	.57	.56
4th Quarter.....	53,770	19,426	5,784	.61	.61
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(a) The quarterly amounts may not add to the full year amount due to rounding.

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REPORT OF INDEPENDENT ACCOUNTANTS

The Shareholders and Board of Directors
IHOP Corp.

We have audited the accompanying consolidated balance sheets of IHOP Corp. and Subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of IHOP Corp. and Subsidiaries as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Los Angeles, California
February 13, 1998

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on this 18th day of March, 1998.

IHOP CORP.

/s/ Richard K. Herzer
By: _____
Richard K. Herzer
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant, in the capacities indicated, on this 18th day of March, 1998.

SIGNATURES

TITLE

/s/ Richard K. Herzer

Chairman of the Board,
President and Chief
Executive Officer
(Principal Executive
Officer)

/s/ Frederick G. Silny	Vice President--Finance and Treasurer (Principal Financial Officer)
----- Frederick G. Silny	
/s/ Gene A. Scott	Controller (Principal Accounting Officer)
----- Gene A. Scott	
/s/ H. Frederick Christie	Director
----- H. Frederick Christie	
/s/ Frank Edelstein	Director
----- Frank Edelstein	
/s/ Michael S. Gordon	Director
----- Michael S. Gordon	
/s/ Neven C. Hulsey	Director
----- Neven C. Hulsey	
/s/ Larry Alan Kay	Director
----- Larry Alan Kay	
/s/ Dennis M. Leifheit	Executive Vice President-- Operations, Chief Operating Officer and Director
----- Dennis M. Leifheit	
/s/ Caroline W. Nahas	Director
----- Caroline W. Nahas	
/s/ Patrick W. Rose	Director
----- Patrick W. Rose	

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EXHIBIT INDEX

EXHIBIT NUMBER	DOCUMENT DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
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3.1	Restated Certificate of Incorporation of IHOP Corp.	
3.2	Bylaws of IHOP Corp.	
4.1	Senior Note Purchase Agreement, dated as of November 19, 1992, among IHOP Corp., International House of Pancakes, Inc. ("IHOP, Inc.") and Mutual Life Insurance Company of New York and other purchasers.	
4.2	First Amendment to Senior Note Purchase Agreement, dated as of November 1, 1996, among IHOP Corp., IHOP Inc., and Mutual Life Insurance Company of New York and other purchasers. Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, (the "1996 Form 10-K") is hereby incorporated by reference.	
4.3	\$10,000,000 Letter Agreement among IHOP, Inc., IHOP	

- Corp. and Continental Bank, N.A., dated as of June 30, 1993.
- 4.4 First Amendment to Letter Agreement, dated as of December 31, 1994, among IHOP, Inc., IHOP Corp. and Bank of America Illinois (successor by merger to Continental Bank, N.A.).
- 4.5 Second Amendment to Letter Agreement, dated as of March 11, 1996, among IHOP, Inc., IHOP Corp. and Bank of America Illinois.
- 4.6 Third Amendment to Letter Agreement, dated as of September 3, 1996, among IHOP, Inc., IHOP Corp. and Bank of America Illinois. Exhibit 4.6 to the 1996 Form 10-K is hereby incorporated by reference.
- 4.7 Fourth Amendment to Letter Agreement, dated as of November 1, 1996, among IHOP, Inc., IHOP Corp. and Bank of America Illinois. Exhibit 4.7 to the 1996 Form 10-K is hereby incorporated by reference.
- 4.8 Senior Note Purchase Agreement, dated as of November 1, 1996, among IHOP, Inc., IHOP Corp. and Jackson National Life Insurance Company and other purchasers. Exhibit 4.8 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.1 IHOP Corp. Executive Incentive Plan effective January 1, 1998.
- *10.2 IHOP Corp. 1991 Stock Incentive Plan as Amended and Restated February 23, 1994.
- *10.3 IHOP Corp. 1994 Stock Option Plan for Non-Employee Directors.
- *10.4 Employment Agreement between the Company and Rand Michael Ferris. Exhibit 10.6 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.5 Employment Agreement between the Company and Susan Henderson-Hernandez. Exhibit 10.7 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.6 Employment Agreement between the Company and Richard K. Herzer. Exhibit 10.8 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.7 Employment Agreement between the Company and Dennis M. Leifheit. Exhibit 10.9 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.8 Employment Agreement between the Company and Naomi K. Shively. Exhibit 10.10 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.9 Employment Agreement between the Company and Frederick G. Silny. Exhibit 10.11 to the 1996 Form 10-K is hereby incorporated by reference.
- *10.10 Employment Agreement between the Company and Anna G. Ulvan. Exhibit 10.12 to the 1996 Form 10-K is hereby incorporated by reference.

EXHIBIT INDEX--(CONTINUED)

EXHIBIT NUMBER	DOCUMENT DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
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*10.11	Employment Agreement between the Company and Mark D. Weisberger. Exhibit 10.13 to the 1996 Form 10-K is hereby incorporated by reference.	
*10.12	Employment Agreement between the Company and Richard C. Celio. Exhibit 10 to the Form 10-Q for the quarterly period ended March 31, 1997, is hereby incorporated by reference.	
*10.13	Employment Agreement between the Company and John	

- Jordan.
- 10.14 Area Franchise Agreement, effective as of May 5, 1988, by and between IHOP, Inc. and FMS Management Systems, Inc.
- *10.15 International House of Pancakes Employee Stock Ownership Plan as Amended and Restated as of July 12, 1991 ("the ESOP").
- *10.16 Amendment No. 1 to the ESOP.
- *10.17 Amendment No. 2 to the ESOP.
- *10.18 Amendment No. 3 to the ESOP. Exhibit 10 to the Form 10-Q for the quarterly period ended September 30, 1996, is hereby incorporated by reference.
- *10.19 Amendment No. 4 to the ESOP. Exhibit 10 to the Form 10-Q for the quarterly period ended September 30, 1997, is hereby incorporated by reference.
- 11.0 Statement Regarding Computation of Per Share Earnings.
- 21.0 Subsidiaries of the Company.
- 23.0 Consent of Coopers & Lybrand, L.L.P.
- 27.0 Financial Data Schedule.

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* Management contracts or compensatory plans or arrangements are marked with an asterisk.

EXHIBIT I

RESTATED CERTIFICATE OF INCORPORATION

OF

IHOP CORP

IHOP CARP., a Delaware corporation organized under that name on May 7, 1976, hereby amends and restates its Certificate of Incorporation to read in its entirety as set forth below:

FIRST: The name of the Corporation is IHOP Corp. (hereinafter the

"Corporation").

SECOND: The address of the registered office of the Corporation in the

State of Delaware is 32 Loockerman Square, Suite L-100, in the City of Dover, County of Kent. The name of its registered agent at that address is The Prentice-Hall Corporation System, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act

or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware code (the "DGCL").

FOURTH: The total number of shares which the Corporation shall have

authority to issue is 50,000,000 shares, consisting of (a) 40,000,000 shares of common stock, par value \$.01 per share (The "Common Stock"), and (b) 10,000,000 shares of preferred stock, par value \$1.00 per share (the "Preferred Stock").

The Board of Directors of the Corporation (the "Board of Directors") is expressly authorized, at any time and from time to time, to fix, by resolution or resolutions, the following provisions for shares of any class or classes of Preferred Stock of the Corporation or any series of any class of Preferred Stock:

(a) the designation of such class or series, the number of shares to constitute such class or series and the stated value thereof if different from the par value thereof;

(b) whether the shares of such class or series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may (i) be general or limited, (ii) subject to applicable law or regulation, including without limitation the rules of any securities exchange on which securities of any class of the Corporation may be listed, permit more than one vote per share, or (iii) vary among stockholders of the same class based upon such factors as the Board of Directors may determine including, without limitation, the size of a stockholder's position and/or the length of time with respect to which such position has been held;

(c) the dividends, if any, payable on such class or series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of the same class;

(d) whether the shares of such class or series shall be subject to redemption by the Corporation, and, if so, the times, prices and other conditions of such redemption;

(e) the amount or amounts payable upon shares of such series upon, and the rights of the holders of such class or series in, the voluntary or involuntary liquidation, dissolution or winding up, or upon any distribution of the assets, of the Corporation;

(f) whether the shares of such class or series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such class or series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(g) whether the shares of such class or series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of the same class or any other securities (including Common Stock) and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any,

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of adjusting the same and any other terms and conditions of conversion or exchange;

(h) the limitations and restrictions, if any, to be effective while any shares of such class or series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Corporation of, the Common Stock or shares of stock of any other class or any other series of the same class;

(i) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issue of any additional stock, including additional shares of such class or series or of any other series of the same class or of any other class;

(j) the ranking (be it pari passu, junior or senior) of each

class or series vis-a-vis any other class or series of any class of Preferred Stock as to the payment of dividends, the distribution of assets and all other matters; and

(k) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof, insofar as they are not inconsistent with the provisions of this Restated Certificate of Incorporation, to the full extent permitted in accordance with the laws of the State of Delaware.

The powers, preferences and relative, participating, optional and other special rights of each class or series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

FIFTH: The following provisions are inserted for the management of the

business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(b) The directors shall have concurrent power with the stockholders to make, alter, amend, change, add to or repeal the By-Laws of the Corporation.

(c) The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than three nor more than 13 directors, the exact number of directors to be determined from time to time by resolution adopted by the affirmative vote of a majority of the directors then in office. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire board of directors. Immediately following the adoption by the Corporation of this Restated Certificate of Incorporation, a majority of the Board of Directors shall elect Class I directors for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At each annual meeting of stockholders beginning in 1992, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum if present, and any other vacancy occurring in the Board of Directors may be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors in such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his predecessor.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation, if any, shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Restated Certificate of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article FIFTH unless expressly provided by such terms.

(d) Directors of the Corporation may be removed by stockholders of the Corporation only for cause.

(e) No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article FIFTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

(f) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the DGCL, this Restated Certificate of Incorporation, and any By-Laws adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the

stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

SIXTH: Whenever a compromise or arrangement is proposed between the

Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable

jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of the DGCL or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of the DGCL, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing seventy-five percent (75%) in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

SEVENTH: Any action required or permitted to be taken by the

stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Special meetings of stockholders of the Corporation may be called only by the Chairman of the Board, if there be one, the President or the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption). Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting.

EIGHTH: The Corporation reserves the right to amend, alter, change or

repeal any provision contained in this Restated Certificate of Incorporation or in the By-laws of the Corporation, in the manner now or hereafter

prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation, provided, however, that subject to the

powers and rights provided for herein with respect to Preferred Stock issued by the Corporation, if any, but notwithstanding anything else contained in this Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least eighty percent (80%) of the combined voting power of all of the then outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend, rescind or repeal (i) Article FOURTH, Article FIFTH, Article SIXTH, Article SEVENTH or this Article EIGHTH of this Restated Certificate of Incorporation or to adopt any provision inconsistent therewith or (ii) Section 3 or 8 of Article II, Section 1, 2, 3 or 4 of Article III, Article VIII or Article IX of the By-Laws of the Corporation or to adopt any provision inconsistent therewith.

The foregoing Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Section 245 of the DGCL. The foregoing Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Corporation's Certificate of Incorporation as heretofore amended or supplemented, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

IN WITNESS WHEREOF, IHOP Corp. has caused this Restated Certificate of Incorporation to be duly executed in its corporate name this 30th day of July, 1992.

IHOP CORP.

By: /s/ Richard K. Herzer

Name: Richard K. Herzer
Title: President

ATTEST:

By: /s/ Larry Alan Kay

Name: Larry Alan Kay
Title: Secretary

EXHIBIT 3.2

BYLAWS

OF

IHOP CORP.

(hereinafter called the "Corporation")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation

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shall be in the City of Dover, County of Kent, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at

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such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the

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election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The Annual Meetings of Stockholders

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shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect, in accordance with Section 1 and Section 2 of Article III of these Bylaws, by a plurality vote those Directors belonging to the class or classes of directors to be elected at such meeting, and transact such other business as may properly be brought before the meeting. Written notice of the Annual Meeting stating the place, date and hour of the meeting shall be given to each stockholder

entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 3. Special Meetings. Unless otherwise prescribed by law or

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by the Restated Certificate of Incorporation, Special Meetings of Stockholders may be called only by the Chairman of the Board, if there be one, the President or the Board of Directors pursuant to a resolution adopted by a majority of the entire board of directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption). Written notice of a Special Meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. Business transacted at all special meetings shall be confined to the purposes stated in the call.

Section 4. Quorum. Except as otherwise provided by law or by the

Restated Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

Section 5. Voting. Unless otherwise required by law, the Restated

Certificate of Incorporation or these By-Laws, (i) any question brought before any

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meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat and (ii) each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 6. List of Stockholders Entitled to Vote. The officer of the

Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 7. Stock Ledger. The stock ledger of the Corporation shall

be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 6 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 8. Notice of Business. No business may be transacted at an

annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly

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brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 8 of this Article II and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 8 of this Article II.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is

called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such

stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 8 of this Article II, provided, however,

that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 8 of this Article II shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The business and affairs

of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than three nor more than 13 directors, the

exact number of directors to be determined from time to time by resolution adopted by the affirmative vote of a majority of the directors then in office. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. Immediately following the adoption by the Corporation of the Restated Certificate of Incorporation, a majority of the Board of Directors shall elect Class I directors for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At each annual meeting of stockholders beginning in 1992, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a

decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock issued by the Corporation, if any, shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Restated Certificate of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Section 1 of this Article III unless expressly provided by such terms.

Section 2. Nomination of Directors. Only persons who are nominated

in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Restated Certificate of Incorporation of the Corporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2 of this Article III and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 2 of this Article III.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an annual meeting, not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event

that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting

was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends

to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2 of this Article III. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 3. Removal of Directors. Directors of the Corporation may be

removed by stockholders of the Corporation only for cause.

Section 4. Vacancies. Any vacancy on the Board of Directors that

results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring in the Board of Directors may be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors in such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his predecessor.

Section 5. Duties and Powers. The business of the Corporation

shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Restated Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 6. Meetings. The Board of Directors of the Corporation may

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hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President or any two directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone, electronic facsimile or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 7. Quorum. Except as may be otherwise specifically provided

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by law, the Restated Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Actions of Board. Unless otherwise provided by the

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Restated Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 9. Meetings by Means of Conference Telephone. Unless

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otherwise provided by the Restated Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee

by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 9 of this Article III shall constitute presence in person at such meeting.

Section 10. Committees. The Board of Directors may, by resolution

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passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 11. Compensation. The directors may be paid their

expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 12. Interested Directors. No contract or transaction

between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have

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a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

Section 1. General. The officers of the Corporation shall be

chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, may also choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. The President or any Vice-President may appoint Assistant Secretaries and Assistant Treasurers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Restated Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

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Section 2. Election. The Board of Directors at its first meeting

held after each Annual Meeting of Stockholders shall elect the officers of the Corporation, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or

removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of

attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the

Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. He shall be the Chief Executive Officer of the Corporation, and except where by law the signature of the President is required, the Chairman of the Board of Directors shall possess the same power as the President to sign all contracts, certificates and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, the Chairman of the Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairman

of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors.

Section 5. President. The President shall, subject to the control

of the Board of Directors and, if there be one, the Chairman of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and the Board of Directors. If there be no Chairman of the Board of Directors, the President shall be the Chief Executive Officer of the Corporation. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors.

Section 6. Vice Presidents. At the request of the President or in

his absence or in the event of his inability or refusal to act (and if there be no Chairman of the Board of Directors), the Executive Vice President or the Executive Vice Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Executive Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Executive Vice President, the Vice President or the Vice Presidents if there is more than

one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such

other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors, no Executive Vice President and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7. Secretary. The Secretary shall attend all meetings of
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the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 8. Treasurer. The Treasurer shall have the custody of the
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corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Direc-

tors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 9. Assistant Secretaries. Except as may be otherwise
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provided in these By-Laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his

disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. Assistant Treasurers. Assistant Treasurers, if there

be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of

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whatever kind in his possession or under his control belonging to the Corporation.

Section 11. Other Officers. Such other officers as the Board of

Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V

STOCK

Section 1. Form of Certificates. Every holder of stock in the

Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Section 2. Signatures. Where a certificate is countersigned by (i)

a transfer agent other than the Corporation or its employee, or (ii) a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a

new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance

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thereof, require the owner of such lost, stolen or destroyed certificate, or his

legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Transfers. Stock of the Corporation shall be

transferable in the manner prescribed by law and in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued.

Section 5. Record Date. In order that the Corporation may

determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Beneficial Owners. The Corporation shall be entitled to

recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI

NOTICES

Section 1. Notices. Whenever written notice is required by law,

the Restated Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by electronic facsimile, telegram, telex or cable.

Section 2. Waivers of Notice. Whenever any notice is required by

law, the Restated Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the

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Corporation, subject to the provisions of the Restated Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and

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notes of the Corporation shall be signed by such officer or officers or such other person

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or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be

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fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed

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thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other

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Than Those by or in the Right of the Corporation. Subject to Section 3 of this

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Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its

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equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action

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or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or

in the Right of the Corporation. Subject to Section 3 of this Article VIII, the

Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification

under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however,

that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination

under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 of this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 of this Article VIII shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any

contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court

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that indemnification of the director or officer is proper in the circumstances because he has met the applicable standards of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 of this Article VIII shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a

director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

Section 7. Nonexclusivity of Indemnification and Advancement of

Expenses. The indemnification and advancement of expenses provided by or

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granted pursuant to this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification or advancement of expenses of any person who is not specified in Section 1 or Section 2 of this Article VIII but whom the Corporation has the power or obligation to

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indemnify or advance expenses under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain

insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII,

references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors and officers, so that any person who is or was a director or officer of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director or officer of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

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Section 10. Survival of Indemnification and Advancement of Expenses.

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything

contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 of this Article VIII), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation

may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

Section 1. Except as otherwise provided in the Restated Certificate

of Incorporation, these By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors, provided, however, that notice of such alteration, amendment, repeal

or adoption of new By-Laws be contained in the notice of such meeting of stockholders or Board of Directors, as the case may be. Except as otherwise provided in the Restated Certificate of Incorporation, all such amendments must be approved by either the holders of at least eighty percent (80%) of the combined voting power of all of the then outstanding capital stock entitled to

vote generally in the election

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of directors, voting together as a single class, or by a majority of the entire Board of Directors then in office.

Section 2. Entire Board of Directors. As used in this Article IX

and in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

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IHOP CORP.
INTERNATIONAL HOUSE OF PANCAKES, INC.

SENIOR NOTE PURCHASE AGREEMENT

\$32,000,000 7.79% SENIOR NOTES DUE 2002

Dated as of November 19, 1992

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INTERNATIONAL HOUSE OF PANCAKES, INC.

SENIOR NOTE PURCHASE AGREEMENT

November 19, 1992

To The Purchaser Whose Name
Appears in the Acceptance
Form at the End Hereof

Ladies and Gentlemen:

The undersigned, International House of Pancakes, Inc., a Delaware corporation (the "Borrower"), and IHOP Corp., a Delaware corporation of which the Borrower is a wholly owned Subsidiary ("Holdings"), hereby agree with you as follows:

Section 1. Authorization and Issue of Notes. The Borrower has duly

authorized the issue, sale and delivery of its 7.79% Senior Notes Due 2002 in the aggregate principal amount of \$32,000,000, to be dated the date of issue thereof, to bear interest on the outstanding principal thereof (computed on the basis of a 360-day year of twelve 30-day months) from such date, payable in arrears in cash semi-annually on the 19th day of May and November in each year (commencing May 19, 1993) and at maturity, at the rate of 7.79% per annum, and to bear interest at a rate equal to the greater of 9.79% or the rate of interest announced publicly from time to time by Citibank, N.A. in New York, New York as its "prime rate" on any overdue principal and prepayment charge and, to the extent permitted by applicable law, on any overdue interest (determined as of the date such principal, payment charge or interest first becomes overdue), until the same shall be paid in full, to mature on November 19, 2002, and to be substantially in the form of Exhibit A hereto attached (all such Notes

originally issued pursuant to this Agreement or the Other Agreements, or delivered in substitution or exchange for any thereof, being collectively called the "Notes" and individually a "Note").

You, together with the other purchasers named in Schedule I to this

Agreement, are herein sometimes referred to collectively as the "Purchasers" and individually as a "Purchaser".

Section 2. Purchase and Sale of Notes. Subject to the terms and

conditions herein set forth, the Borrower hereby agrees to sell to you and you agree to purchase from the Borrower, Notes in the respective aggregate principal amounts set forth opposite your name in Schedule I hereto, at a purchase price

of 100% of the principal amount thereof.

The purchase and delivery of the Notes to be purchased by you shall take place at the offices of Sonnenschein Nath & Rosenthal, 900 Third Avenue, New York, New York 10022 at 10:00 a.m., New York time on November 19, 1992 (or such other time and place as the parties shall agree provided however, that in no event shall funding be provided after 3:00 p.m., New York time) (herein called the "Closing Date"). On the Closing Date, the Borrower will deliver to you Notes registered in your name or in the name of your nominee, each such Note to be duly executed and dated the Closing Date, each to be in the respective aggregate principal amounts to be purchased by you as specified above, in such denominations (multiples of \$1,000) as you may specify by timely notice to the Borrower (or, in the absence of such notice, one Note registered in your name in

a principal amount equal to the aggregate principal amount of Notes to be purchased by you), against your delivery to the Borrower of immediately available funds in the amount of the aggregate purchase price therefor.

Section 3. Payments of Notes.

3.1. Mandatory Payments of Principal. The principal amount of the Notes

shall be prepaid by the Borrower in installments, payable on each of the dates set forth below in the respective aggregate amounts set forth opposite such dates:

Payment Date	Principal Amount
-----	-----
November 19, 1996	\$4,571,428.00
November 19, 1997	4,571,428.00
November 19, 1998	4,571,428.00
November 19, 1999	4,571,428.00
November 19, 2000	4,571,428.00
November 19, 2001	4,571,428.00;

provided, however, that if Notes aggregating less than \$32,000,000 in principal

amount are issued and sold pursuant to this Agreement and the Other Agreements, each of the prepayment amounts set forth above shall be reduced to an amount which is equal to the product achieved by multiplying each amount set forth above by a fraction, the numerator of which shall be the aggregate principal amount of all Notes issued and sold pursuant to this Agreement and the Other Agreements and the denominator of which shall be \$32,000,000.

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The entire remaining principal amount of the Notes shall become due and payable on November 19, 2002. Each payment of Notes made pursuant to this Section 3.1 shall be allocated as provided in Section 3.4.

3.2. Optional Prepayments of the Notes. The Borrower, at its option, upon

notice given as provided in Section 3.3, may, on any Interest Payment Date, prepay all or any part of the principal amount of outstanding Notes (in the minimum amount of \$100,000 and additional increments of integral multiples of \$100,000), at a price equal to the sum of (i) the greater of the principal amount of the Notes being so prepaid or the Present Value Amount of the Notes being so prepaid, plus (ii) all accrued but unpaid interest on the outstanding principal amount of the Notes being prepaid through the date of such prepayment.

Each prepayment made pursuant to this Section 3.2 shall be allocated as provided in Section 3.4. All principal amounts prepaid pursuant to this Section 3.2 shall be applied to reduce the amounts of the mandatory payments of principal thereafter due pursuant to Section 3.1 in the inverse order of maturity of those mandatory payments.

3.3. Notice of Prepayment of the Notes. The Borrower shall call Notes for

prepayment pursuant to Section 3.2 by giving written notice thereof to each holder of Notes, which notice shall be given not less than 30 nor more than 60 days prior to the date fixed for such prepayment in such notice and shall specify the principal amount so to be prepaid, the accrued interest applicable to such prepayment and the date fixed for such prepayment. Notice of prepayment having been so given, the aggregate amount to be paid as specified in such notice (together with the prepayment charge, if any) shall become due and

payable on the specified prepayment date. At least three Business Days prior to the date of any such prepayment, the Borrower shall furnish to each holder of Notes, via telecopy (with delivery of the original by overnight courier on the next Business Day), an Officer's Certificate of the Borrower setting forth computations in reasonable detail showing an estimate of the prepayment charge, if any, required to be paid in connection with such prepayment, and the manner of calculation of the prepayment charge and attaching a copy of the source of market data by reference to which the Treasury Yield was determined in connection with such computations. No later than noon eastern time one Business Day prior to the date of any such prepayment, the Borrower shall furnish to each holder of Notes, via telecopy (with delivery of the original by overnight courier on the next Business Day), a certificate of an Appropriate Officer of the Borrower setting forth computations in reasonable detail showing the manner of

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calculation of the actual prepayment charge, if any, required to be paid in connection with such prepayment and attaching a copy of the source of market data by reference to which the Treasury Yield was determined in connection with such computations. Prior to 2:00 p.m. eastern time on the Business Day referred to in the immediately preceding sentence, the Borrower shall call each Purchaser to confirm receipt of such certificate.

3.4. Allocation of Payments. In the event of any payment or prepayment of

less than all of the outstanding Notes pursuant to Section 3.1 or Section 3.2, the Borrower shall allocate the principal amount so to be paid or prepaid by it (but only in units of \$1,000) and the interest and prepayment charge, if any, among the Notes in proportion, as nearly as may be practicable, to the respective unpaid principal amounts thereof.

3.5. Surrender of Notes; Notation Thereon. Subject to the provisions of

Section 16.1, the Borrower shall not, as a condition of payment of all or any part of the principal of, prepayment charge (if any) and interest on, any Note, require the holder to present such Note for notation of such payment or require the surrender thereof. Upon receipt of payment in full of the principal of, prepayment charge (if any) and interest on, any Note, such Note shall be deemed to be automatically cancelled, without any further action on the part of the Borrower or the Noteholder. However, each Noteholder shall make reasonable efforts to promptly return all cancelled Notes.

3.6. Purchase of Notes. Except as set forth in Sections 3.1, 3.2 or the

next following sentence of this Section 3.6, neither the Borrower nor Holdings will, nor will either of them permit any of its Subsidiaries or Affiliates to, acquire directly or indirectly by purchase or prepayment or otherwise any of the outstanding Notes except by way of payment or prepayment in accordance with the provisions of this Agreement. The Borrower may repurchase the Note or Notes of any holder provided that, prior to any such repurchase, the Borrower offers, in a written notice, to repurchase a Pro Rata Portion of each holder's Notes on the same terms, and, at such time, the Borrower shall have sufficient funds then available to it to repurchase such Notes. Each holder of Notes shall have ten (10) Business Days after receipt of such written notice to accept or reject the Borrower's offer set forth in such notice. Failure of any holder of Notes to respond to any such notice within ten (10) Business Days after its receipt thereof shall be deemed to be a rejection of the offer therein. In the event that the Borrower has purchased less than the entire outstanding principal balance of the Notes, the amount of the principal balance so purchased shall be

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multiplied by a fraction, the numerator of which is 1 and the denominator of which is the number of scheduled principal payments pursuant to Section 3.1 (including the payment scheduled to be made on November 19, 2002) which have not

yet been made as of the date of the purchase of the Notes and such product shall be deducted from each of the payments otherwise due following the date of the purchase of the Notes. The remaining payments due after giving effect to this deduction shall be allocated in accordance with Section 3.4.

Section 4. Representations and Warranties. The Borrower and Holdings,

jointly and severally, represent and warrant to the Purchasers that:

4.1. Corporate Existence and Power. Each of the Borrower, Holdings, and

each of their respective Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and is duly qualified to do business in each additional jurisdiction where the failure to so qualify would have a Material Adverse Effect. Each of the Borrower, Holdings and each of their respective Subsidiaries has all requisite corporate power to own its Properties and to carry on its business as now being conducted and as proposed to be conducted, and in the case of the Borrower and Holdings to execute, deliver and perform its obligations under this Agreement and the Other Agreements, in the case of the Borrower to execute, issue, sell, deliver and perform its obligations under the Notes, in the case of IHOP Realty to execute, deliver and perform its obligations under the Subsidiary Guarantee, and in the case of each such Person to engage in the respective transactions contemplated by this Agreement and the Other Agreements.

4.2. Corporate Authority. The execution, delivery and performance (a) by

the Borrower of this Agreement, the Other Agreements and the Notes, (b) by Holdings of this Agreement and the Other Agreements, and (c) by IHOP Realty of the Subsidiary Guarantee, are within the respective corporate powers of such Persons and have been duly authorized by all necessary corporate action on the part of the respective Boards of Directors and stockholders of each of them.

4.3. Binding Effect. This Agreement and the Other Agreements are the

legal, valid and binding obligations of the Borrower and Holdings, and the Notes when issued and delivered against payment therefor as herein provided will be the legal, valid and binding obligations of the Borrower; and the Subsidiary Guarantee will, when executed and delivered by IHOP Realty on the Closing Date be the legal, valid and binding obligation of IHOP Realty; in each case enforceable against

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such respective parties in accordance with their respective terms, except, in each case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws relative to or affecting the enforcement of creditors' rights generally in effect from time to time and by general principles of equity.

4.4. Capital Stock. (a) On the Closing Date, the authorized capital stock

of the Borrower will consist of 1,000 shares of common stock, no par value, and all of the capital stock of the Borrower is validly issued, fully paid and non-assessable and owned, of record and beneficially, free and clear of any Liens, by Holdings. On the Closing Date, the Borrower will not have outstanding any securities convertible into or exchangeable for any of its capital stock, nor will it have outstanding any rights to subscribe for or to purchase, or any options or warrants for the purchase of, or any agreements (contingent or otherwise) providing for the issuance of, or any calls, commitments or claims of any character relating to, any of its capital stock or any securities convertible into or exchangeable for any of its capital stock. The Borrower is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its capital stock, or to any obligation (contingent or otherwise) evidencing the right of the holder thereof to purchase any of its capital stock.

(b) On the Closing Date, the authorized capital stock of Holdings will consist of 40,000,000 shares of common stock and 10,000,000 shares of preferred stock. On the Closing Date, Holdings will not have outstanding any securities convertible into or exchangeable for any of its capital stock, nor will it have outstanding any rights to subscribe for or to purchase, or any options or warrants for the purchase of, or any agreements (contingent or otherwise) providing for the issuance of, or any calls, commitments or claims of any character relating to, any of its capital stock or any securities convertible into or exchangeable for any of its capital stock, except for options and other securities issued pursuant to the IHOP Corp. 1991 Stock Incentive Plan. Holdings is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its capital stock, or to any obligation (contingent or otherwise) evidencing the right of the holder thereof to purchase any of its capital stock.

4.5. Business Operations and Other Information; Financial Condition.

(a) The Borrower (or Continental Bank N.A., on behalf of the Borrower) has delivered to you (or, in the case of clause (iv) below, made available and delivered to the extent

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requested) true and complete copies of (i) the Confidential Private Placement Memorandum dated September 1992 prepared by the Borrower and Continental Bank N.A. in connection with the offering of the Notes to be purchased by you hereunder (together with the Exhibits thereto, the "Confidential Memorandum"), (ii) the audited consolidated balance sheets of Holdings and its Subsidiaries as at December 31 for 1989, 1990 and 1991, and the related audited consolidated statements of operations, shareholders' equity and cash flows for the fiscal years ended December 31, 1989, 1990 and 1991, together with the notes thereto and the reports thereon of Coopers & Lybrand (the "Audited Financial Statements"), (iii) (A) the unaudited consolidating balance sheets of Holdings and its Subsidiaries as at December 31, 1991 and the related consolidating statements of operations for the fiscal year then ended and (B) the unaudited consolidated balance sheet of Holdings and its Subsidiaries as at June 30, 1992, and the related consolidated statements of operations, shareholders' equity and cash flows for the fiscal quarter then ended (the "Unaudited Financial Statements"; the Audited Financial Statements and the Unaudited Financial Statements are sometimes hereinafter collectively referred to as the "Financial Statements"), (iv) the Financial Projections of Holdings and its Subsidiaries for 1992 through 1995 (the "Projections"), and (v) the SEC Reports. The Confidential Memorandum and the SEC Reports correctly describe in all material respects the businesses, operations and principal Properties of Holdings, the Borrower and their Subsidiaries. The Financial Statements have been prepared in accordance with GAAP (except as noted thereon) consistently applied throughout the periods involved, and fairly present the consolidated and consolidating financial position of Holdings and its Subsidiaries as at each of the dates and for each of the periods covered thereby, subject to, in the case of the Unaudited Financial Statements, year-end audit adjustments and the notes required by GAAP and, with respect to the consolidating statements, the failure to prepare statements of cash flows and stockholders' equity and the failure to include notes thereon as required by GAAP. As of the date of each of the balance sheets included in the Financial Statements, neither Holdings, the Borrower nor any of their Subsidiaries had any material Debt or liability, absolute or contingent, liquidated or unliquidated, except Debt and liabilities reflected or reserved against on the Financial Statements or described in the notes thereto. Neither Holdings nor any of its Subsidiaries has made any filing with the SEC on Form 8-K since December 31, 1991. The Projections were prepared by the Borrower on the basis of assumptions which the Borrower reasonably believes are fair and reasonable in light of the historical financial performance of Holdings and its Subsidiaries and of current and reasonably foreseeable business conditions.

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(b) Except as contemplated herein, or as disclosed in the Confidential Memorandum or the SEC Reports or on Schedule 4.5 hereto, or

reflected in the Financial Statements, since December 31, 1991, neither Holdings, the Borrower nor any of their Subsidiaries has:

(1) incurred or assumed any Debt (other than draws of revolving Debt pursuant to the Existing Agreement (as defined in Section 6.15) and the documents pursuant to which the Debt owing to HomeFed (as defined in Section 6.16) was incurred which, when reduced by repayment of such Debt, during such period do not increase the total amount of revolving Debt outstanding under each of such facilities as reflected on the financial statements included in the quarterly report on Form 10-Q as filed by Holdings with the SEC for the quarterly period ended September 30, 1992 (the "September 30, 1992 10-Q")), obligations or liabilities which are, individually or in the aggregate, material (absolute, accrued, or contingent and whether due or to become due), except current liabilities incurred in the ordinary course of business, except as set forth in Schedule 4.8 attached hereto and except for Capitalized Leases not

required to be disclosed on Schedule 4.8;

(2) paid any Debt (other than reductions of outstanding revolving Debt made during such period pursuant to the Existing Agreement (as defined in Section 6.15) and the documents pursuant to which the Debt owing to HomeFed (as defined in Section 6.16) was incurred), obligations or liabilities which are, individually or in the aggregate, material, other than current liabilities in the ordinary course of business, or discharged any Liens which are, individually or in the aggregate, material, other than Liens securing current liabilities discharged in the ordinary course of business;

(3) declared or paid any dividend or distribution to its shareholders, or purchased or redeemed any of its shares, or incurred or paid any management fee or similar charge, or obligated itself to do so;

(4) subjected any of its Property to any Lien other than Permitted Liens;

(5) sold, disposed, transferred, licensed or released any of its Property except in the ordinary course of business;

(6) suffered any physical damage, destruction, or loss (whether or not covered by insurance) which had or could reasonably be expected to have a Material Adverse Effect;

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(7) entered into any material transaction other than in the ordinary course of business;

(8) encountered any strike, work stoppage or other adverse collective labor action or any labor union organizing activities;

(9) issued or sold any shares or other securities or granted any material options or similar rights with respect thereto, except for the issuance or sale of shares or other securities pursuant to the 1991 IHOP Corp. Stock Incentive Plan;

(10) made any change in accounting methods, practices or principles;

(11) waived, released, granted or transferred any rights having, individually or in the aggregate, material value, or modified or changed in any material respect any existing franchise, license, lease, contract or other document, other than in the ordinary course of business; or

(12) agreed to do any of the foregoing.

4.6. Subsidiaries. Holdings has no direct equity interest in any Person

other than the Borrower, and no indirect equity interest in any Person other
than the Subsidiaries of the Borrower. Set forth on Schedule 4.6 attached

hereto is a true and complete list of all Subsidiaries of the Borrower (the
"Subsidiaries List"), setting forth as to each such Subsidiary its jurisdiction
of incorporation and the percentage of capital stock of each such Subsidiary
owned by the Borrower or a Subsidiary of the Borrower. On the Closing Date, (i)
except as disclosed in the Financial Statements, the Borrower will have no
direct or indirect equity interest in any Person other than the Subsidiaries
listed on the Subsidiaries List, the Borrower will have good title to all of the
shares it owns of each of its Subsidiaries, free and clear in each case of any
Lien, (ii) all such shares of each such Subsidiary will have been duly and
validly issued, and will be fully paid and non-assessable and owned of record or
beneficially by the Borrower and/or one or more of such Subsidiaries, and (iii)
there will be no securities outstanding that are convertible into or
exchangeable for any shares of the Borrower's Subsidiaries, nor will there be
outstanding any rights to subscribe for or purchase, or any options or warrants
for the purchase of, or any agreements (contingent or otherwise) providing for
the issuance of, or any calls, commitments or claims of any character relating
to, any shares of the Borrower's Subsidiaries or any securities convertible into
or exchangeable for any such shares.

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4.7. Litigation; No Violation of Governmental Orders or Laws. Except as

set forth on Schedule 4.7:

(a) There are no actions, suits or proceedings pending, or, to the
knowledge of Holdings or the Borrower after due inquiry, threatened against or
affecting Holdings or any of its Subsidiaries or any Properties or rights of any
of them which, if adversely determined, individually or in the aggregate would
have a Material Adverse Effect.

(b) There are no actions, suits or proceedings pending, or, to the
knowledge of Holdings or the Borrower after due inquiry, threatened against or
affecting Holdings or any of its Subsidiaries which seek to enjoin, or otherwise
prevent the consummation of, the transactions contemplated herein or to recover
any damages or obtain any relief as a result of any of the transactions
contemplated herein in any court or before any arbitrator of any kind or before
or by any Governmental Body.

(c) Neither Holdings nor any of its Subsidiaries is or will be, after
or as a result of giving effect to the transactions contemplated herein, in
default under or in violation of any Order of any court, arbitrator or
Governmental Body or of any statute or law or of any rule or regulation of any
Governmental Body, which default or violation has or could reasonably be
expected to have a Material Adverse Effect; and none of them is subject to or a
party to any Order of any court or Governmental Body arising out of any action,
suit or proceeding under any statute or other law respecting antitrust,
monopoly, restraint of trade, unfair competition or similar matters.

(d) All cash payments required to be paid pursuant to that certain
Settlement Agreement entered into on November 7, 1973, together with all
amendments thereto, approved by an order dated November 29, 1973 of the United
States District Court for the Western District of Missouri, with respect to In

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re: IHOP Franchise Litigation, M.D.L. Docket No. 77 have been paid, all

litigation regarding such Settlement Agreement has been settled or dismissed and
all payments required to be paid pursuant thereto have been paid, and all of the
Borrower's current documents evidencing its franchising arrangements with its
franchisees are in a form permitted by such Settlement Agreement.

4.8. Outstanding Debt. Schedule 4.8 sets forth a correct and complete

list and description of all Debt of Holdings and its Subsidiaries (after giving effect to the use of proceeds from the sale and issuance of the Notes) other than Capitalized Leases which (i) on any consolidated balance sheet of Holdings and its Subsidiaries would have a capitalized value of less

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than \$2.5 million and (ii) cover Property on which a restaurant unit operated by the Borrower or a franchisee in the ordinary course is located and all Liens on Property of Holdings or its Subsidiaries securing such Debt outstanding or existing on the Closing Date (excluding any Debt evidenced by the Notes or any Guaranty thereof), and there exists no breach or default or event of default in the terms and provisions of any instrument, agreement or contract pertaining to any such Debt.

4.9. Consents, Etc. No consent, approval or authorization of or

declaration, registration or filing with any Governmental Body or any nongovernmental Person, including, without limitation, any creditor or shareholder of Holdings or any of its Subsidiaries, is required in connection with the execution or delivery of this Agreement, the Notes or the Subsidiary Guarantee, or the performance by the Borrower, its Subsidiaries and Holdings of their respective obligations hereunder and thereunder, or as a condition to the legality, validity or enforceability of this Agreement or the Notes or the Subsidiary Guarantee, except for any thereof as are set forth on Schedule 4.9,

all of which have been made or obtained and are in full force and effect and except for declarations, registrations or filings with Governmental Bodies which, in accordance with law, are to be made following the Closing Date.

4.10. Title to Properties. Holdings and each of its Subsidiaries (after

giving effect to the use of proceeds from the sale and issuance of the Notes) have (i) good and marketable fee simple title to their respective real Properties (other than real Properties which are leased from others), subject to no Lien of any kind except Permitted Liens, and (ii) good title to all of their other respective Properties and assets (other than Properties and assets leased from others), subject to no Lien of any kind except Permitted Liens. Holdings and each of its Subsidiaries have possession, not subject to encumbrances which materially affect the rights of the lessee thereunder, under all leases under which they are lessees (subject to the rights of sublessees, in their capacities as sublessees under subleases entered into in the ordinary course of the Borrower's business), whether of realty or personalty, to which they respectively are parties, none of which contains any unusually burdensome provisions, and all such leases are the legal, valid and binding obligations of those of Holdings, the Borrower and their Subsidiaries which are parties thereto and, to the knowledge of Holdings and the Borrower, the other parties thereto and each is subsisting and in full force and effect. Neither Holdings nor any of its Subsidiaries is in material breach or violation of the terms of any such lease, and neither Holdings nor the Borrower knows of any material breach or violation of any of such lease by any third party.

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Each of the leases under which Holdings or any of its Subsidiaries is a lessee is in substantially the form of Exhibit E hereto, if IHOP

Realty is the lessor. Each such lease is the legal, valid and binding obligation of Holdings or of the Subsidiary of Holdings which is the lessee thereunder and IHOP Realty. Neither Holdings nor the Borrower is aware of the existence of a material breach or default under any such lease, and each such lease is in full force and effect on the Closing Date.

Each lease or sublease under which Holdings or any of its Subsidiaries

is lessor or sublessor is free of unusually burdensome provisions and all such leases and subleases are the legal, valid and binding obligations of those of Holdings, the Borrower and their Subsidiaries which are parties thereto and, to the knowledge of Holdings and the Borrower, the other parties thereto and each is, to the knowledge of Holdings and the Borrower, subsisting and in full force and effect. Neither Holdings nor any of its Subsidiaries is in material breach or violation of the terms of any such lease, and neither Holdings nor the Borrower knows of any breach or violation of any such lease by any third party, which breach or violation could be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.11. Taxes. Holdings and each of its Subsidiaries has filed (or has had

filed on its behalf), all federal, state and local tax returns, which are required to have been filed by any of them, and there have been paid all taxes shown to be due and payable on such returns and all other material taxes and assessments payable by any of them, to the extent the same have become due and payable and before they have become delinquent. Except as set forth in Schedule

4.11, no material tax assessment against Holdings or any of its Subsidiaries has

been proposed and all of their respective tax liabilities are adequately provided for or reserved against on their respective books and financial statements in accordance with GAAP. Neither Holdings nor any of its Subsidiaries have taken any reporting position for which it does not have a reasonable basis. The tax returns of Holdings and its Subsidiaries are currently being audited as set forth in Schedule 4.11. Schedule 4.11 sets

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forth consents to the waiver or extension of relevant statutes of limitations.

4.12. No Conflicts with Agreements, Etc. Neither the execution and

delivery of this Agreement, the Other Agreements, the Subsidiary Guarantee or the Notes, nor the offering, issuance or sale of the Notes nor the fulfillment of or compliance with the terms and provisions hereof or thereof, will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or

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result in the creation of any Lien on any Properties or assets of Holdings or any of its Subsidiaries, or cause Holdings or any of its Subsidiaries to be unable to pay any of its Debt when due, or result in any violation of, or require for its validity any authorization, consent, approval, exemption or other action by, or notice to any Governmental Body or any of the stockholders of Holdings or any of its Subsidiaries, pursuant to the charter or by-laws of any of them, or pursuant to any award of any arbitrator, or pursuant to any material contract, agreement, mortgage, indenture, lease, instrument, Order, statute, law, rule or regulation to which any of them or any of their respective assets is subject. Neither Holdings nor any of its Subsidiaries is in violation of, or in default under, any (i) Order, law or administrative regulation binding upon it or any of its Properties, or (ii) contract, mortgage, indenture, lease, instrument or agreement binding upon it or any of its Properties, which breach, conflict, violation or default could reasonably be expected to have a Material Adverse Effect.

4.13. Disclosure. Neither this Agreement, the Subsidiary Guarantee nor

any other document, certificate or statement furnished to any Purchaser by or on behalf of the Borrower, Holdings or any of their Subsidiaries in connection herewith, including the Confidential Memorandum and the SEC Reports, contained (when taken together, to the extent that any later document supersedes or supplements an earlier document), as of its respective date, or now contains, any untrue statement of a material fact or as of any such date omitted, or now omits, to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact known to the Borrower or Holdings which now has or in the future could reasonably be expected

to have (so far as the Borrower or Holdings can reasonably foresee) a Material Adverse Effect other than (i) facts with respect to economic conditions, generally and (ii) facts that have been disclosed to the Purchasers in writing in connection with this transaction.

4.14. Offering of Securities. None of Holdings, the Borrower, any of

their Subsidiaries or any of their representatives has, directly or indirectly, offered any of the Notes or any security similar to any of them for sale to, or solicited any offers to buy any of the Notes, the Subsidiary Guarantee or any security similar to any of them from, or otherwise approached or negotiated with respect thereto with, more than 44 Persons including you, and none of Holdings, the Borrower, any of their Subsidiaries or any such representative has taken or will take any action which would subject the issuance or sale of any of the Notes to the registration requirements of Section 5 of the Securities Act or violate the

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provisions of any securities or Blue Sky laws of any applicable jurisdiction.

4.15. Broker's or Finder's Commissions. Neither the Borrower, Holdings

nor any of their Subsidiaries has engaged any broker or finder other than Continental Bank N.A. with respect to the issuance and sale of the Notes. The Borrower and Holdings agree, jointly and severally, to indemnify you and hold you harmless against any loss, cost, claim or liability (including, without limitation, reasonable attorneys' fees and disbursements for the investigation and defense of claims) arising out of or relating to any claim for a fee or commission by any such actual or alleged broker or finder.

4.16. Labor Matters. Except as set forth in the Confidential Memorandum,

during the past five years there has been no strike, work stoppage, slowdown or other labor dispute or grievance involving Holdings or any of its Subsidiaries, or employees of any of such Persons, which has had or could reasonably be expected to have a Material Adverse Effect, nor to the knowledge of Holdings or the Borrower after due inquiry is any such action, dispute or grievance currently pending or threatened against Holdings or its Subsidiaries. Except as set forth in the Confidential Memorandum or on Schedule 4.16, none of Holdings

or any of its Subsidiaries is a party to any collective bargaining agreement and none of them has any knowledge after due inquiry of any pending or threatened effort to organize any employees of Holdings or any of its Subsidiaries. Except as set forth in the Confidential Memorandum, there are currently no pending retaliatory or wrongful discharge claims or federal, state or local employment discrimination charges or complaints or administrative or judicial complaints arising therefrom pending against Holdings or any of its Subsidiaries, or any employees of any of such Persons, which has had or could reasonably be expected to have a Material Adverse Effect, nor to the knowledge of the Borrower or Holdings after due inquiry are any such charges or complaints threatened against Holdings or any of its Subsidiaries. The Borrower and its Subsidiaries are in compliance with all applicable federal, state and local statutes, laws, rules, ordinances, regulations, codes, licenses and orders relating to the employment of labor, including, without limitation, any provisions thereof relating to wages, bonuses, collective bargaining agreements, equal pay, occupational safety and health, equal employment opportunity and wrongful or retaliatory termination of employment, except where non-compliance could not reasonably be expected to have a Material Adverse Effect.

4.17. Environmental Matters. Except as disclosed in the SEC Reports or on

Schedule 4.17,

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(a) there is no Environmental Matter relating to Holdings or any of its Subsidiaries or any Properties of any of such Persons, which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and Holdings and the Borrower are aware of no facts that could reasonably be expected to result in any such Environmental Matter. Neither Holdings nor any of its Subsidiaries has agreed to assume by contract with any Person or consent order or other written agreement with a Governmental Body any liability of any other Person for cleanup, compliance, or required capital expenditures in connection with any Environmental Matter arising prior to the date hereof and, to the best knowledge of Holdings and the Borrower, no such liability has arisen by operation of law;

(b) the Properties presently and, to the best knowledge of Holdings and the Borrower, previously used, owned, leased, operated, managed or controlled by Holdings or any of its Subsidiaries are free of contamination from Hazardous Materials, including, without limitation, any contamination of the associated air, soil, groundwater or surface waters, except for such instances of contamination as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(c) Holdings and its Subsidiaries are currently in compliance in all material respects with all applicable Environmental Laws, are not currently in receipt of any notice of violation, are not currently in receipt of any notice of any potential liability for cleanup of Hazardous Materials and are not now subject to any investigation known to Holdings or the Borrower, or information request by a Governmental Body concerning Hazardous Materials or any Environmental Laws. Holdings and its Subsidiaries hold and are in compliance in all material respects with all governmental permits, licenses, and authorizations necessary to operate their businesses that relate to siting, wetlands, coastal zone management, air emissions, discharges to surface or ground water, discharges to any sewer or septic system, noise emissions, solid waste disposal or the generation, use, transportation or other management of Hazardous Materials. Neither Holdings nor any of its Subsidiaries has generated, manufactured, refined, recycled, discharged, emitted, released, buried, processed, produced, reclaimed, stored, treated, transported, or disposed of any Hazardous Materials except in compliance with all applicable laws and regulations, including permit requirements (except for such instances of non-compliance as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect);

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(d) no Properties of Holdings or any of its Subsidiaries are subject to any material Lien or claim for material Lien in favor of any Person as a result of any Environmental Matter or response thereto;

(e) no Hazardous Materials, including leachate and effluents, generated, disposed of, transported, managed or released by Holdings or any of its Subsidiaries have caused or are reasonably likely to cause in whole or in part any contamination or injury to any Person, Property or the environment, except for such contamination or injury as could not reasonably be expected to have, individually, or in the aggregate, a Material Adverse Effect. Neither Holdings nor any of its Subsidiaries has handled, transported, disposed of or managed any Hazardous Material in any manner that may reasonably be expected to form the basis for any present or future claim, demand or action seeking cleanup of any site, location, or body of water, surface or subsurface, except for such claims, demands or actions as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and none of them has any material liabilities, absolute or contingent, on the date hereof with respect thereto; and

(f) to the best knowledge of Holdings and the Borrower, all facilities where any Person has treated, stored, disposed of, reclaimed, or recycled any Hazardous Material on behalf of Holdings or any of its Subsidiaries are in compliance in all material respects with all applicable Environmental Laws.

4.18. Margin Regulations. None of Holdings or any of its Subsidiaries

owns or now intends to acquire any "margin stock" as defined in Regulation G of the Board of Governors of the Federal Reserve System of the United States (12 CFR 207). No part of the proceeds from the sale of the Notes will be used, and no part of the proceeds of any loans repaid with the proceeds from the sale of the Notes was used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation G of the Board of Governors of the Federal Reserve System of the United States (12 CFR 207), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve any of Holdings or any Subsidiary in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Neither Holdings, any of its Subsidiaries nor any agent acting on behalf of Holdings or any such Subsidiary has taken or will take any action which might cause this Agreement or the Notes to violate Regulation G, Regulation X, Regulation T or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act.

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in each case as in effect now or as the same may hereafter be in effect. As used in this Section, the term "purpose of buying or carrying" has the meaning assigned thereto in the aforesaid Regulation G.

4.19. Compliance with ERISA.

(a) No Pension Plan which is subject to Part 3 of Subtitle B of Title I of ERISA or Section 412 of the Code had an accumulated funding deficiency (as such term is defined in Section 302 of ERISA or Section 412 of the Code), whether or not waived, as of the last day of the most recent fiscal year of such Pension Plan heretofore ended;

(b) no liability to the PBGC (other than required insurance premiums, all of which have been paid) has been incurred and is outstanding with respect to any Pension Plan, and there has not been any Reportable Event, or any other event or condition, which presents a material risk of involuntary termination of any Pension Plan by the PBGC;

(c) neither any Multiemployer Plan or Plan nor any trust created thereunder, nor any trustee or administrator thereof, has, to the knowledge of Holdings or the Borrower, engaged in a prohibited transaction (as such term is defined in Section 4975 of the Code or Section 406 of ERISA) that could subject Holdings or any of its Subsidiaries or ERISA Affiliates to any material tax or penalty on prohibited transactions imposed under said Section 4975;

(d) no material liability has been incurred and is outstanding with respect to any Multiemployer Plan as a result of the complete or partial withdrawal by Holdings or any of its Subsidiaries or ERISA Affiliates from such Multiemployer Plan under Title IV of ERISA, nor has Holdings or any of its Subsidiaries or ERISA Affiliates been notified by any Multiemployer Plan that such Multiemployer Plan is currently in reorganization or insolvency under and within the meaning of Section 4241 or 4245 of ERISA or that such Multiemployer Plan intends to terminate or has been terminated under Section 4041A of ERISA;

(e) Holdings and its Subsidiaries and ERISA Affiliates are in compliance in all material respects with all applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder with respect to all Plans and Multiemployer Plans;

(f) as of the Closing Date, the actuarial present value of all benefit liabilities (as defined in Section 4001(a)(16) of ERISA) under all Pension Plans that are subject

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to Title IV of ERISA did not exceed the fair market value of the assets allocable to such liabilities, determined as if all such Plans were terminated as of the Closing Date, and by using the Plan's actuarial assumptions as set forth in the most recent actuarial report pertaining to each Plan;

(g) as of the Closing Date, none of Holdings, the Borrower or any of their Subsidiaries or ERISA Affiliates is a party to a "multiple employer plan" (as defined in 29 CFR 2530.210(c)(3)) or, except as set forth on Schedule 4.19,

a Multiemployer Plan. With respect to the Multiemployer Plan listed on Schedule 4.19, as of the Closing Date, such Multiemployer Plan has no unfunded vested

benefits within the meaning of Section 4213(c) of ERISA for which Holdings, the Borrower or any of their Subsidiaries or ERISA Affiliates is or could become liable;

(h) no event has occurred with respect to any Plan or with respect to any other employee benefit pension plan (as defined in Section 3(2) of ERISA) established or maintained at any time during the five-year period immediately preceding the Closing Date for the benefit of employees of Holdings or any of its Subsidiaries or ERISA Affiliates which presents a risk of material liability of Holdings or any of its Subsidiaries or ERISA Affiliates under Section 4069 of ERISA;

(i) there are no material liabilities under the Plans that are employee welfare benefit plans (as defined in Section 3(1) of ERISA) providing for medical, health, life or other welfare benefits that are not insured by fully paid non-assessable insurance policies, and no such Plan provides for continued medical, health, life or other welfare benefits for employees after they leave the employment of Holdings or any of its Subsidiaries or ERISA Affiliates (other than any such welfare benefits required to be provided under the Consolidated Omnibus Budget Reconciliation Act or other similar law); and

(j) Schedule 4.19 contains a complete and accurate list of each of

the employee benefit plans (as defined in Section 3(3) of ERISA) with respect to which the Borrower or Holdings or any of their respective Subsidiaries or ERISA Affiliates is a "party in interest" as defined in Section 3 of ERISA or a "disqualified person" as defined in Section 4975 of the Code.

4.20. Material Contracts. Each of the Material Contracts is valid,

subsisting and in full force and effect, and neither Holdings nor any of its Subsidiaries is in breach or violation of the terms, conditions or provisions of any of the Material Contracts to which it is a party which is reasonably likely to

have a Material Adverse Effect. On the Closing Date, neither Holdings nor any of its Subsidiaries will be a party to any Material Contract or be subject to any restriction contained in the charter or by-laws of any of them which has or is reasonably likely to have a Material Adverse Effect.

4.21. Insurance. All policies of workers compensation, general liability,

fire, property, casualty, marine, business interruption, errors and omissions, flood and other insurance carried by Holdings and its Subsidiaries are in full force and effect on the date hereof, and neither Holdings nor any of its Subsidiaries has received notice of cancellation with respect to any such policy.

4.22. Status under Certain Laws. None of Holdings or any Subsidiary of

Holdings is an "investment company" or a "person directly or indirectly

controlled by or acting on behalf of an investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

4.23. Legality. The Borrower, upon giving effect to the issuance of the

Notes will be, a "solvent institution", as such term is used in Section 1405(c) of the New York Insurance Law, whose "obligations are not in default as to principal or interest", as such terms are used in Section 1405(c).

4.24. Possession of Franchises, Licenses, Etc. Holdings and its

Subsidiaries possess all franchises, certificates, licenses, permits, registrations, and other authorizations from national, state and local governmental or regulatory authorities, free from unusually burdensome restrictions, that are necessary for the ownership, maintenance and operation of their respective Properties and assets, and for the conduct of their respective businesses as now conducted and as described in the Confidential Memorandum, and none of Holdings or any of its Subsidiaries is in violation of any thereof in any material respect.

4.25. Franchises. Except as set forth on Schedule 4.25, each of the

Borrower's franchisees has entered into documents evidencing its franchising arrangement with the Borrower (including the sublease, if any, from the Borrower of the franchised premises) which, with respect to such arrangements initially entered into prior to 1979 (or renewed, on substantially similar terms and conditions since that date) were entered into (or renewed, as the case may be) in accordance with all then applicable laws and regulations

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including, without limitation, all applicable disclosure periods and waiting requirements and, with respect to such arrangements entered into since 1979, are substantially in the forms of the exhibits to the Franchise Offering Circular for Prospective Franchisees Required by the Federal Trade Commission as in effect on the date such arrangements were entered into (the "Offering Circular") and such documents have been entered into in accordance with all applicable laws and regulations, including, without limitation, all applicable disclosure requirements and waiting periods. All such franchising documents are in full force and effect and neither Holdings nor the Borrower is aware of any breaches of any such documents by the franchisees thereunder which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.26. Use of Proceeds. The proceeds from the sale and issuance of the

Notes will be used (i) to repay substantially all of the existing Debt of the Borrower's Subsidiary, IHOP Realty Corp., a Delaware corporation, (ii) to refinance existing Debt of the Borrower, and (iii) for general corporate purposes.

4.27. Patents and Trademarks. Holdings and each Subsidiary own or

possess all the patents, trademarks, trade names, service marks, copyright, licenses and rights with respect to the foregoing necessary for the present and planned future conduct of their respective businesses, without any known conflict with the rights of others.

4.28. Compliance with Laws. Neither Holdings nor any of its

Subsidiaries is in violation of any federal, state or local law, statute, regulation, ordinance or rule which violation could reasonably be expected to have a Material Adverse Effect.

4.29. Franchisees. Except as disclosed in the SEC Reports, during the

fiscal year ended December 31, 1991, no franchisee accounted for more than 10% of Holdings' consolidated revenues from sales of products or services.

4.30. Other Agreements. Simultaneously with the execution and delivery of

this Agreement, the Borrower and Holdings are entering into the Other Agreements, which are identical in all respects with this Agreement (except for the respective principal amounts of Notes to be purchased) with the other Purchasers named in Schedule I hereto. The purchases by you and said other

Purchasers are to be separate and several transactions.

4.31. Solvency. On the Closing Date, and after the payment of all

estimated legal, investment banking, accounting

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and other fees related hereto, Holdings and each of its Subsidiaries will be Solvent.

4.32. Foreign Assets Control Regulations. Neither the sale of the Notes

by the Borrower hereunder nor the use of the proceeds thereof as contemplated hereby will violate the Foreign Assets Control Regulations, the Transaction Control Regulations, the Cuban Assets Control Regulations, the Iranian Transactions Regulations, the Iranian Assets Control Regulations, the Libyan Sanctions Regulations, the Iraqi Sanctions Regulations, or the Haitian Transaction Regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended), or the restrictions on transactions with Yugoslavia contained in Executive Orders 12808 and 12810, dated May 30, 1992 and June 5, 1992, respectively.

Section 5. Representations of Purchasers. You represent, and in making

this sale to you it is specifically understood and agreed, that:

5.1. Authority. You are authorized to enter into this Agreement and to

perform your obligations hereunder and to consummate the transactions contemplated hereby.

5.2. Investment Intent. You are purchasing the Notes being purchased

hereunder for your own account and with no intention of distributing or reselling such Notes or any part thereof in any transaction which would be in violation of the securities laws of the United States of America or any state thereof, without prejudice, however, to your rights at all times to sell or otherwise dispose of all or any part of said Notes pursuant to an effective registration statement under the Securities Act and other applicable state securities laws, or under an exemption therefrom, and subject, nevertheless, to the disposition of your property being at all times within your control.

Upon original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the Securities Act, the Notes shall bear a legend in substantially the following form:

THIS NOTE HAS NOT BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933, AS AMENDED,
AND MAY NOT BE SOLD OR OTHERWISE
TRANSFERRED IN THE ABSENCE OF SUCH
REGISTRATION OR AN EXEMPTION THEREFROM.

5.3. Source of Funds. No part of the funds to be used to purchase the

Notes being purchased by you hereunder constitutes assets of any employee

benefit plan such that the use of such

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assets constitutes a non-exempt prohibited transaction under ERISA. This representation is made in reliance upon Schedule 4.19 and is based upon your

determination that a statutory or administrative exemption is applicable or that the Borrower or Holdings are not parties in interest or disqualified persons with respect to such employee benefit plan. As used in this paragraph, the terms "employee benefit plan" and "party in interest" shall have the meanings assigned to such terms in Section 3 of ERISA, and the term "disqualified person" shall have the meaning assigned to such term in Section 4975 of the Code.

5.4. Investor Status. You are an "accredited investor" within the meaning

of Rule 501 under the Securities Act.

Section 6. Conditions to Obligations of the Purchasers. Your obligation to

purchase and pay for the Notes to be purchased by you hereunder on the Closing Date shall be subject to the satisfaction, on or before the Closing Date, of the following conditions:

6.1. Proceedings Satisfactory. All corporate and other proceedings taken

or to be taken by Holdings and its Subsidiaries in connection with the transactions contemplated hereby and all documents incident thereto shall be reasonably satisfactory in form and substance to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

6.2. Opinion of Purchasers' Special Counsel. You shall have received from

Sonnenschein Nath & Rosenthal, who are acting as special counsel for you in connection with this transaction, an opinion addressed to you and dated the Closing Date, substantially in the form of Exhibit B. Such opinion shall also

cover such other matters incident to the matters herein contemplated as you may reasonably request.

6.3. Opinion of Counsel to the Borrower and Holdings. You shall have

received from Skadden, Arps, Slate, Meagher & Flom, special counsel to the Borrower and Holdings, and Larry Alan Kay, general counsel to the Borrower and Holdings, legal opinions addressed to you and dated the Closing Date. Such opinions shall cover the matters set forth in the form of legal opinion attached hereto as Exhibit C, and shall also cover such other matters incident to the

matters herein contemplated as you may reasonably request.

6.4. Representations and Warranties True, Etc.;

Certificates. The representations and warranties contained in Section 4 of this Agreement shall be true on and as of the

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Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date. The Borrower shall have performed all agreements on its part required to be performed under this Agreement prior to the Closing Date; there shall exist on the Closing Date no Default or Event of Default; the Borrower and Holdings shall have delivered to you an Officer's Certificate, dated the Closing Date, to the effect of the foregoing clauses of

this Section 6.4, and Sections 6.5, 6.6 and 6.7, and certifying that, on the Closing Date, giving effect to the transactions contemplated by this Agreement and the Other Agreements, the Borrower and its Subsidiaries could incur \$1.00 of additional Debt pursuant to Section 11.2(c); and you shall have received such certificates or other evidence as you may request to establish that the proceeds of the sale of the Notes on the Closing Date will be applied as contemplated by Section 4.26.

6.5. Absence of Material Adverse Change, Etc. Since December 31, 1991,

no change or changes shall have occurred to the business, operations, Properties, assets, income, prospects or condition, financial or otherwise, of Holdings and its Subsidiaries, taken as a whole, which you reasonably believe in good faith to constitute a Material Adverse Effect.

6.6. Consents and Approvals. All necessary consents, approvals and

authorizations of, and declarations, registrations and filings with, Governmental Bodies and nongovernmental Persons required in order to consummate the transactions contemplated herein shall have been obtained or made and shall be in full force and effect except for declarations, registrations or filings with Governmental Bodies which, in accordance with law, are to be made following the Closing Date.

6.7. Absence of Litigation, Orders, Etc. Except as disclosed on Schedule

4.7 attached hereto, there shall not be pending or, to the knowledge of

Holdings or the Borrower after due inquiry, threatened, any action, suit, proceeding, governmental investigation or arbitration against or affecting any of Holdings or its Subsidiaries or their respective assets or Property (and, as to any action, suit, proceeding, governmental investigation or arbitration so disclosed, there shall not have occurred since the date of this Agreement any development) which seeks to enjoin or restrain any of the transactions contemplated herein or which you reasonably believe in good faith could have a Material Adverse Effect. No Order of any court, arbitrator or Governmental Body shall be effect which purports to enjoin or restrain any of the transactions contemplated herein or which you reasonably believe in good faith to constitute a Material Adverse Effect.

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6.8. Other Purchasers. The other Purchasers referred to in Section 1

shall have purchased and made payment for the Notes to be purchased by them pursuant to the Other Agreements referred to in said Section.

6.9. Legal Investment. Your purchase of and payment for the Notes to be

purchased by you hereunder on the Closing Date shall be permitted by the laws and regulations of the jurisdictions to which you are subject, including without limitation all applicable laws and regulations regulating investments for life insurance companies (without reference to any "basket" or "leeway" provision which permits the making of an investment without restriction as to the character of the particular investment being made); and you shall have received such certificates or other evidence as you may request to establish compliance with this condition.

6.10. Rating. The investment represented by the Notes shall have received

a preliminary designation of "2" or better from the National Association of Insurance Commissioners and neither Holdings nor the Borrower has received an indication from the National Association of Insurance Commissioners that such designation has been, or is expected to be, rescinded.

6.11. Fees. The fees and out-of-pocket expenses and disbursements

incurred by Sonnenschein Nath & Rosenthal in connection with the preparation of this Agreement and the transactions contemplated hereby shall be paid in full on the Closing Date.

6.12. PPN Number. You shall have been supplied with a private placement

number for the Notes from Standard and Poor's Corporation.

6.13. Subsidiary Guarantee. IHOP Realty shall have executed and delivered

the Subsidiary Guarantee.

6.14. Corporate Status and Documentation.

(a) CERTIFICATES OF INCORPORATION. You shall have received true and

correct copies of the Certificates of Incorporation of Holdings, the Borrower and IHOP Realty, together with all amendments thereto, certified as of a recent date by the Secretary of State of the jurisdiction of incorporation of each such Person.

(b) SECRETARY'S CERTIFICATE. You shall have received certificates

dated the Closing Date of the Secretary or an Assistant Secretary of each of Holdings, the Borrower and IHOP Realty, duly certifying that:

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(i) attached thereto is a true, complete and correct copy of the by-laws of such Person, which have been in full force and effect since the date specified in such certificate and to which no amendments or modifications have been made since such date;

(ii) attached thereto is an incumbency certificate, in a format satisfactory to the Purchasers, duly executed by the Secretary or an Assistant Secretary and those other officers of such Person who have executed documents and agreements in connection with the transactions hereby contemplated; and

(iii) attached thereto are true and correct copies of the resolutions, in form and substance satisfactory to the Purchasers, adopted by the Board of Directors or authorized Executive Committee of such Person (with evidence of such authorization), evidencing, with respect to such Person, approval of the transactions contemplated by this Agreement, the Other Agreements, the Notes, the Subsidiary Guarantee and the other documents and instruments executed and delivered in connection therewith or pursuant thereto, and authorizing the appropriate officers of such Person to negotiate the form of, and to execute and deliver, this Agreement, the Other Agreements, the Notes, the Subsidiary Guarantee and such other documents and instruments (in each case to the extent such Person is a party thereto), with such modifications as such authorized officers shall approve.

(c) GOOD STANDING CERTIFICATES. You shall have received a

certificate of recent date of the Secretary of State or other appropriate official of the jurisdiction of incorporation of Holdings, the Borrower and IHOP Realty certifying that each such Person is in good standing in its jurisdiction of incorporation. You shall also have received certificates of recent date of the appropriate governmental officials in each other jurisdiction in which Holdings, the Borrower or IHOP Realty conducts business as a foreign corporation or owns assets certifying that the Borrower, Holdings or IHOP Realty, as the case may be, is in good standing as a foreign corporation in such jurisdiction, except where the failure to so qualify would not have a Material Adverse Effect.

(d) BRING-DOWN AND OTHER CERTIFICATES. Each of the Borrower,

Holdings and IHOP Realty shall have delivered to the Purchasers certifications, each dated the Closing Date and duly executed by an Appropriate Officer of such Person, to the effect that no amendments to or changes in its Certificate of Incorporation have been made since the date certified by the Secretary of State of the jurisdiction of its incorporation and that no dissolution proceedings with respect to it have been commenced or are contemplated.

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6.15. New Credit Agreement. The Borrower and Holdings shall have entered

into a Credit Agreement with Continental Bank N.A. (the "Bank") (the "Credit Agreement"), which will replace in its entirety the existing loan agreement dated April 7, 1992 with Bank of America National Trust and Savings Association ("B of A") (the "Existing Agreement") and IHOP Realty shall have executed a subsidiary guarantee in respect of the Credit Agreement. Such Credit Agreement will be substantially in the form of the draft of such Credit Agreement dated November 16, 1992, except that such Credit Agreement shall not prohibit (i) amendments or modifications to this Agreement, the Other Agreements, the Notes or the Subsidiary Guarantee (except those which prohibit advancing any payment due pursuant to Section 3.1 to a date sooner than January 31, 1994) or (ii) the payment of principal of or interest or prepayment charges on the Notes in accordance with the terms thereof and the terms of this Agreement and the Other Agreements (except that optional prepayments may be prohibited prior to January 31, 1994), and you shall have received an Officer's Certificate of the Borrower stating that the Existing Agreement has been terminated (together with the Exhibits and Schedules thereto) and that the Credit Agreement (together with the Exhibits and Schedules thereto) is in full force and effect, binding on the Borrower and Holdings and to the best of their knowledge, on the Bank, in accordance with its terms and you shall have received evidence satisfactory to you that the Existing Agreement shall have been terminated in its entirety (except as set forth in Schedule 6.16) and none of Holdings, the Borrower or any

of their Subsidiaries shall have any further obligations thereunder and all Liens in favor of B of A have been released or terminated.

6.16. Use of Proceeds. You and your special counsel shall have received

evidence satisfactory to you that the proceeds of the issuance of the Notes are being used substantially simultaneously with the closing of this transaction, for the repayment in full of (i) the 12 1/4% Senior Subordinated Notes due 1997 issued by the Borrower, (ii) the Debt of the Borrower and IHOP Realty to HomeFed Savings Bank, Federal Savings Bank, its successors and assigns ("HomeFed") and (iii) the Debt of the Borrower to B of A and, in each case (except as set forth on Schedule 6.16) there are no further obligations of Holdings or any of its

Subsidiaries thereunder and all commitments to lend in connection therewith shall have been terminated and all Liens in favor of HomeFed or B of A on any Property of Holdings or any of its Subsidiaries have been or substantially contemporaneously herewith shall be released or terminated.

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Section 7. Conditions to Obligations of the Borrower. The Borrower's

obligation to issue and sell the Notes to be sold by it hereunder on the Closing Date shall be subject to the satisfaction, on or before the Closing Date, of the following conditions:

7.1. Representations and Warranties True, Etc. The representations and

warranties contained in Section 5 of this Agreement shall be true on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date.

7.2. Absence of Litigation, Orders, Etc. There shall not be pending or,

to the knowledge of Holdings or the Borrower after due inquiry, threatened, any action, suit, proceeding, governmental investigation or arbitration against or affecting any of Holdings or its Subsidiaries or their respective assets or Property which seeks to enjoin or restrain any of the transactions contemplated herein. No Order of any court, arbitrator or Governmental Body shall be in effect which purports to enjoin or restrain any of the transactions contemplated herein.

7.3. Other Purchasers. Notes representing no less than \$29 million of

initial principal amount shall have been purchased by the Purchaser and Purchasers purchasing Notes pursuant to the Other Agreements on the Closing Date.

Section 8. Financial Statements and Information. The Borrower and

Holdings will furnish to you and to any of your Purchaser Affiliates, so long as you or such Purchaser Affiliate shall be obligated to purchase or shall hold any Notes, and to each other institutional holder of any Notes (such a holder in any such case being hereinafter called an "Eligible Holder"), in duplicate:

(A) as soon as available and in any event within 45 days after the end of each of the first three quarterly accounting periods in each fiscal year of Holdings ("quarterly accounting period"),

(1) either (a) copies of Holdings' Quarterly Report on Form 10-Q for the quarterly accounting period then ended, as filed with the Securities and Exchange Commission or (b) if Holdings is not subject to Section 13 or 15(d) of the Exchange Act, copies of the consolidated balance sheet of Holdings and its Subsidiaries as of the end of the quarterly accounting period and of the related consolidated statements of operations, shareholders' equity and cash flows for such accounting period, all in

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reasonable detail and stating in comparative form the consolidated figures as of the end of and for the corresponding date and period in the previous fiscal year, all Certified by an Appropriate Officer of Holdings; and

(2) a written statement in the form of Exhibit F-1 hereto

executed by Appropriate Officers of Holdings and the Borrower setting forth computations or other pertinent information in reasonable detail showing as at the end of such quarterly accounting period (a) whether or not the financial covenants set forth in Sections 11.2 through 11.8 hereof, inclusive, have been met, accompanied by calculations setting forth the maximum amount of Funded Debt that could have been incurred pursuant to Sections 11.2(B) and 11.2(C) hereof, and the maximum amount of dividends or distributions that could have been declared or paid pursuant to Section 11.5 hereof, and (b) whether or not Liens on Property or assets of Holdings or its Subsidiaries or securing Debt of Holdings or its Subsidiaries, as the case may be, exceed the threshold set forth in Section 11.1(I) hereof, accompanied by calculations setting forth the maximum amount of additional Funded Debt secured by Liens that could have been incurred under Section 11.1(I) hereof (a "Quarterly Compliance Statement");

(B) as soon as available and in any event within 90 days after the end of each fiscal year of Holdings,

(1) either (a) copies of Holdings' Annual Report on Form 10-K and Annual Report to Shareholders, in each case, for the year then ended and as filed with the Securities and Exchange Commission together with copies of the consolidating balance sheets of Holdings and its Subsidiaries as of the end of such fiscal year and the related consolidating statements of operations, or (b) if Holdings is not subject to Section 13 or 15(d) of the Exchange Act, copies of the consolidated and consolidating balance

sheets of Holdings and its Subsidiaries as of the end of such fiscal year, and of the related consolidated and consolidating statements of operations and the related consolidated statements of shareholders' equity and cash flows, together with the notes to such consolidated statements, which consolidated statements state in comparative form the respective consolidated figures as of the end of and for the previous fiscal year, and in the case of such consolidated financial statements referred to in subclauses (a) or (b), accompanied by a report thereon of Coopers & Lybrand or other independent public accountants of recognized national standing selected by

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Holdings (the "Accountants"), which report shall be unqualified as to going concern and scope of audit and shall state that such consolidated financial statements present fairly the consolidated financial position of Holdings and its Subsidiaries as at the end of such fiscal year and the consolidated results of operations and cash flow for such fiscal year in conformity with GAAP, and that the examination by the Accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards. Together with each delivery of financial statements or Annual Reports required by this subparagraph (1), the Accountants shall deliver to Holdings or the Borrower (which recipient shall deliver the same to each Purchaser, Purchaser Affiliate and Eligible Holder) their report (on which the Purchasers, Purchaser Affiliates and Eligible Holders shall be entitled to rely) stating that, in making the audit necessary to the certification of such financial statements, they have obtained no knowledge of any Default or Event of Default or, if any such Default or Event of Default has occurred, specifying the nature and period of existence thereof; and

(2) a Quarterly Compliance Statement.

(C) concurrently with the financial statements or reports furnished pursuant to Subsections A and B of this Section 8, a certificate of Appropriate Officers of the Borrower and Holdings in the form of Exhibit F-2, stating that,

based upon such examination or investigation and review of this Agreement as in the opinion of the signer is necessary to enable the signer to express an informed opinion with respect thereto, no Default or Event of Default by Holdings, the Borrower or any of their Subsidiaries in the fulfillment of any of the terms, covenants, provisions or conditions of this Agreement exists or has existed during such period or, if such a Default or Event of Default shall exist or have existed, the nature and period of existence thereof and what action Holdings, the Borrower or such Subsidiary, as the case may be, has taken, is taking or proposes to take with respect thereto;

(D) promptly after the same are available and in any event within 15 days thereof, copies of all such proxy statements, financial statements, notices and reports as Holdings or any of its Subsidiaries shall send or make available generally to any of their securityholders, and copies of all regular and periodic reports and of all registration statements which Holdings or any of its Subsidiaries may file with the SEC or with any securities exchange;

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(E) promptly (and in any event within 5 days) after becoming aware of (1) the existence of any Default or Event of Default, a certificate of Appropriate Officers of Holdings and the Borrower specifying the nature and period of existence thereof and what action the Borrower or Holdings is taking or proposes to take with respect thereto; or (2) any Debt of Holdings, the Borrower or any Subsidiary being declared due and payable before its expressed maturity, or any holder of such Debt having the right to declare such Debt due and payable before its expressed maturity, because of the occurrence of any default (or any event which, with notice and/or the lapse of time, shall constitute any such default) under such Debt or the agreement pursuant to which

such Debt was issued, a certificate of an Appropriate Officer describing the nature and status of such matters and what action Holdings or such Subsidiary is taking or proposes to take with respect thereto; provided, however, that any

Default or Event of Default which is deemed to have arisen upon Holdings' or the Borrower's failure to promptly notify the Purchasers of another Default or Event of Default in accordance with this Section 8(E) shall be deemed to be waived so long as (i) such underlying Default or Event of Default as to which notice is required to be given (the "Underlying Default") has been completely cured; (ii) the Underlying Default, if it had not been completely cured, would not have had a Material Adverse Effect and (iii) notice of the Underlying Default is delivered within 30 days of its occurrence;

(F) promptly and in any event within 10 days after Holdings or the Borrower knows or, in the case of a Pension Plan has reason to know, that a Reportable Event with respect to any Pension Plan has occurred, that any Pension Plan or Multiemployer Plan is or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA, or that Holdings or any of its Subsidiaries or ERISA Affiliates will or may incur any material liability to or on account of a Pension Plan or Multiemployer Plan under Title IV of ERISA or any other material liability under ERISA has been asserted against Holdings or any of its Subsidiaries or ERISA Affiliates, a certificate of an Appropriate Officer of Holdings setting forth information as to such occurrence and what action, if any, Holdings or such Subsidiary or ERISA Affiliate is required or proposes to take with respect thereto, together with any notices concerning such occurrences which are (a) required to be filed by Holdings or such Subsidiary or ERISA Affiliate or the plan administrator of any such Pension Plan controlled by Holdings or such Subsidiary or ERISA Affiliate with the Internal Revenue Service or the PBGC, or (b) received by Holdings or such Subsidiary or ERISA Affiliate from any plan administrator of a Pension Plan not under their control or from a Multiemployer Plan;

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(G) promptly after the Borrower or Holdings becomes aware of any Material Adverse Effect with respect to which notice is not otherwise required to be given pursuant to this Section 8, a certificate of an Appropriate Officer setting forth the details of such Material Adverse Effect and stating what action Holdings, the Borrower or any of their respective Subsidiaries has taken or proposes to take with respect thereto;

(H) promptly (and in any event within 15 days) after the Borrower or Holdings knows of (a) the institution of, or threat of, any action, suit, proceeding, governmental investigation or arbitration against or affecting Holdings or any of its Subsidiaries or any Property of any of them, or (b) any material development in any such action, suit, proceeding, governmental investigation or arbitration, which, in either case, is likely to have a Material Adverse Effect, a certificate of an Appropriate Officer describing the nature and status of such matter in reasonable detail;

(I) in the event that Borrower is no longer a consolidated Subsidiary of Holdings, financial statements of Borrower and its consolidated Subsidiaries at such times and in such form (together with such certifications) as are required to be delivered pursuant to Sections 8(A), (B) and (C); and

(J) any other information, including financial statements and computations, relating to the performance of obligations arising under this Agreement and/or the affairs of Holdings, the Borrower or any of their Subsidiaries that the Purchaser or any other Eligible Holder may from time to time reasonably request and which is capable of being obtained, produced or generated by Holdings, the Borrower or such Subsidiary or of which any of them has knowledge, including, without limitation, a brief statement describing any significant events relating to Holdings, the Borrower and their Subsidiaries for any fiscal period.

It is further understood and agreed that, for the purpose of effecting compliance with Rule 144A promulgated by the SEC in connection with any resales

of Notes that may hereafter be effected pursuant to the provisions of such Rule, if Holdings is not subject to Section 13 or 15(d) of the Exchange Act, each prospective purchaser of Notes designated by a holder thereof shall have the right to obtain from Holdings and the Borrower, upon the written request of such holder, the information required pursuant to Rule 144A(d) (4) under the Securities Act.

Each of Holdings and the Borrower will keep at its principal executive office a true copy of this Agreement, and cause the same to be available for inspection at said offices

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during normal business hours by any holder of any of the Notes or any prospective purchaser of any thereof designated by the holder thereof.

Section 9. Inspection of Properties and Books. Each of the Borrower and

Holdings agrees that you or any Qualified Holder who agrees to abide by the confidentiality requirement set forth below in this Section may, so long as you or such Qualified Holder owns any Notes, after giving reasonable notice to Holdings and the Borrower, visit at your or its own expense the offices and Properties of Holdings, the Borrower or any of their Subsidiaries, and may examine and make copies of the relevant books and records, and discuss the affairs, finances and accounts of such companies with their officers and public accountants (and by this provision the Borrower and each Subsidiary hereby authorizes said accountants to discuss with you or such Qualified Holder its affairs, finances and accounts) all at reasonable times during normal business hours as often as you or it may reasonably desire. At any time when a Default or an Event of Default shall have occurred and be continuing, the Borrower shall be required to pay or reimburse you or any such Qualified Holder for expenses which you or such Qualified Holder may reasonably incur in connection with any such visitation or inspection. You and any other Qualified Holder shall use such information only for your own purposes, shall keep it confidential and shall not disclose it to any third person (other than a Purchaser Affiliate or an affiliate of a Qualified Holder or accountants engaged by you or such Qualified Holder), except for disclosures to: (i) such Qualified Holder's or Purchaser Affiliate's directors, trustees, partners, officers, employees, agents and professional consultants, (ii) any other Noteholder, (iii) any Person to which such Qualified Holder offers to sell such Note or any part thereof, (iv) any Person to which such Qualified Holder sells or offers to sell a participation in all or any part of such Note, (v) any Person from which such Qualified Holder offers to purchase any security of the Borrower, (vi) any federal, state or Canadian provincial regulatory authority having jurisdiction over such Qualified Holder, (vii) the National Association of Insurance Commissioners or any similar organization, (viii) any nationally recognized financial rating service that is rating or reviewing the rating of the Notes or (ix) any other Person to which such delivery or disclosure may be necessary or appropriate (a) in compliance with any law, rule, regulation or order applicable to such Qualified Holder, (b) in response to any subpoena or other legal process or informal investigative demand, (c) in connection with any litigation to which such Qualified Holder is a party, or (d) to protect such Qualified Holder's investment in the Notes; provided, however, that, (1) prior

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to any disclosure of any such information to any Person described in clause (iii), (iv) or (v) above, such Person agrees to keep any non-public information so delivered to it confidential or (2) if you (or such Qualified Holder) is required to disclose any such information in connection with judicial or governmental proceedings, you (or such Qualified Holder) shall provide the Borrower and Holdings with prompt prior notice of such requirement. Any bona fide transferee of any Note (or any participant in your interest in the Notes), by its acceptance thereof, shall be bound by the provisions of this Section 9 to the same extent as you are bound.

Section 10. Affirmative Covenants. The Borrower and Holdings covenant and

agree that so long as any of the Notes shall be outstanding:

10.1. Payment of Principal, Prepayment Charge and Interest; Etc. The

Borrower will duly and punctually pay the principal of, prepayment charge (if any) and interest on the Notes in accordance with the terms of such Notes and this Agreement. The Borrower and Holdings will comply with all of the covenants, agreements and conditions contained in this Agreement.

10.2. Payment of Taxes and Claims. Holdings and the Borrower will, and

will cause each of their respective Subsidiaries to, pay before they become delinquent:

(A) all taxes (including excise taxes), assessments and governmental charges or levies imposed upon it or its income or profits or upon its Property, real, personal or mixed, or upon any part thereof;

(B) all claims for labor, materials and supplies which, if unpaid, might result in the creation of a Lien upon its Property; and

(C) all claims, assessments, or levies required to be paid by any of them pursuant to any agreement, contract, law, ordinance or governmental rule or regulation governing any pension, retirement, profit-sharing or any similar plan;
provided, that the taxes, assessments, charges and levies described in this

Section 10.2 need not be paid while being diligently contested in good faith and by appropriate proceedings so long as adequate book reserves have been established with respect thereto in accordance with GAAP. The Borrower and Holdings will timely file, and will cause their Subsidiaries to file, all tax returns required to be filed in

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connection with the payment of taxes required by this Section 10.2.

10.3. Maintenance of Properties and Corporate Existence. Holdings and the

Borrower will, and will cause each of their respective Subsidiaries to:

(A) maintain its Property in good condition and make all renewals, repairs, replacements, additions, betterments, and improvements thereto as are necessary in the reasonable opinion of management;

(B) keep books, records and accounts in accordance with GAAP;

(C) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and powers and franchises including, without limitation thereof, any necessary qualification or licensing in any foreign jurisdiction; and

(D) comply with all applicable statutes, regulations, franchises, and Orders of, and all applicable restrictions imposed by, any Governmental Body (all as now or at any time hereafter may be in effect), in respect of the conduct of its business and the ownership of its Properties (including, without limitation, applicable statutes, rules, ordinances, regulations and Orders relating to Environmental Laws), except where non-compliance could not reasonably be expected to have a Material Adverse Effect.

10.4. Insurance. Holdings and the Borrower will maintain, and will cause

to be maintained on behalf of each Subsidiary, insurance coverage by financially sound and reputable insurers, against such casualties and contingencies, of such types (including without limitation public liability, workmens' compensation, larceny and embezzlement or other criminal misappropriation insurance) and in such amounts as are prudent, and in any event in such amounts as are adequate to cover foreseeable losses to the business of Holdings, the Borrower and their Subsidiaries. The Borrower or Holdings shall furnish to the Purchasers on or prior to the Closing Date a summary of insurance presently in force in a separate letter.

Section 11. Negative and Maintenance Covenants. The provisions of this

Section 11 shall remain in effect so long as any Notes shall remain outstanding.

11.1. Restrictions on Liens. Holdings and the Borrower covenant that they

will not, nor will they permit any

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Subsidiary to, directly or indirectly, create, assume or suffer to exist any Lien upon any of their respective Properties or assets whether now owned or hereafter acquired, except for:

(A) Liens for taxes, assessments or governmental charges or claims the payment of which is not at the time required by Section 10.2;

(B) Statutory Liens of landlords, and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being diligently contested in good faith, so long as a reserve or other appropriate provision, if any, shall have been made therefor;

(C) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business in connection with obligations not due or delinquent with respect to workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(D) Any attachment or judgment Lien (including judgment or appeal bonds) which shall, within 30 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or which shall have been discharged within 30 days after the expiration of any such stay, or which is being diligently contested in good faith so long as a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(E) Easements, rights-of-way, restrictions and other similar rights in land which do not, individually or in the aggregate, materially detract from the value of such Property and do not interfere with the ordinary conduct of the business of Holdings, the Borrower or any of their Subsidiaries;

(F) Liens securing Debt of a Subsidiary to the Borrower or Holdings;

(G) Liens (other than Liens created pursuant to Capitalized Leases) existing on the date hereof and described in Schedule 4.8 attached hereto,

securing Debt

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not exceeding \$1,000,000 in the aggregate in principal amount;

(H) Liens pursuant to Capitalized Leases existing on the Closing Date and Liens created following the Closing Date pursuant to Capitalized Leases so

long as, with respect to Liens pursuant to Capitalized Leases created following the Closing Date, the Funded Debt represented by such Capitalized Leases is permitted pursuant to Section 11.2(C); and

(I) Liens including Liens arising out of purchase money financing not otherwise permitted by the foregoing clauses of this Section 11.1 securing Debt (without duplication) of Holdings, the Borrower or any Subsidiary of Holdings or the Borrower, provided that the sum of (i) the principal amount of such Debt

plus (ii) unsecured Debt of Subsidiaries of Holdings (other than the Borrower) and Subsidiaries of the Borrower not otherwise permitted under Section 11.4(A) does not exceed at any time 15% of Consolidated Tangible Net Worth.

The Liens referred to in Section 11.1(A) through (I) are herein collectively referred to as "Permitted Liens," individually, a "Permitted Lien."

11.2. Limitation on Funded Debt Holdings and the Borrower shall not, and

shall not permit (except to the extent permitted in Section 11.4) any Subsidiary to, incur Funded Debt other than:

(A) the Notes, the Guarantee of Holdings as set forth herein and the Subsidiary Guarantee and all Funded Debt of Holdings, the Borrower and their Subsidiaries existing as of the Closing Date, as set forth on Schedule 4.8

attached hereto;

(B) any replacement, refinancing or extension of any Funded Debt, provided that the aggregate principal amount of such Funded Debt (or, if such Funded Debt is issued with an original issue discount, the original issue price of such Funded Debt) does not exceed the then outstanding principal amount of the Funded Debt so replaced, refinanced or extended (or, if the Funded Debt being replaced, refinanced or extended was issued with an original issue discount, the original issue price plus the amortized portion of the original issue discount to the date that such Funded Debt is replaced, refinanced or extended); and

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(C) Additional Funded Debt of Holdings, the Borrower and their Subsidiaries, provided that after giving effect to such incurrence (including

payment of interest and principal following such incurrence) and to the application of any proceeds thereof (i) the ratio of Consolidated Income Available for Fixed Charges to Fixed Charges would be not less than that ratio required to be maintained pursuant to Section 11.8 and (ii) the aggregate consolidated Funded Debt (without duplication) of Holdings, the Borrower and their Subsidiaries would not exceed 50% of Total Capitalization, measured in each case on a pro forma basis as of the most recently ended fiscal quarter as if such incurrence had occurred on the last day of such fiscal quarter.

11.3. Consolidated Tangible Net Worth. Holdings and its Subsidiaries

shall not permit Consolidated Tangible Net Worth at any time to be less than the sum of \$40,000,000 plus 50% of Consolidated Net Income on a cumulative basis from September 30, 1992, to and including any date of determination hereunder.

11.4. Limitation on Debt of Subsidiaries. Holdings and the Borrower shall

not permit any of their Subsidiaries (other than the Borrower) to incur any Debt other than:

(A) Debt owed to Holdings or the Borrower or to a wholly-owned Subsidiary of Holdings or the Borrower in each case by a direct or indirect wholly-owned Subsidiary of the creditor thereunder; and

(B) additional Debt, provided that the sum of the aggregate principal

amount of such Debt plus the aggregate principal amount of all other Debt (without duplication) of Holdings, the Borrower and any of their Subsidiaries which is secured by Liens not permitted by Sections 11.1(A) through (H) does not exceed 15% of Consolidated Tangible Net Worth.

11.5. Restricted Payments; Restricted Investments. Holdings will not,

directly or indirectly, through any Subsidiary or otherwise, (a) pay or declare any dividend on any class of its capital stock (but may declare and pay dividends payable solely in capital stock or warrants, rights or options to acquire capital stock) or make any other distribution on account of any class of its capital stock; retire, redeem, purchase or otherwise acquire, directly or indirectly, any shares of any class of its capital stock or any warrants, rights or options to acquire any such shares (other than any such redemption, retirement, purchase or other acquisition in

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which the consideration paid by Holdings or such Subsidiary consists solely of shares of capital stock of Holdings); or make or provide for any mandatory sinking fund payments required in connection with any class of its capital stock (all of the foregoing being called "Restricted Payments") or (b) make any Restricted Investment, unless after giving effect to any Restricted Payment or Restricted Investment the cumulative aggregate amount of all Restricted Payments and Restricted Investments made by Holdings and its Subsidiaries after September 30, 1992 would not exceed the sum of: (i) \$2,000,000, plus (ii) 50% of

cumulative Consolidated Net Income from September 30, 1992 through the date of determination (or if Holdings and its Subsidiaries on a consolidated basis have a cumulative Consolidated Net Loss for such period, then minus 100% of such

Consolidated Net Loss), plus (iii) the net proceeds from the issuance or sale of

any shares of any class of equity securities of Holdings which are not mandatorily redeemable or otherwise subject to repurchase, retirement, call, put or other reacquisition prior to or on the maturity date of the Notes (and not subject to acceleration or redemption repurchase, retirement, call, put or other reacquisition prior to the maturity date of the Notes) received after September 30, 1992; provided that at the time of any such Restricted Payment or

Restricted Investment, both immediately before and immediately after giving effect thereto, (a) no Default or Event of Default shall have occurred and be continuing, and (b) Holdings, the Borrower and their Subsidiaries shall be able to incur, pursuant to Section 11.2(C)(ii) above, at least \$1 of additional Funded Debt. So long as no Default or Event of Default has occurred or would be continuing after giving effect thereto, this Section 11.5 shall not prevent (a) the payment of any dividend within 60 days after the date of its declaration if the dividend would have been permitted on the date of its declaration, or (b) the acquisition, repurchase, retirement, call, put or redemption of any shares of capital stock of Holdings out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of Holdings) of, shares of capital stock of Holdings, provided that any such acquisition, repurchase, retirement, call, put

or redemption shall be deemed to be a Restricted Payment for the purpose of determining the ability of Holdings and its Subsidiaries to make future Restricted Payments.

11.6. Sale of Assets. Holdings and the Borrower shall not, and shall not

permit any of their Subsidiaries to, effect a Disposition of any assets unless (i) no Default or Event of Default has occurred (except in the case of subclause (a) below) and is continuing, and (ii) one of the following applies:

(a) such Disposition is in the ordinary course of business, including, without limitation, sales and leases of

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operating restaurants in accordance with the Borrower's ordinary course franchising operations and is made pursuant to the reasonable business judgment of the Borrower in accordance with past practice;

(b) in each fiscal year, Holdings, the Borrower and their respective Subsidiaries may effect Dispositions of assets for Fair Market Value and which (A) have an aggregate Book Value, together with all other assets disposed of in that fiscal year (other than Dispositions permitted by clause (a), (c) or (d) of this Section 11.6), of less than 10% of Gross Assets on a consolidated basis determined as at the date of such sale; (B) generate, together with all other assets disposed of in that fiscal year (other than Dispositions permitted by clause (a), (c) or (d) of this Section 11.6), net income, which is less than 10% of the Consolidated Net Income (in each case, determined as of the end of the immediately preceding fiscal year); and (C) together with all assets previously disposed of since September 30, 1992 (other than Dispositions permitted by clause (a), (c) or (d) of this Section 11.6), have an aggregate Book Value of less than 25% of Gross Assets on a consolidated basis determined as at the date of such sale, provided that after giving effect to any Disposition described in

this subsection (b), Holdings, the Borrower or any of their Subsidiaries could incur at least \$1 of additional Funded Debt without being in default of their obligations under Section 11.2(C)(ii);

(c) such Dispositions are made for Fair Market Value and the proceeds of such Disposition are used (i) within six months following such Disposition, to purchase assets ("Business Asset Acquisition") used in the operations of the Borrower or (ii) to repay Debt of Holdings or its Subsidiaries which is not junior in right of payment to the Notes; or

(d) the assets disposed of were disposed of for Fair Market Value (taking into consideration the rental rate to be paid by the Borrower in connection with the Disposition and leaseback of the assets so disposed of) and were constructed or acquired following September 30, 1992 and are immediately leased back from the purchaser thereof by Holdings or any of its Subsidiaries; provided that no

assets may be sold and leased back pursuant to this clause (d) following the third anniversary of the acquisition or construction of such assets by Holdings, the Borrower or any of their Subsidiaries.

11.7. Consolidation or Merger. Holdings and the Borrower covenant that

neither of them will, nor will they permit any of their respective Subsidiaries to, enter into any transaction of merger or consolidation, whether in one transaction or a series

of related or unrelated transactions and whether at the same time or over a period of time, provided that:

(A) (i) the Borrower may merge with Holdings or any of Holdings' other Subsidiaries, (ii) Holdings may merge with the Borrower or any of Holdings' other Subsidiaries and (iii) any Subsidiary may merge with Holdings, the Borrower or any other Subsidiary, so long as, with respect to any mergers of Holdings, the Borrower or IHOP Realty in which such party is not the surviving Person, (a) the surviving Person of such transaction shall be a solvent U.S. or Canadian corporation, and such surviving Person shall have assumed in writing all of the obligations of the Borrower, Holdings or IHOP Realty, as the case may be, under this Agreement, the Notes and the Subsidiary Guarantee, as the case may be, a copy of which writing shall be provided to you and each holder of Notes not less than 10 Business Days prior to any such transaction and which shall be acceptable in form and substance to the Majority Holders, (b) at the time of, and immediately after giving effect to, any such consolidation or merger, no Default or Event of Default shall have occurred and be continuing, and (c) immediately after any such consolidation or merger, the surviving Person

could incur an additional \$1 of Funded Debt pursuant to Section 11.2(C)(ii) hereof; and

(B) Holdings or the Borrower may merge with any other Person so long as (i) the surviving Person of such transaction shall be a solvent U.S. or Canadian corporation, and such surviving Person shall have assumed in writing all of the obligations of the Borrower under the Notes and this Agreement or of Holdings under this Agreement, as the case may be, a copy of which writing shall be provided to you and each holder of Notes not less than 10 Business Days prior to any such transaction and which shall be acceptable in form and substance to the Majority Holders, (ii) at the time of, and immediately after giving effect to, any such consolidation or merger, no Default or Event of Default shall have occurred and be continuing, and (iii) immediately after any such consolidation or merger, the surviving or continuing Person could incur an additional \$1 of Funded Debt pursuant to Section 11.2(C)(ii) hereof.

11.8. Maintenance of Fixed Charge Coverage. Holdings and the Borrower

covenant that on the last day of any quarterly accounting period of Holdings and its Subsidiaries, the ratio of Consolidated Income Available for Fixed Charges to Fixed Charges for the period consisting of any four of the immediately preceding five quarterly accounting periods shall not be less than:

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Ratio	Fiscal Quarter Ending in the Period
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1.40:1.00	from Closing Date through September 29, 1993; and
1.50:1.00	from September 30, 1993 and thereafter.

11.9. Transactions with Affiliates. Each of Holdings and the Borrower

covenants that it will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any Property or the rendering of any service), with any Affiliate on terms that are less favorable to Holdings, the Borrower or such Subsidiary, as the case may be, than those that would be obtainable at the time in an arms' length transaction with any Person who is not such an Affiliate; provided, however, that this

Section shall not prohibit the payment of compensation and benefits to directors and officers of Holdings, the Borrower and their Subsidiaries in the ordinary course of business and consistent with past practices.

11.10. Acquisition of Margin Securities. Each of Holdings and the

Borrower covenants that it will not, and will not permit any of its Subsidiaries to, own, purchase or acquire (or enter into any contract to purchase or acquire) any "margin security" as defined by any regulation of the Board of Governors of the United States Federal Reserve System as now in effect or as the same may hereafter be in effect unless, prior to any such purchase or acquisition or entering into any such contract, the holders of the Notes shall have received an opinion of counsel satisfactory to the holders of the Notes to the effect that such purchase or acquisition will not cause this Agreement or the Notes to be in violation of Regulation G or any other regulation of such Board then in effect.

11.11. Conduct of Business. Each of Holdings and the Borrower covenants

that it will not, and will not permit any of its Subsidiaries to, engage in any business activity if, such business activity would result in a substantial change in the general nature of the business of Holdings and its Subsidiaries, taken as a whole, from that described in the Confidential Memorandum.

Section 12. Definitions.

(A) For the purposes of this Agreement, the following terms shall have the following respective meanings:

"Acceleration Price" is defined in Section 13.2(A) hereof.

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"Accountants" has the meaning specified in Section 8.

"Affiliate" shall mean any Person (other than a Subsidiary) (i) which directly or indirectly controls, or is controlled by, or is under common control with, Holdings, (ii) which beneficially owns or holds 10% or more of any class of the Voting Stock of Holdings, (iii) 10% or more of the Voting Stock of which is beneficially owned or held by Holdings or a Subsidiary of Holdings or (iv) any officer or director of Holdings or any of its Subsidiaries. For purposes of this definition, "control" of a Person shall mean the power, direct or indirect, (i) to vote or direct the voting of a majority of the Voting Stock of such Person, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Appropriate Officer" shall mean, with respect to any corporation, such corporation's President, Vice President, Chief Executive Officer, Chief Financial Officer, Treasurer or Controller.

"Audited Financial Statements" has the meaning specified in Section 4.5(a).

"Bank" is defined in Section 6.15.

"B of A" is defined in Section 6.15.

"Board" means the Board of Directors of any corporation or a committee of said corporation having authority to exercise, when the Board of Directors is not in session, the powers of the Board of Directors (subject to any designated limitations) in the management of the business and affairs of said corporation.

"Book Value" of an asset of any Person means the value of such asset as reported in the books and records of such Person in accordance with GAAP.

"Borrower" means International House of Pancakes, Inc., a Delaware corporation, or any successor thereto.

"Business Asset Acquisition" is defined in Section 11.6 hereof.

"Business Day" means any day except a Saturday, a Sunday or a legal holiday in New York City.

"Capitalized Lease" means a lease of Property which in accordance with GAAP should be capitalized on the balance sheet of any Person.

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"Capitalized Lease Obligations" shall mean the aggregate rentals due and to become due under all Capitalized Leases which any Person, as a lessee, would be required to reflect as a liability on the consolidated balance sheet of such Person in accordance with GAAP.

"Certified" when used with respect to any financial information of any Person to be certified by any of its officers, indicates that such information is to be accompanied by a certificate to the effect that such financial information has been prepared in accordance with GAAP consistently applied, subject in the case of interim financial information to non-recurring material year-end audit adjustments, and presents fairly the information contained therein as at the dates and for the periods covered thereby.

"Closing Date" has the meaning specified in Section 2.

"Code" means the Internal Revenue Code of 1986, as amended.

"Confidential Memorandum" has the meaning specified in Section 4.5(a).

"Consolidated Income Available for Fixed Charges" means the sum of (a) Consolidated Net Income (b) consolidated income tax expense of Holdings and its Subsidiaries in accordance with GAAP and (c) Fixed Charges.

"Consolidated Net Income or Loss" shall mean the Net Income or Loss of Holdings, the Borrower and their Subsidiaries, as determined on a consolidated basis in accordance with GAAP.

"Consolidated Tangible Net Worth" shall mean shareholders' equity of Holdings and its Subsidiaries less intangible assets booked after the Closing

Date, less Restricted Investments in excess of 10% of shareholders' equity of

Holdings and its Subsidiaries at any date of determination, all as determined for Holdings and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Debt" with respect to any Person means, without duplication, (i) all indebtedness of such Person for borrowed money, (ii) the liability of such Person created by granting a Lien to which the property or assets of such Person are subject whether or not such Person has assumed or become legally liable for the payment of any obligation (provided that, if such obligation has not been assumed or become the legal liability of such Person, the amount of the liability shall be deemed to

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be in an amount not to exceed the Fair Market Value of the property to which the Lien relates, as determined in good faith by such Person), (iii) Capitalized Lease Obligations of such Person, to the extent such obligations exceed accounts receivable by such Person as lessor under direct financing leases with franchisees so long as such direct financing leases are, at the time of determination to the best knowledge of the lessor thereunder, valid and enforceable against their lessees and are current as to payment and not otherwise in default to the extent that there is a reasonable likelihood that any such lease would be terminated by the lessor prior to its stated expiration and (iv) the aggregate amount of all Guarantees given by such Person with respect to any of the foregoing.

"Default" means any event or condition which, with due notice or lapse of time or both, would become an Event of Default.

"Disposition" shall mean any sale, transfer, assignment, lease, conveyance or other disposition of any asset.

"Disposition Date" is defined in Section 11.6 hereof.

"Eligible Holder" has the meaning specified in Section 8.

"Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. (S)(S) 9601 to 9675, the Resource Conservation and Recovery Act, 42 U.S.C. (S)(S) 6901 to 6992, the Emergency Planning and Community Right to Know Act, 42 U.S.C. SS 11001 to 11050, the Safe Drinking Water Act, 42 U.S.C. (S)(S) 300f to 300j-26, the Hazardous Materials Transportation Act, 49 U.S.C.A. (S)(S) 1801 to 1819, the Clean Air Act, 42 U.S.C. (S)(S) 7401 to 7671q, the Clean Water Act, 33 U.S.C. (S)(S) 1251 to 1387, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. (S)(S) 136 to 136y, the Noise Control Act, 42 U.S.C. (S)(S) 4901 to 4918, the Occupational Safety and Health Act, 29 U.S.C.A. (S)(S) 651 to 678, the Toxic Substances Control Act, 15 U.S.C. (S)(S) 2601 to 2671, any so-called "Superfund" or "Superlien" law, any regulation promulgated under any of the foregoing or any

other Federal, state, or local statute, law, ordinance, code, rule, regulation, order, decree, common law or other requirement of any Governmental Body regulating or imposing liability or standards of conduct concerning the environment, health and safety, or any Hazardous Material.

"Environmental Matter" means any claim, investigation (known to Holdings or the Borrower), litigation, administrative proceeding, whether pending or, to the knowledge of Holdings or

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the Borrower, threatened, or judgment or Order, relating to any Hazardous Materials, the release thereof, or any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as from time to time amended.

"ERISA Affiliate" means any corporation or other Person which is a member of the same controlled group (within the meaning of Section 414(b) of the Code) of corporations or other Persons as Holdings or any of its Subsidiaries, or which is under common control (within the meaning of Section 414(c) of the Code) with Holdings or any of its Subsidiaries, or any corporation or other Person which is a member of an affiliated service group (within the meaning of Section 414(m) of the Code) with Holdings or any of its Subsidiaries, or any corporation or other Person which is required to be aggregated with Holdings or any of its Subsidiaries pursuant to Section 414(o) of the Code or the regulations promulgated thereunder.

"Event of Default" has the meaning specified in Section 13.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar U.S. statute then in effect, and a reference to a particular section thereof shall include a reference to the comparable section, if any, of any such similar U.S. statute.

"Fair Market Value" means what a willing buyer would pay to a willing seller in an arm's-length transaction.

"Financial Statements" has the meaning specified in Section 4.5(a).

"Fixed Charges" means the sum of (a) Interest Expense and (b) rental expense under operating leases, all as determined for Holdings and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Funded Debt" shall mean (i) all Debt of a Person (other than Guarantees) having a final maturity of more than one year from the date of incurrence thereof (or which is renewable or extendable at the option of the obligor for a period or periods of more than one year from the date of incurrence), including all payments in respect thereof that are required to be made within one year from the date of any determination of Funded Debt, whether or not included in current liabilities, (ii) in the case of Guarantees, all Guarantees of obligations maturing more than one year after the

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date as of which the Guarantee is incurred, and (iii) the recourse portion, if any, of obligations under sales of notes or receivables programs.

"GAAP" means generally accepted accounting principles in the United States in effect from time to time.

"Governmental Body" means any federal, state, Canadian provincial, county, city, town, village, municipal or other governmental department, commission, board, bureau, agency, authority or instrumentality, domestic or foreign.

"Gross Assets" means the total assets and Properties of Holdings and its Subsidiaries less accumulated depreciation, as indicated on the audited balance sheets of Holdings and its Subsidiaries for the fiscal year end immediately prior to the date of any determination.

"Guarantee" means any guarantee or other contingent liability (other than any endorsement for collection or deposit in the ordinary course of business), direct or indirect, with respect to any obligations of another Person, through an agreement or otherwise, including, without limitation, (a) any other endorsement or discount with recourse or undertaking substantially equivalent to or having economic effect similar to a guarantee in respect of any such obligations and (b) any agreement (i) to purchase, or to advance or supply funds for the payment or purchase of, any such obligations, (ii) to purchase, sell or lease Property, products, materials or supplies, or transportation or services, in respect of enabling such other Person to pay any such obligation or to assure the owner thereof against loss regardless of the delivery or nondelivery of the Property, products, materials or supplies or transportation or services or (iii) to make any loan, advance or capital contribution to or other investment in, or to otherwise provide funds to or for, such other Person in respect of enabling such Person to satisfy any obligation (including any liability for a dividend, stock liquidation payment or expense) or to assure a minimum equity, working capital or other balance sheet condition in respect of any such obligation. The amount of liability of any Person attributable to any Guarantee shall be equal to the maximum amount for which such Person could be liable under such Guarantee.

"Hazardous Material" and "Hazardous Materials" shall mean as follows:

(1) any "hazardous substance" as defined in, or for purposes of, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A. (S)(S) 9601 & 9602,

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as may be amended from time to time, or any other so-called "superfund" or "superlien" law and any judicial interpretation of any of the foregoing;

(2) any "regulated substance" as defined pursuant to 40 C.F.R. Part 280;

(3) any "pollutant or contaminant" as defined in 42 U.S.C.A. (S) 9601(33);

(4) any "hazardous waste" as defined in, or for purposes of, the Resource Conservation and Recovery Act;

(5) any "hazardous chemical" as defined in 29 C.F.R. Part 1910;

(6) any "hazardous material" as defined in, or for purposes of, the Hazardous Materials Transportation Act; and

(7) any other substance, regardless of physical form, or form of energy or pathogenic agent that is subject to any Environmental Law.

Without limiting the generality of the foregoing, the term "Hazardous Material" thus includes, but is not limited to, any material, waste or substance that contains petroleum or any fraction thereof, asbestos, or polychlorinated biphenyls, or that is flammable, explosive or radioactive that is subject to any Environmental Law.

"Holdings" means IHOP Corp., a Delaware corporation, or any successor thereto.

"HomeFed" is defined in Section 6.16.

"IHOP Realty" means IHOP Realty Corp., a Delaware corporation which is a wholly-owned Subsidiary of the Borrower.

"Interest Expense" shall mean interest expense, determined for Holdings and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Interest Payment Date" shall mean any date on which the payment of interest on any Note becomes due and payable.

"Internal Revenue Service" means the United States Internal Revenue Service and any successor or similar agency performing similar functions.

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"Investment" when used with reference to any investment of Holdings, the Borrower or any of their Subsidiaries, means any investment so classified under GAAP (and, specifically, shall not include trade receivables which are classified as current assets under GAAP), and, whether or not so classified, includes (a) any loan or advance made by Holdings, the Borrower or any of their Subsidiaries to any other Person, and (b) any ownership or similar interest in any other Person; and the amount of any Investment shall be the original principal or capital amount thereof less all cash returns of principal or equity thereof (and without adjustment by reason of the financial condition of such other Person).

"Lien" means any security interest, mortgage, pledge, lien, claim, charge, encumbrance, conditional sale or title retention agreement, lessor's interest under a Capitalized Lease or analogous instrument, in, of or on any of a Person's Property (whether held on the date hereof or hereafter acquired), or any signed or filed financing statement which names such Person as the debtor, or the execution of any security agreement or the like authorizing any other Person as the secured party thereunder to file such a financing statement; provided that neither (a) the interest of a lessee or a sublessee in its

capacity as lessee or sublessee under a lease or sublease entered into by Holdings, the Borrower or any of their Subsidiaries in the ordinary course of business nor (b) the rights of franchisees in their capacities as franchisees to use and possession of certain properties and rights pursuant to franchise documentation entered into by Holdings, the Borrower or any of their Subsidiaries in the ordinary course of business shall be deemed to constitute a Lien for purposes hereof.

"Majority Holders" means the holders of at least a majority in principal amount of the Notes at the applicable time outstanding.

"Material Adverse Effect" means any change or changes or effect or effects that individually or in the aggregate are or are likely to be materially adverse to (i) the assets, business, operations, income, prospects or condition (financial or otherwise) of Holdings and its Subsidiaries taken as a whole or the Borrower and its Subsidiaries taken as a whole, (ii) the transactions contemplated by this Agreement, or (iii) taken as a whole, the ability of the Borrower and Holdings to fulfill their respective obligations under this Agreement and the Notes.

"Material Contracts" means all supply agreements, requirements contracts, leases, customer agreements, franchise agreements, license agreements, distribution agreements, joint

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venture agreements, asset purchase agreements, stock purchase agreements, merger agreements, agency or advertising agreements and other contracts, agreements and commitments to which Holdings or any of its Subsidiaries are parties, and which are material to the respective businesses, assets or operations of Holdings and its Subsidiaries.

"Multiemployer Plan" means a multiemployer plan as defined in Section 3(37) or Section 4001(a)(3) of ERISA or Section 414(f) of the Code contributed

to by Holdings or any of its Subsidiaries or ERISA Affiliates.

"Net Income or Loss" of any Person, with respect to any period, shall mean the net income or net loss of such Person after excluding the sum of (i) any net loss or any undistributed net income of any Person other than a Subsidiary of such Person, (ii) the net income or net loss of any Subsidiary of such Person earned or incurred prior to the date on which it became a Subsidiary of such Person, (iii) the gain or loss (net of any tax effect) resulting from the sale of any capital assets other than in the ordinary course of business, and (iv) extraordinary or nonrecurring gains or losses (net of any tax effect), all as determined for the relevant period in accordance with GAAP.

"Note" has the meaning specified in Section 1.

"Offering Circular" has the meaning specified in Section 4.25.

"Officer's Certificate" shall mean a certificate executed on behalf of Holdings, the Borrower or any of their Subsidiaries, in each case by an Appropriate Officer thereof.

"Order" means any order, writ, injunction, decree, judgment, award, determination or written direction or demand of any court, arbitrator or Governmental Body.

"Other Agreements" shall mean the agreements which are identical in all respects with this Agreement (except for the respective principal amounts of the Notes to be purchased) and executed and delivered to the other Purchasers named in Schedule I hereto simultaneously with the execution and delivery of this

Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation, and any successor agency or Governmental Body performing similar functions.

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"Pension Plan" means an employee pension benefit plan, as defined in Section 3(2) of ERISA, excluding any Multiemployer Plans, maintained by or contributed to by Holdings or any of its Subsidiaries or ERISA Affiliates.

"Permitted Lien" is defined in Section 11.1.

"Person" means and includes an individual, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

"Plan" and "Plans" means any employee benefit plan as defined in Section 3(3) of ERISA, excluding a Multiemployer Plan, established or maintained for the benefit of employees of Holdings or any of its Subsidiaries or ERISA Affiliates.

"Present Value Amount" means at any time with respect to any Notes being prepaid in whole or in part pursuant to Section 3.2 hereof or being declared or becoming due and payable pursuant to Section 13.2(A) or (B) hereof, the sum of the Present Values of (A) the aggregate amount of the principal being so prepaid or being declared or becoming due and payable plus (B) each amount of

interest which would have been payable on the amount of such principal being prepaid or being declared or becoming due and payable (assuming that all payments and prepayments of principal and interest would have been made in accordance with the terms of this Agreement and the Notes and that interest accrued and unpaid on such principal to the date of prepayment or the date such principal is declared or becomes due and payable has been paid). "Present

Value", for any amount of principal or interest, shall be computed on a semiannual basis at a discount rate equal to the Treasury Yield plus 50 basis

points. The "Treasury Yield" shall be determined by reference to (i) the yields

reported, as of 10:00 a.m. (New York City time) on the Business Day next preceding the prepayment date or the date any such principal is declared or becomes due and payable, on the display designated as "Page 500" on the Telerate Service (or such other display as may replace Page 500 on the Telerate Service) for actively traded U.S. Treasury securities having a constant maturity equal to the then remaining Weighted Average Life to Maturity of the principal being prepaid or being declared or becoming due and payable, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the most recent Federal Reserve Statistical Release H.15 (519) which has become available not more than two Business Days prior to the date of prepayment or the date such principal becomes or is declared due and payable (or, if such Statistical Release is no longer published, any publicly

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available source of similar market data acceptable to the Majority Holders), and shall be the most recent yield on actively traded U.S. Treasury securities adjusted to a constant maturity equal to the then remaining Weighted Average Life to Maturity of the principal being prepaid or being declared or becoming due and payable. If the Weighted Average Life to Maturity (so computed) is not equal to the constant maturity of a U.S. Treasury security for which a yield is given, the Treasury Yield shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of U.S. Treasury securities for which such yields are given, except that if the Weighted Average Life to Maturity (so computed) is less than one year, the yield on actively traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

"Pro Rata Portion" shall mean with respect to any Noteholder, the ratio of the principal balance outstanding on the Note or Notes held by that Noteholder on the date of determination to the aggregate principal balance outstanding on all the Notes on the date of determination.

"Projections" is defined in Section 4.5 hereof.

"Property" with respect to any Person, means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible, of such Person.

"Purchaser Affiliate" shall mean any Person (i) which directly or indirectly controls, or is controlled by, or is under common control with, a Purchaser, (ii) which beneficially owns or holds 5% or more of any class of the Voting Stock of a Purchaser, or (iii) 5% or more of the Voting Stock of which is beneficially owned or held by a Purchaser; provided, however, that a director, officer or employee of a Purchaser shall not be deemed to control, to be controlled by, or to be under common control with, a Purchaser for purposes hereof solely by reason of such status. For purposes of this definition, "control" of a Person shall mean the power, direct or indirect, (i) to vote or direct the voting of a majority of the Voting Stock of such Person, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. For the purposes of this Agreement, the Purchasers shall not be deemed to be Affiliates of Holdings or any of its Subsidiaries.

"Qualified Holder" shall mean, as of any date of determination, any original Purchaser or Purchaser Affiliate and any direct or indirect successor, assign or transferee of any Purchaser or Purchaser Affiliate holding Notes representing

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at least 10% of the aggregate principal amount of all Notes at the time outstanding.

"quarterly accounting period" is defined in Section 8(A) hereof.

"Reportable Event" means any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder for which the 30-day notice requirement applies.

"Restricted Investments" shall mean all Investments made by Holdings, the Borrower or their Subsidiaries in or to any Person except (i) Investments in notes of franchisees and receivables of franchisees in the ordinary course of business other than notes and receivables held in settlement of franchise obligations, and in Property of Holdings or its Subsidiaries to be used in the ordinary course of business, (ii) Investments in Subsidiaries, (iii) Investments in obligations issued or unconditionally guaranteed by the U.S. or any agency thereof, in each case maturing within one year from the date of acquisition thereof; (iv) Investments in obligations issued by any political subdivision of the U.S. or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc. or some other mutually agreeable rating system if either of these entities no longer exists; (v) commercial paper maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc. or some other mutually agreeable rating system if either of these entities no longer exists; (vi) certificates of deposit, repurchase agreements or bankers' acceptances maturing within one year from the date of acquisition thereof issued by the Borrower's cash management concentration bank (provided that such bank is rated investment grade or better by either Standard & Poor's Corporation or Moody's Investors Services, Inc. or some other mutually agreeable rating system if either of these entities no longer exists), Continental Bank N.A., or other commercial banks located in the U.S. and Canada having combined capital, surplus and undivided profits of not less than \$100,000,000 and who have a rating at all times from Standard & Poor's Corporation or Moody's Investors Service, Inc., or some other mutually agreeable rating system if either of these entities no longer exists, of "A-" or better; (vii) Investments in mutual funds and money market accounts, which funds or accounts are traded on a national exchange or are managed by a commercial bank and which invests solely in Investments which satisfy the

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criteria set forth in the foregoing clauses (iii) through (vi); and (viii) other Investments existing on the Closing Date and set forth on Schedule 12 hereto.

"SEC" means the Securities and Exchange Commission and any succeeding agency, authority, commission or Governmental Body.

"SEC Reports" means, collectively, (a) the annual report on Form 10-K as filed by Holdings with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Exchange Act, for the fiscal year ended December 31, 1991, (b) the quarterly report on Form 10-Q as filed by Holdings with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Exchange Act, for the quarterly period ended June 30, 1992, and (c) the quarterly report on Form 10-Q as filed by Holdings with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Exchange Act, for the quarterly period ended September 30, 1992.

"Securities Act" means as of any date the Securities Act of 1933, as amended, or any similar federal statute then in effect, and a reference to a particular section thereof shall include a reference to the comparable section, if any, of any such similar Federal statute.

"September 30, 1992 10-Q" has the meaning specified in Section 4.5(b).

"Solvent" means, when used with respect to any Person, that:

- (a) the present fair salable value of such Person's assets is in excess of the total amount of such Person's liabilities;
- (b) such Person is able to pay its debts as they become due; and
- (c) such Person does not have unreasonably small capital to carry on such Person's business as theretofore operated and all businesses in which such Person is about to engage.

"Subsidiaries List" is defined in Section 4.6 hereof.

"Subsidiary" shall mean, with respect to any Person, any corporation or other entity (a) organized under the laws of the United States, the District of Columbia or Canada or any state or political subdivision of any thereof, (b) all or

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substantially all of whose assets and business operations are located or conducted within the United States or Canada and (c) of which at least a majority of the outstanding Voting Stock is at the time directly or indirectly owned or controlled by such Person or by one or more of such Person's wholly-owned Subsidiaries.

"Subsidiary Guarantee" shall mean the Subsidiary Guarantee in the form of Exhibit D hereto.

"Total Capitalization" shall mean the sum of (i) Funded Debt of Holdings, the Borrower and their Subsidiaries and (ii) Consolidated Tangible Net Worth.

"Unaudited Financial Statements" has the meaning specified in Section 4.5(a).

"U.S." means the United States of America.

"Voting Stock" with respect to any Person shall mean capital stock of such Person of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of members of the Board (or Persons performing similar functions) of such Person.

"Weighted Average Life to Maturity" means, with respect to any Debt, as at any time of determination, the number of years obtained by dividing the then Remaining Dollar-years of such Debt by the then outstanding principal balance of such Debt (before giving effect to any prepayment to be made at the time of such determination). For such purposes, the "Remaining Dollar-years" of any Debt shall be determined by (1) multiplying (a) the amount of each required payment of principal of such Debt (including each required installment payment or mandatory prepayment thereof, if any, and payment of the principal balance thereof at final maturity, but assuming no optional prepayments thereof are made) by (b) the number of years (calculated to the nearest one-twelfth) which will elapse between the time of determination and the date the respective required payment or mandatory prepayment of principal is due, and (2) adding all of the products so obtained.

(B) Accounting Terms. All accounting terms used in this Agreement

shall be applied on a consolidated basis for Holdings, the Borrower and their Subsidiaries, unless otherwise specifically indicated herein. Any accounting terms not specifically defined herein shall have the meanings customarily given them in accordance with GAAP.

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13.1. Events of Default; Remedies. If any of the following events shall

have occurred and be continuing (whatever the reason for such event and whether it shall be voluntary or involuntary or by operation of law or otherwise), it shall constitute an "Event of Default":

(A) the Borrower shall default in the due and punctual payment or prepayment of all or any part of the principal of, or prepayment charge (if any) on, any Note when and as the same shall become due and payable, whether at stated maturity, by acceleration, by notice of prepayment or otherwise;

(B) the Borrower shall default in the due and punctual payment or prepayment of any interest on any Note or any other sum or amount due under any Note or this Agreement when and as such interest, sum or amount shall become due and payable, and such default shall continue for a period of five (5) Business Days;

(C) the Borrower shall default in the performance or observance of any covenant, agreement or condition contained in Section 8(E) and Sections 11.1 through 11.11 hereof, inclusive;

(D) the Borrower shall default in the performance or observance of any other covenant, agreement or condition contained in this Agreement and such default shall continue for a period of 30 days following the earlier to occur of (i) notice of such default from any holder of a Note or (ii) the date on which any Authorized Officer of Holdings, the Borrower or any of their Subsidiaries otherwise becomes aware of the existence of such default;

(E) any event shall occur or any condition shall exist in respect of any Debt of Holdings, the Borrower or their Subsidiaries in excess of \$2,000,000 in the aggregate for all such Debt (other than the Funded Debt evidenced by this Agreement and the Notes), which constitutes a breach, default or event of default under any agreement or document securing or relating to any such Debt (following all applicable notice or grace periods), the effect of which is to cause, or to permit any holder or holders of such Debt or an agent or trustee to cause, the acceleration of the maturity of such Debt;

(F) final order, decree or judgment for the payment of money shall be rendered by a court of competent jurisdiction against Holdings, the Borrower or any of their Subsidiaries, and Holdings, the Borrower or such Subsidiary, as the case may be, shall not discharge the same or provide for its discharge

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in accordance with its terms, or procure a stay of execution thereof, within 60 days from the date of entry thereof and within said period of 60 days, or such longer period during which execution of such order, decree or judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal, and such order, decree or judgment together with all other such orders, decrees or judgments then existing shall exceed in the aggregate \$3,000,000 (net of insurance proceeds actually received, if any);

(G) any representation, warranty, certification or statement made by or on behalf of the Borrower or Holdings in this Agreement or by or on behalf of IHOP Realty in the Subsidiary Guarantee or in any certificate, instrument, financial statement or other document now or hereafter delivered hereunder or thereunder or pursuant to or in connection with any provision hereof or thereof shall prove to be false or incorrect or breached in any material respect on the date as of which made;

(H) a proceeding or case shall be commenced, without the application or consent of Holdings, the Borrower or any of their Subsidiaries in any court of competent jurisdiction, seeking (1) the liquidation, reorganization, dissolution, winding up of any thereof or composition or readjustment of the debts of any of them, or (2) similar relief in respect of Holdings, the Borrower

or any of their Subsidiaries under any law providing for the relief of debtors, and such proceeding or case shall continue undismissed, or unstayed and in effect, for a period of 90 days; or an order for relief shall be entered in an involuntary case under the applicable bankruptcy laws against Holdings, the Borrower or any of their Subsidiaries; or action under the laws of the jurisdiction of organization of any of Holdings, the Borrower or any of their Subsidiaries analogous to any of the foregoing shall be taken with respect to any of Holdings, the Borrower or any of their Subsidiaries and shall continue undismissed, or unstayed and in effect, for a period of 90 days;

(I) Holdings, the Borrower or any of their Subsidiaries shall (1) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its Property, (2) be generally unable to pay its debts as such debts become due, (3) make a general assignment for the benefit of its creditors, (4) commence a voluntary case under the applicable bankruptcy laws (as now or hereafter in effect), (5) file a petition seeking to take advantage of any other law providing for the relief of debtors, (6) fail to controvert in

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a timely or appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under such bankruptcy laws, (7) admit in writing its inability to pay its debts generally as such debts become due, (8) take any action under the laws of its jurisdiction of organization analogous to any of the foregoing, or (9) take any requisite action for the purpose of effecting any of the foregoing;

(J) A custodian, liquidator, trustee or receiver is appointed for Holdings, the Borrower or any of their Subsidiaries or for all or a substantial portion of the Property of any of them, without the application or consent of Holdings or any such Subsidiary, and is not discharged within 90 days after such appointment; or

(K) If either of the Subsidiary Guarantee or the Guarantee of Holdings contained in Section 16.14 hereof shall cease to be in full force and effect or either of Holdings or IHOP Realty or any Person acting by or on behalf of either of them shall deny or disaffirm their respective obligations under such Guarantees.

13.2. Acceleration of Notes.

(A) Upon the occurrence of an Event of Default described in Subsections (A) or (B) of Section 13.1 with respect to any Note, the holder of any such Note may, by written notice to the Borrower, declare such Note to be, and the same shall forthwith become, immediately due and payable, at a price (the "Acceleration Price") equal to the sum of (i) the greater of the principal amount being declared immediately due and payable or the Present Value Amount, plus (ii) all accrued but unpaid interest on the principal amount being declared immediately due and payable, all without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived. If any holder of any Note shall exercise the option specified in this Subparagraph (A), the Borrower shall forthwith give written notice thereof to the holders of all other outstanding Notes and each such holder may (whether or not such notice is given or received), by written notice to the Borrower, declare the principal of all Notes held by it to be, and the same shall forthwith become, immediately due and payable, at a price equal to the Acceleration Price.

(B) Upon the occurrence of any Event of Default described in Subsections 13.1(C), (D), (E), (F), (G) or (K) of Section 13.1, the Majority Holders may, by written notice to the Borrower, declare all of the Notes to be, and the same shall forthwith become, immediately due and payable, at a price

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equal to the Acceleration Price, without any presentment, demand, notice, protest or other requirement of any kind, all of which are hereby expressly waived.

(C) Upon the occurrence of an Event of Default described in Subsections (H), (I) and (J) of Section 13.1, all of the Notes shall automatically become immediately due and payable, at a price equal to the Acceleration Price, without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived.

13.3. Rescission of Acceleration. The provisions of Section 13.2 are

subject, however, to the condition that if, at any time after any Note shall have become due and payable pursuant to Section 13.2, (i) the Borrower shall pay all arrears of interest on the Notes and all payments on account of the principal of and, to the extent permitted by law, prepayment charge (if any) on the Notes which shall have become due otherwise than by acceleration (with interest on all such overdue principal and prepayment charge, if any, and, to the extent permitted by law, on overdue payments of interest, at the applicable rate per annum provided for in the Notes or this Agreement in respect of overdue amounts of principal, prepayment charge and interest), and (ii) the Borrower shall pay to the Noteholders all amounts that are then due and owing pursuant to this Agreement, and (iii) all Events of Default (other than nonpayment of principal of, prepayment charge (if any) and accrued interest on the Notes, due and payable solely by virtue of acceleration) shall be remedied or waived by the Majority Holders, and (iv) no judgment or decree has been entered by any court for the payment of any amounts due and owing under the Notes or pursuant to this Agreement or the Subsidiary Guarantee, then, and in every such case, the Majority Holders, by written notice to the Borrower, may rescind and annul any such acceleration and its consequences with respect to the Notes; but no such action shall affect any subsequent Default or Event of Default or impair any right consequent thereon.

13.4. Suits for Enforcement. If any Event of Default shall have occurred

and be continuing, the holder of any Note may proceed to protect and enforce its rights, either by suit in equity or by action at law, or both, whether for the specific performance of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, and the holder of any Note may proceed to enforce the payment of all sums due upon such Note, and such further amounts as shall be sufficient to cover the costs and expenses of collection (including, without limitation, reasonable counsel fees and disbursements), or to enforce any other legal or equitable right of the holder of such Note.

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13.5. Remedies Cumulative. No remedy herein conferred upon you or the

holder of any Note is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

13.6. Remedies Not Waived. No course of dealing between the Borrower and

you or the holder of any other Note and no delay or failure in exercising any rights hereunder or under any Note in respect thereof shall operate as a waiver of any of your rights or the rights of any holder of such Note.

Section 14. Registration, Exchange, and Transfer of Notes. The Borrower

will keep at its principal executive office a register, in which, subject to such reasonable regulations as it may prescribe, but at its expense (other than transfer taxes, if any), the Borrower will provide for the registration and transfer of Notes. Whenever any Note or Notes shall be surrendered either at the principal executive office of the Borrower, or at the place of payment named in

the Note, for transfer or exchange, accompanied (if so required by the Borrower) by a written instrument of transfer in form reasonably satisfactory to the Borrower duly executed by the holder thereof or by such holder's attorney duly authorized in writing, the Borrower will execute and deliver in exchange therefor a new Note or Notes in such denominations (multiples of \$100,000) as may be requested by such holder, of like tenor and in the same aggregate unpaid principal amount as the aggregate unpaid principal amount of the Note or Notes so surrendered. Any Note issued in exchange for any other Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, and neither gain nor loss of interest shall result from any such transfer or exchange. Any transfer tax or governmental charge relating to such transaction shall be paid by the holder requesting the exchange. The Borrower and any of its agents may treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving payment of the principal of, prepayment charge (if any) and interest and other amounts on such Note and for all other purposes whatsoever, whether or not such Note be overdue.

Section 15. Lost, Stolen, Damaged and Destroyed Notes. At the request of

any holder of any Note, the Borrower will issue and deliver at its expense, in replacement of any Note or Notes lost, stolen, damaged or destroyed, upon surrender thereof, if mutilated, a new Note or Notes in the same aggregate unpaid principal amount, and otherwise of the same tenor, as the Note or Notes so lost, stolen, damaged or destroyed, duly executed

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by the Borrower. The Borrower may condition the replacement of a Note or Notes reported by the holder thereof as lost, stolen, damaged or destroyed, upon the receipt from such holder of an indemnity or security reasonably satisfactory to the Borrower; provided, that if such holder shall be you or your nominee or

another Eligible Holder or its nominee, your or such Eligible Holder's unsecured agreement of indemnity shall be sufficient for purposes of this Section.

Section 16. Miscellaneous.

16.1. Home Office Payment. Notwithstanding anything to the contrary in

this Agreement or in the Notes, the Borrower agrees that, so long as you or any nominee designated by you shall hold any Notes, the Borrower shall cause all payments of principal, prepayment charge (if any) and interest on the Notes to be made to you in the manner and to the address specified in Schedule I hereto,

or in such other manner or to such other address as you may designate in writing. You agree that prior to the sale, transfer or disposition of any Note you will make a notation thereon of the portion of the principal amount paid or prepaid and the date to which interest has been paid thereon or surrender the same in exchange for a new Note or Notes of the same tenor and of authorized denominations in aggregate principal amount equal to the aggregate unpaid principal amount of the Note or Notes so surrendered, duly executed by the Borrower. Borrower shall enter into an agreement similar to that contained in this Section with any other Eligible Holder (or nominee thereof).

16.2. Amendment and Waiver.

(A) Any term, covenant agreement or condition of this Agreement or of the Notes may, with the consent of the Borrower be amended, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively), by one or more substantially concurrent written instruments signed by the Majority Holders, except that

(1) no such amendment or waiver shall (a) change the principal of, or the rate of interest on, any of the Notes, (b) change the time of payment

of all or any portion of the principal of or interest on or any prepayment charge payable with respect to any of the Notes, (c) modify any of the provisions of this Agreement or of the Notes with respect to the payment or prepayment of the principal thereof or prepayment charge or interest thereon, (d) change the percentage of Notes required with respect to any such amendment or to effectuate any such waiver, (e) modify any provision of this Section or (f) modify any

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provision of Section 13.1 or 16.14 hereof or of the Subsidiary Guarantee, without in each case the specific prior written consent of the holders of all of the Notes at the time outstanding; and

(2) no such waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon.

(B) Any amendment or waiver pursuant to Subsection (A) of this Section 16.2 shall apply equally to all holders of the Notes at the time outstanding and shall be binding upon them, upon each future holder of any Note, and upon the Borrower, in each case whether or not a notation thereof shall have been placed on any Note.

(C) Notwithstanding any other provision contained in this Section 16.2 or elsewhere in this Agreement to the contrary, Notes which at any time are held by Holdings, the Borrower or by any or their Subsidiaries or Affiliates shall not be deemed outstanding for purposes of any vote, consent, approval, waiver or other action required or permitted to be taken by the holders of Notes, or by any of them, under the provisions of this Section 16.2 or Section 13 of this Agreement, and none of Holdings, the Borrower or any such Subsidiary or Affiliate shall be entitled to exercise any right as a holder of Notes with respect to any such vote, consent, approval or waiver or to take or participate in taking any such action at any time.

(D) The parties hereto agree that no amendments or waivers pursuant to this Section 16.2 shall be granted unless each holder of Notes has had the opportunity to participate in conferences and discussions with respect to any such amendments or waivers, and has received the same information, drafts, notices, memoranda and other written communications pertaining to such amendment or waiver as are received by any other Purchaser or Eligible Holder.

16.3. Expenses. The Borrower agrees, whether or not the transactions

hereby contemplated shall be consummated, to pay and save you harmless against any and all liability for the payment of all reasonable out-of-pocket expenses arising in connection with this Agreement, the Subsidiary Guarantee and the other instruments and the transactions hereby contemplated, including without limitation all such expenses incurred with respect to the enforcement of any provision of any such agreement or instrument, any proposed amendments or waivers (whether or not the same shall be signed or shall become effective) under or in respect of any such agreement or

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instrument and the consideration of any legal questions relevant thereto, all expenses incurred in connection with the reproduction of such agreements and instruments and all stamp and other similar taxes (together in each case with interest and penalties, if any) which may be payable in respect of the execution and delivery of such agreement or instruments, or the issuance, delivery or acquisition by you of any Note or otherwise pursuant to this Agreement, the Subsidiary Guarantee, and expenses incurred in obtaining a private placement number from Standard & Poor's Corporation and a rating from the National Association of Insurance Commissioners, and the fees and disbursements of Sonnenschein Nath & Rosenthal and of any special or local counsel in connection with preparation of such agreements and instruments and the transactions hereby and thereby contemplated (including, without limitation, in connection with any

such enforcement, amendment, waiver or consideration of legal questions), and the fees and disbursements of the Accountants. The obligations of the Borrower under this Section 16.3 shall survive the payment or transfer of any Note, the enforcement of any provision hereof or thereof, any such amendments or waivers and any such consideration of legal questions.

16.4. Survival of Representations and Warranties. All representations and

warranties contained herein or made in writing by or on behalf of any party to this Agreement or otherwise in connection herewith, shall (i) survive the execution and delivery of this Agreement and the delivery of the Notes to you and shall continue in effect as long as any of the Notes is outstanding and thereafter as provided in Section 16.3, and (ii) be deemed to be material to your decision to enter into this transaction and to have been relied upon by you, regardless of any investigation made by you or on your behalf.

16.5. Successors and Assigns. All representations, warranties, covenants

and agreements in this Agreement contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not, except that you shall not be obligated to purchase any Note from any issuer other than the Borrower. The provisions of this Agreement are intended to be for the benefit of all holders, from time to time, of any Notes purchased pursuant hereto, and shall be enforceable by any such holder, whether or not an express assignment to such holder of rights under this Agreement has been made by you or your successor or assign.

16.6. Notices. All communications provided for hereunder shall be in

writing and delivered by hand or sent by first

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class mail or sent by telex or telecopy (with such telex or telecopy to be confirmed promptly in writing sent by first class mail), sent (i) if to you, to the address or telex or telecopy number set forth by you for such communications on Schedule I hereto, or to such other address or telex or telecopy number as

you may have designated to the Borrower in writing; (ii) if to any other holder of any Notes, to the address or telex or telecopy number (if any) of such holder as set forth in the register maintained pursuant to Section 15; and (iii) if to the Borrower or Holdings, to IHOP Corp., 525 North Brand Boulevard, Glendale, California 91203-1903, Attention: Larry Alan Kay, Executive Vice President -- Administration, Secretary and General Counsel; facsimile # (818) 240-0270; or to such other address or addresses or telex or telecopy number or numbers as the Borrower may most recently have designated in writing to the holders of Notes by such notice. All such communications shall be deemed to have been given or made when so delivered by hand or sent by telex (answer back received) or telecopy, or three Business Days after being so mailed.

16.7. Governing Law. THIS AGREEMENT AND THE NOTES SHALL BE CONSTRUED IN

ACCORDANCE WITH AND SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES OF SUCH STATE).

16.8. Submission to Jurisdiction: Waiver of Service and Venue.

(A) EACH OF HOLDINGS AND THE BORROWER CONSENTS AND AGREES TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF NEW YORK, STATE OF NEW YORK, AND WAIVES ANY OBJECTION BASED ON VENUE OR FORUM NON

CONVENIENS WITH RESPECT TO ANY ACTION INSTITUTED THEREIN, AND AGREES THAT ANY

DISPUTE CONCERNING THE RELATIONSHIP BETWEEN THE PURCHASER OR HOLDER OF NOTES, ON THE ONE HAND, AND THE BORROWER OR HOLDINGS, ON THE OTHER HAND OR THE CONDUCT OF

ANY PARTY IN CONNECTION WITH THIS AGREEMENT OR OTHERWISE SHALL BE HEARD ONLY IN THE COURTS DESCRIBED ABOVE.

(B) EACH OF HOLDINGS AND THE BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY HAND DELIVERY OR MAIL TO HOLDINGS AND THE BORROWER AT ITS ADDRESS SET FORTH IN, AND IN ACCORDANCE WITH, SECTION 16.6. EACH OF HOLDINGS AND THE BORROWER HEREBY CONSENTS TO SERVICE OF PROCESS AS AFORESAID.

(C) NOTHING IN THIS SECTION 16.8 SHALL AFFECT THE RIGHT OF THE PURCHASER OR ANY HOLDER OF NOTES TO SERVE LEGAL

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PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF THE PURCHASER OR ANY HOLDER OF NOTES TO BRING ANY ACTION OR PROCEEDING AGAINST HOLDINGS OR THE BORROWER OR THEIR RESPECTIVE PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

16.9. Indemnification. In consideration of the execution and delivery of

this Agreement by you, the Borrower and Holdings hereby agree, jointly and severally, to defend, indemnify, exonerate and hold you and each of your and its officers, directors, employees and agents (herein collectively called the "Indemnitees") free and harmless from and against any and all actions, causes of

action, suits, losses, liabilities and damages, and expenses in connection therewith, including, without limitation, reasonable counsel fees and disbursements (herein collectively called the "Indemnified Liabilities"), incurred by the Indemnitees or any of them as a result of, or arising out of or relating to:

(A) any transaction financed or to be financed in whole or in part directly or indirectly with proceeds from the sale of any of the Notes, or

(B) any Environmental Matter, any Environmental Law or the actual or alleged existence or release of any Hazardous Material, except for any such Indemnified Liabilities arising on account of any Indemnitee's gross negligence or willful misconduct, and if and to the extent that the foregoing undertaking may be unenforceable for any reason, Holdings and the Borrower hereby agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

In addition to the foregoing, all payments required to be made by the Borrower or Holdings under this Agreement, by IHOP Realty under the Subsidiary Guarantee or by the Borrower under the Notes shall be made to the holder of the Notes free and clear of, and without deduction for, any and all present and future taxes, withholdings, levies, duties, interest, penalties and other governmental charges of any nature whatsoever of Canada ("Withholding Taxes"), excluding those Withholding Taxes which are imposed by any jurisdiction or political subdivision thereof as a result of the relevant holder of the Notes (a) carrying or deemed to be carrying on a trade or business therein or having or being deemed to have a permanent establishment therein, (b) being organized under the laws of such jurisdiction or any political subdivision thereof, (c) being or being deemed resident in such jurisdiction, or which would not have been imposed but for a failure of such Person to satisfy a relevant authority that such Person was not a Person mentioned in (a), (b) or (c) above. If the Borrower or

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Holdings or IHOP Realty is obligated to make any such withholding or deduction from any such payment, it shall simultaneously pay to the relevant holder of the Notes such additional amount or amounts as shall be necessary to ensure that the payment that is made (including all such additional amounts) equals the amount which would have been received or receivable by the relevant holder of the Notes

hereunder in the absence of such withholding or deduction. Upon request by the holder of the Notes, the Borrower or Holdings or IHOP Realty shall furnish to such holder a receipt for any such Withholding Taxes paid by the Borrower or Holdings or IHOP Realty pursuant to this Section, or, if no such Withholding Taxes are payable with respect to any payments required to be made by the Borrower or Holdings under this Agreement, by IHOP Realty under the Subsidiary Guarantee or by the Borrower under the Notes, either a certificate from each appropriate taxing authority or an opinion of counsel, in either case stating that such payment is exempt from or not subject to such Withholding Taxes. If any such Withholding Taxes are paid by the holder of the Notes, the Borrower or Holdings or IHOP Realty will, upon demand of the holder of the Notes, jointly and severally indemnify the holder of the Notes for such payments, together with any interest, penalties and expenses in connection therewith plus interest thereon at the rate specified in the Notes (calculated as if such payments constituted overdue amounts of principal as of the date of the making of such payments).

The obligations of the Borrower and Holdings under this Section 16.9 shall survive the payment or transfer of any Note and the enforcement of any provision hereof or thereof.

16.10. Integration and Severability. This Agreement embodies the entire

agreement and understanding among you, the Borrower and Holdings, and supersedes all prior agreements and understandings relating to the subject matter hereof. In case any one or more of the provisions contained in this Agreement or in any instrument contemplated hereby for such date, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein, and any other application thereof, shall not in any way be affected or impaired thereby.

16.11. Payments Due on Days not Business Days. Whenever any payment

hereunder or under the Notes shall be stated to be due on a day other than a Business Day, that payment shall be made on the next succeeding Business Day and the extension of time shall be included in the computation of interest due thereon.

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16.12. Further Assurances. Each of the Borrower and Holdings covenants

that, so long as you shall hold any of the Notes, it shall, and shall cause its Subsidiaries to, cooperate with you and execute such further instruments and documents as you shall reasonably request to carry out to your satisfaction the transactions contemplated by this Agreement.

16.13. Counterparts. This Agreement may be executed in two or more

counterparts, each of which shall be deemed an original but all of which shall together constitute one and the same instrument.

16.14. Guarantee of Holdings.

(a) Guarantees. Holdings, in consideration of the Purchaser's

entering into this Agreement and purchasing Notes, unconditionally and irrevocably guarantees to the Purchaser and each and every holder from time to time of any of the Notes the due and punctual payment of all sums which may become due or be stated in the Notes or in this Agreement to become due under the terms and provisions of the Notes and this Agreement in respect of the principal of and prepayment charge, if any, and interest on the Notes (including interest on any overdue principal, prepayment charge, if any, and, to the extent permitted by applicable law, on any overdue interest), whether at stated maturity, by acceleration, by notice of prepayment or otherwise, and all other sums which may become due from the Borrower or be stated to be or become so due

under the Notes or this Agreement. Holdings further guarantees to the Purchasers and each holder as aforesaid the due performance and observance by the Borrower of all covenants, agreements and conditions on the Borrower's part to be performed under this Agreement and any other document from time to time delivered by the Borrower pursuant to this Agreement. Holdings further guarantees to the Purchasers and each holder as aforesaid payment of all other amounts payable by the Borrower under this Agreement or the Notes, including costs, expenses (including fees and expenses of counsel) and taxes (such principal, prepayment charge, if any, interest and other obligations guaranteed as aforesaid being hereinafter collectively called the "Obligations" and to the

extent lawful agrees to pay any and all expenses (including fees and expenses of counsel) incurred by each holder of any Note in enforcing any rights in connection with this Section.

(b) Waiver of Notice of Acceptance, Etc. Holdings hereby waives

notice of acceptance of this Agreement by any holder of a Note, of any action taken or omitted in reliance hereon or of any default in the payment of any of the Obligations or in the performance of any covenants and agreements of the Borrower contained in this Agreement or the

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Notes, and any diligence, presentment, demand, protest, dishonor or notice of any kind.

(c) Guarantees Absolute. The Guarantees of Holdings under this

Agreement constitute present and continuing Guarantees of payment and not of collectibility of the Obligations, and shall be absolute, primary, present and unconditional, and to the extent permitted by applicable law, the Obligations shall not be subject to any counterclaim, setoff, reduction or defense based upon any claim Holdings may have against the Borrower, or any other Person, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected or impaired by any thing, event, happening, matter, circumstance or condition whatsoever (whether or not Holdings shall have any knowledge or notice thereof or shall consent thereto), including, without limitation: (1) any amendment or other modification of or supplement to any provision of this Agreement or the Subsidiary Guarantee or any of the Notes, or any assignment or transfer thereof, including without limitation any renewal or extension of the terms of payment of any of the Notes or the granting of time in respect of any payment thereof, or any furnishing or acceptance of security or any release of any security furnished or accepted for any of the Notes or in respect of the Obligations of Holdings hereunder; (2) any waiver, consent, extension, granting of time, forbearance, indulgence or other action or inaction under or in respect of this Agreement or the Subsidiary Guarantee or any of the Notes, or any exercise or nonexercise of any right, remedy or power in respect hereof or thereof; (3) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceedings with respect to Holdings, the Borrower or any other Person, or the properties or creditors of any of them; (4) the occurrence of any Event of Default or event which, with the giving of notice and/or lapse of time, would become an Event of Default, or any invalidity or any unenforceability of, or any misrepresentation, irregularity or other defect in, this Agreement or any of the Notes or any other agreement; (5) any transfer of any assets to or from Holdings or the Borrower, including without limitation any transfer or purported transfer to Holdings or the Borrower from any Person, any invalidity, illegality of, or inability to enforce, any such transfer or purported transfer, any consolidation or merger of Holdings or the Borrower with or into any other corporation or entity, or any change whatsoever in the objects, capital structure, constitution or business of Holdings or the Borrower or any Affiliate or Subsidiary of Holdings or the Borrower; (6) any disposition by Holdings of any capital stock of the Borrower; (7) any failure on the part of the Borrower or any other Person to perform or comply with any term of the Notes, this

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Agreement, or any other agreement; (8) any suit or other action brought by any stockholder or creditor of, or by, Holdings, the Borrower or any other Person for any reason whatsoever, including without limitation any suit or action in any way attacking or involving any issue, matter or thing in respect of the Notes, this Agreement or any other agreement; (9) any lack or limitation of status or power, incapacity or disability of Holdings or the Borrower or of any officer, director or agent of Holdings or the Borrower or any of their respective stockholders; (10) the cessation from any cause whatsoever (other than payment of the Obligations) of liability of the Borrower; (11) the termination of, or release or compromise of this Agreement, any of the Notes or any other agreement (other than as a result of payment of the Obligations); (12) any lack or limitation of the genuineness, validity, regularity or enforceability of the Notes, this Agreement, the Other Agreements, any other documents and agreements executed or delivered in connection therewith or pursuant thereto, or any other agreement; (13) any failure by any holder of Notes to take any steps to preserve their rights with respect to the Obligations; (14) any election by any holder of Notes, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. (S) 101 et seq.) (the "Bankruptcy Code"), of the application of Section 1111(b) (2)

-- --

of the Bankruptcy Code; (15) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of any of the Holders' claims for repayment of the Obligations; or (16) any other thing, event, happening, matter, circumstance or condition whatsoever, not in any way limited to the foregoing, which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(d) Obligations of the Borrower Independent. The obligations of

Holdings and the Borrower under the Notes and the other Sections of this Agreement (other than this Section 16.14) are independent of the Obligations of Holdings under this Section 16.14, and a separate action or actions may be brought or prosecuted against Holdings irrespective of whether action is brought against the Borrower and/or any other Guarantor or whether the Borrower and/or any other Guarantor is joined in any action or actions.

(e) Waiver of Certain Rights. Holdings expressly waives any right it

may have to require any person seeking enforcement of its Obligations under this Section 16.14 and the Guarantee in respect of any Note to (1) proceed against the Borrower or any other Person, (2) proceed against or exhaust any security or (3) pursue any other remedy in the power of the Person seeking such enforcement. The Borrower waives the right to have any security first applied to the discharge of the

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Obligations. The Purchasers and the other holders from time to time of the Notes may, at their election, exercise any right or remedy they may have against the Borrower or Holdings or the Company, including without limitation the right to foreclose upon any such security by judicial or non-judicial sale, without affecting or limiting in any way the liability of Holdings hereunder, except to the extent the Obligations have been paid. Holdings waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other rights or remedy of Holdings against the Borrower, or any such security, whether resulting from such election by the holders of the Notes or otherwise.

(f) Reinstatement. Holdings agrees that its obligations under this

Agreement shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower or Holdings or IHOP Realty is rescinded or must be otherwise restored by any holder of any Note, whether as a result of any proceedings in bankruptcy or reorganization or otherwise. Holdings further agrees that, without limiting the generality of such obligations, if an Event of Default shall have occurred and be continuing and you or the holder of

any Note is prevented by applicable law from exercising any remedy under this Agreement or under any of the Notes, the holders of the Notes shall be entitled to receive from Holdings upon demand therefor, the sums which would have otherwise been due from the Borrower had such remedies been exercised.

(g) Waiver of Subrogation. Holdings waives and releases any claim

(within the meaning of 11 U.S.C. (S) 101) which it may have against the Borrower and agrees not to assert or take advantage of any subrogation rights or any right to proceed against the Borrower for reimbursement. It is expressly understood that the waivers and agreements of Holdings set forth above constituted additional and cumulative benefits given to the Purchasers as further inducement for the purchase of the Notes.

(h) Waiver of Certain Rights. Holdings hereby expressly waives any

and all benefits under California Civil Code Sections 2809, 2810, 2819, 2845, 2847, 2848, 2849, 2850, 2899 and 3433, and California Code of Civil Procedure Sections 580(a), 580(b), 580(d) and 726.

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16.15. Waiver of Right to Trial by Jury. THE BORROWER, HOLDINGS AND THE

PURCHASER HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM IN RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. HOLDINGS, THE BORROWER AND THE PURCHASER HEREBY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

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If you are in agreement with the foregoing, please sign the form of acceptance in the space provided below whereupon this letter shall become a binding agreement between you and the undersigned.

Very truly yours,

IHOP CORP.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

Accepted as of the date first
above written:

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

By: /s/ SUZANNE E. WALTON

Name: SUZANNE E. WALTON

Title: Managing Director

If you are in agreement with the foregoing, please sign the form of acceptance in the space provided below whereupon this letter shall become a binding agreement between you and the undersigned.

Very truly yours,

IHOP CORP.

By: /s/ RICHARD K. HERZER, PRESIDENT

Its: Richard K. Herzer, President

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: /s/ RICHARD K. HERZER, PRESIDENT

Its: Richard K. Herzer, President

Accepted as of the date first
above written:

MONY LIFE INSURANCE
COMPANY OF AMERICA

By: /s/ SUZANNE E. WALTON

Name: SUZANNE E. WALTON

Title: Authorized Agent

If you are in agreement with the foregoing, please sign the form of acceptance in the space provided below whereupon this letter shall become a binding agreement between you and the undersigned.

Very truly yours,

IHOP CORP.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

Accepted as of the date first
above written:

THE MANUFACTURERS LIFE
INSURANCE COMPANY

By: /s/ D.W. PARKINSON

Name: D.W. Parkinson

Title: Senior Vice President,

U.S. Investments

If you are in agreement with the foregoing, please sign the form of
acceptance in the space provided below whereupon this letter shall become a
binding agreement between you and the undersigned.

Very truly yours,

IHOP CORP.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

Accepted as of the date first
above written:

THE FRANKLIN LIFE INSURANCE COMPANY

By: /s/ DANIEL C. LEIMBACH

Name: Daniel C. Leimbach, Vice President

Title:

By: /s/ ELIZABETH E. ARTHUR

Name: Elizabeth E. Arthur, Assistant Secretary

Title:

If you are in agreement with the foregoing, please sign the form of

acceptance in the space provided below whereupon this letter shall become a binding agreement between you and the undersigned.

Very truly yours,

IHOP CORP.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

Accepted as of the date first
above written:

THE CANADA LIFE ASSURANCE COMPANY

By: /s/ G.N. ISAAC

Name: G.N. ISAAC

Title: Associate Treasurer

If you are in agreement with the foregoing, please sign the form of acceptance in the space provided below whereupon this letter shall become a binding agreement between you and the undersigned.

Very truly yours,

IHOP CORP.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: /s/ RICHARD K. HERZER

Its: Richard K. Herzer, President

Accepted as of the date first above written:

MODERN WOODMEN OF AMERICA

By: /s/ W.B. FOSTER

Name: W.B. Foster

Title: President

SCHEDULE I
TO SENIOR NOTE PURCHASE AGREEMENT

MANNER OF PAYMENT AND
COMMUNICATIONS TO PURCHASERS

This Schedule I shows the names and addresses of the Purchasers under the foregoing Senior Note Purchase Agreement and the Other Agreements referred to therein, and the respective principal amount of the Notes purchased, the name under which the Notes will be registered and the purchase price thereof to be purchased by each.

Purchaser	Registered Name Appearing on the Note	Principal Amount of the Note	Purchase Price of the Note
The Mutual Life Insurance Company of New York	The Mutual Life Insurance Company of New York	\$ 9,000,000	9,000,000
The Mutual Life Insurance Company of New York	The Mutual Life Insurance Company of New York	3,000,000	3,000,000
MONY Life Insurance Company of America	MONY Life Insurance Company of America	3,000,000	3,000,000
The Manufacturers Life Insurance Company	Hullbird & Co.	7,000,000	7,000,000
The Franklin Life Insurance Company	The Franklin Life Insurance Company	4,000,000	4,000,000
The Canada Life Assurance Company	Ince & Co.	1,000,000	1,000,000
The Canada Life Assurance Company	Ince & Co.	2,000,000	2,000,000
Modern Woodmen of America	Modern Woodmen of America	3,000,000	3,000,000

Name of Noteholder

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

Manner of Payment

All payments on account of the Note shall be made by bank wire or transfer of immediately available funds (identifying the issue upon which payment is being made and the application of the payment as between interest, principal and premium) to:

Chemical Bank, ABA #021000128, for credit to The Mutual Life Insurance Company of New York's Security Remittance account No. 321-023803

Tax Identification No.: 13-1632487

Address for Communications for Notices of

Payments and Confirmation of Wire Transfers

All notices of payments and written confirmation of wire transfers should be sent to:

Telecopy Confirms and Notices: (201) 907-6979
Attention: Securities Custody
- -----

Mailing Confirms and Notices:

Glenpointe Marketing & Operations Center - MONY
Glenpointe Center West
500 Frank W. Burr Blvd.
Teaneck, NJ 07666-6888
Attention: Securities Custody
- -----

Address for all Other Communications

- -----

The Mutual Life Insurance Company of New York
1740 Broadway
New York, New York 10019
Attention: MONY Capital Management Unit
- -----

Address for Delivery of Securities

- -----

John R. McFeely, Esq.
The Mutual Life Insurance
Company of New York
1740 Broadway
New York, New York 10019

Name of Noteholder

- -----

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

Manner of Payment

- -----

All payments on account of the Notes to be by bank wire or transfer of immediately available funds (identifying the issue upon which payment is being made and the application of the payment as between interest, principal and premium) to:

Chemical Bank, ABA #021000128, for credit to The Mutual Life Insurance Company of New York, account No. 323-161235

Tax Identification No.: 13-1632487

Address for Communications for Notices of

- -----

Payments and Confirmation of Wire Transfers

- -----

All notices of payments and written confirmation of wire transfers should be sent to:

Telecopy Confirms and Notices: (201) 907-6979
Attention: Securities Custody
- -----

Mailing Confirms and Notices:

Glenpointe Marketing & Operations Center - MONY
Glenpointe Center West
500 Frank W. Burr Blvd.
Teaneck, NJ 07666-6888
Attention: Securities Custody
- -----

Address for all Other Communications
- -----

The Mutual Life Insurance Company of New York
1740 Broadway
New York, New York 10019
Attention: MONY Capital Management Unit
- -----

Address for Delivery of Securities
- -----

John R. McFeely, Esq.
The Mutual Life Insurance Company of New York
1740 Broadway
New York, New York 10019

Name of Noteholder
- -----

MONY LIFE INSURANCE COMPANY OF AMERICA

Manner of Payment
- -----

All payments on account of the Notes to be by bank wire or transfer of immediately available funds (identifying the issue upon which payment is being made and the application of the payment as between interest, principal and premium) to:

Chemical Bank, ABA #021000128, for credit to MONY Life Insurance Company of America, account No. 323-161243

TAX IDENTIFICATION NO.: 86-0222062

Address for Communications for Notices of
- -----
Payments and Confirmation of Wire Transfers
- -----

All notices of payments and written confirmation of wire transfers should be sent to:

Telecopy Confirms and Notices: (201) 907-6979
Attention: Securities Custody
- -----

Mailing Confirms and Notices:

Glenpointe Marketing & Operations Center - MONY
Glenpointe Center West
500 Frank W. Burr Blvd.
Teaneck, NJ 07666-6888
Attention: Securities Custody
- -----

Address for all Other Communications
- -----

MONY Life Insurance Company of America
c/o The Mutual Life Insurance
Company of New York
1740 Broadway
New York, New York 10019
ATTENTION: MONY CAPITAL MANAGEMENT UNIT
- -----

Address for Delivery of Securities
- -----

John R. McFeely, Esq.
The Mutual Life Insurance Company of New York
1740 Broadway
New York, New York 10019

Name of Noteholder
- -----

HULLBIRD & CO.
(beneficial owner - The Manufacturers Life Insurance Company)

Manner of Payment
- -----

All payments on account of the Notes to be by bank wire or transfer of immediately available funds (identifying the issue upon which payment is being made and the application of the payment as between interest, principal and premium) to:

State Street Bank & Trust Company, N.A.
Boston, Massachusetts 02101
ABA #011000028

BNF = New Money Private Placement Free
AC-4362-720-7

OBI = New Money Private Placement Free
Fund Number LN73

TAX IDENTIFICATION NO.: 38-0788610

Address for Communications for Notices of Payments and Confirmation of Wire
- -----
Transfers
- -----

All notices of payments and written confirmation of wire transfers should be sent to:

State Street Bank & Trust Company, N.A.
1776 Heritage Drive
A4E
North Quincy, MA 02171
Attention: Mutual Funds
- -----

Re: The Manufacturers Life Insurance Company Fund No.LN73, New Money Private Placement Free AC-4362-720-7

With copies to:

Manulife Financial
200 Bloor Street East
Toronto, Ontario Canada M4W 1E5

Attention: Securities Admin. NT5

Address for all Other Communications

- -----

The Manufacturers Life Insurance Company

200 Bloor Street East

North Tower 6

Toronto, Ontario, Canada M4W 1E5

Attention: U.S. Private Placements, Investment Division

- -----

Telephone: (416) 926-5985

Fax: (416) 926-5262

Address for Delivery of Securities

- -----

State Street Bank & Trust Company, N.A.

61 Broadway

New York, New York 10006

Concourse Level, Securities Cage

Re: LN73

The Manufacturers Life Insurance Company

Private Placement New Money Free

Name of Noteholder

- -----

THE FRANKLIN LIFE INSURANCE COMPANY

Manner of Payment

- -----

All payments on account of the Notes to be by bank wire or transfer of immediately available funds (identifying the issue upon which payment is being made and the application of the payment as between interest, principal and premium) to:

Morgan Guaranty Trust Company

of New York

23 Wall Street ABA #0210-0023-8

New York, New York 10015

Attention : Money Transfer Department For

- ----- The Franklin Life Insurance Company

Account No. 022-05-988

Tax Identification No.: 37-0281650

Address for Communications for Notices of

- -----

Payments and Confirmation of wire transfers

- -----

All notices of payments and written confirmation of wire transfers should be sent to:

The Franklin Life Insurance Company

Franklin Square

Springfield, IL 62713

Attention: Investment Division

- -----
Address for all Other Communications
- -----

The Franklin Life Insurance Company
Franklin Square
Springfield, IL 62713

Attention: Investment Division
- -----

Address For Delivery of Securities
- -----

The Franklin Life Insurance Company
c/o Robert G. Spencer
Vice President and Treasurer
Franklin Square
Springfield, IL 62713

Name of Noteholder
- -----

INCE & CO.
(beneficial owner - The Canada Life Assurance Company)

Manner of Payment
- -----

All payments on account of the Notes to be by bank wire or transfer of immediately available funds (identifying the issue upon which payment is being made and the application of the payment as between interest, principal and premium) to:

Ince & Co.
c/o Morgan Guaranty Trust Company of New York
ABA #021 000 238
Account No. 999-99-024
Attn: Custody Collection

for: The Canada Life Assurance Company
Trust Account No. 41233

reference: Name of issuer, rate, type of security, maturity,
whether principal or interest, and due date

Tax Identification No.: 38-0397420

Address for Communications for Notices of
- -----

Payments and Confirmation of Wire Transfers
- -----

All notices of payments and written confirmation of wire transfers should be sent to:

Morgan Guaranty Trust Company
60 Wall Street
New York, New York 10260
Attn: Patricia Ewing

copy to: The Canada Life Assurance Company
330 University Avenue
Toronto, Ontario, Canada MSG IR8
Attn: Supervisor, Securities Accounting

Address for all Other Communications

- -----

The Canada Life Assurance Company
Investment Department, U-6
330 University Avenue
Toronto, Ontario, Canada M5G 1R8
Attn: U.S. Private Placements

Address for Delivery of Securities

- -----

Morgan Guaranty Trust Company
15 Broad Street
17th Floor
New York, N.Y. 10260-0023
Custody Incoming
Attn: Bob Havener

for: The Canada Life Assurance Company
Trust Account No. 41233

Name of Noteholder

- -----

INCE & CO.
(beneficial owner - The Canada Life Assurance Company)

Manner of Payment

- -----

All payments on account of the Notes to be by bank wire or transfer of immediately available funds (identifying the issue upon which payment is being made and the application of the payment as between interest, principal and premium) to:

Ince & Co.
c/o Morgan Guaranty Trust Company of New York
ABA #021 000 238
Account No. 999-99-024
Attn: Custody Collection

for : The Canada Life Assurance Company
Trust Account No. 41235

reference : Name of issuer, rate, type of security, maturity,
whether principal or interest, and due date

Tax Identification No.: 38-0397420

Address for Communications for Notices of

- -----

Payments and Confirmation of Wire Transfers

- -----

All notices of payments and written confirmation of wire transfers should be sent to:

Morgan Guaranty Trust Company
60 Wall Street
New York, N.Y. 10260
Attn: Patricia Ewing

copy to: The Canada Life Assurance Company
330 University Avenue

Toronto, Ontario, Canada M5G 1R8
Attn: Supervisor, Securities Accounting

Address for all Other Communications

The Canada Life Assurance Company
Investment Department, U-6
330 University Avenue
Toronto, Ontario, Canada M5G 1R8
Attn: U.S. Private Placements

Address for Delivery of Securities

Morgan Guaranty Trust Company
15 Broad Street
17th Floor
New York, N.Y. 10260-0023
Custody Incoming
Attn: Bob Havener

for: The Canada Life Assurance Company
Trust Account No. 41235

Name of Noteholder

MODERN WOODMEN OF AMERICA

Manner of Payment

All payments on account of the Notes to be by bank wire or transfer of immediately available funds (identifying the issue upon which payment is being made and the application of the payment as between interest, principal and premium) to:

Account No. 347-904-5

Harris Trust & Savings Bank
111 West Monroe Street
Chicago, IL 60690
ABA No. 071-000-288
For the account of Modern Woodmen of America

Tax Identification No.: 36-1493430

Address for Communications for Notices of

Payments and Confirmation of Wire Transfers

All notices of payments and written confirmation of wire transfers should be sent to:

Modern Woodmen of America
1701 1st Avenue
Rock Island, IL 61201
Attn: Investment Department

Address for all Other Communications

Modern Woodmen of America

1701 1st Avenue
Rock Island, IL 61201
Attn: Investment Department

Address for Delivery of Securities

Modern Woodmen of America
1701 1st Avenue
Rock Island, IL 61201
Attn: Investment Department

SCHEDULE 4.5

INTERIM CHANGES

1. Additional Debt in the amount of \$1,727,000 incurred pursuant to the Existing Agreement.

SCHEDULE 4.6

IHOP CORP.

LIST OF DIRECT AND INDIRECT SUBSIDIARIES

ENTITY	OWNERSHIP PERCENTAGE	STATE OF INCORPORATION
-----	-----	-----
International House of Pancakes, Inc.	100% owned by IHOP Corp.	Delaware
IHOP Realty Corp.	100% owned by International House of Pancakes, Inc.	Delaware
Copper Penny Corporation	100% owned by International House of Pancakes, Inc.	Delaware
III Industries of Canada, Ltd.	100% owned by International House of Pancakes, Inc.	Canada
International Industries, Inc.	100% owned by International House of Pancakes, Inc.	California
Blue Roof Advertising, Inc.	100% owned by International House of Pancakes, Inc.	California

SCHEDULE 4.7

LITIGATION SUMMARY

1. THE COASTAL GROUP v. VERNON CHEVALIER, SR., et al.

IHOP has been named as a defendant in a lawsuit filed by a real estate developer that purchased certain real property in Sayreville, New Jersey, from three individuals who had previously acquired the property from IHOP. The plaintiff contends that it discovered petroleum hydrocarbon contaminants and construction debris on the property. The plaintiff is seeking to recover approximately \$6 million from IHOP and numerous other defendants for the remediation of the property and consequential damages, plus punitive damages in an unspecified amount. IHOP has raised various defenses to the plaintiff's claims and has asserted claims for contribution and indemnity against several of the other named defendants, who in turn have asserted claims for contribution and indemnity against IHOP. In addition, IHOP has commenced a third party action against its liability insurers seeking damages and declaratory relief for the insurers' refusal to defend and indemnify IHOP. In response to a motion for partial summary judgment made by IHOP, in January 1992 the court entered an order requiring three of IHOP's liability insurers to pay IHOP's past, present and future expenses for the defense of the underlying lawsuit. An attempt by one of the insurers to bring an interlocutory appeal of that order has been rejected by an intermediate appellate court and the New Jersey Supreme Court. IHOP intends to continue to contest these claims vigorously.

2. LORI A. HARRIS, et al. v. IHOP and JOE SMITH

On February 7, 1992, 15 individuals filed suit against IHOP and one its restaurant managers alleging discriminatory actions at a restaurant in Milwaukee, Wisconsin, owned and operated by IHOP. IHOP petitioned for removal of the case to the U.S. District Court. The plaintiffs have alleged that they were denied admission to the International House of Pancakes restaurant on the basis of their race and seek to have the case certified as a class action on behalf of themselves and others similarly situated. IHOP's policies strictly prohibit race discrimination and IHOP denies that any systematic or classwide discrimination has occurred.

The plaintiffs' complaint does not specify the amount of damages to which each plaintiff, or the plaintiffs as a class, allege entitlement, but seeks both actual and punitive damages as well as injunctive relief prohibiting discriminatory practices and requiring certain remedial actions by IHOP. The plaintiffs also seek recovery of an unspecified amount of litigation costs and expenses, including

-1-

attorneys' fees, and statutory payments to the State of Wisconsin. Discovery has been commenced by both the plaintiffs and IHOP.

A settlement has been agreed to by 19 of the 20 now-known plaintiffs, in which IHOP will pay the amount of \$185,000.00, include a summary of its non-discrimination policy in the statement of policies formally acknowledged by IHOP management employees, and take other steps to insure that IHOP employees are aware of its non-discrimination policy. The settlement is subject to court approval.

IHOP is seeking reimbursement from its insurance carrier for a portion or all of the amount of the settlement plus its attorneys' fees and expenses, although there are arguments that coverage may not be available.

3. SYDNEY MINE WASTE DISPOSAL SITE

By letters dated August 17, 1992, and October 1, 1992, IHOP received demands on behalf of certain parties who have incurred or will incur costs of response with respect to the remediation of the Sydney Mine Waste Disposal Site located in Hillsborough County, Florida. The demands seek reimbursement and/or contribution from IHOP pursuant to CERCLA and Chapter 376, Florida Statutes. According to the demands, the parties have incurred response costs of \$7,300,000

in the aggregate. The basis of the demands is IHOP's alleged disposal of materials at the disposal site. IHOP has notified the parties making the demands that IHOP had little or no activity in the State of Florida during the period in question, inasmuch as all of the IHOP restaurants operating in the State of Florida during that time period and subsequently were owned and operated by IHOP's Florida area franchisee, FMS Management Systems, Inc., and, therefore, it is unlikely that IHOP directly or indirectly conducted any activity that could impose any liability on IHOP pursuant to these statutes. IHOP has requested that the parties furnish it with copies of the "trip tickets" so that IHOP can investigate further.

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SCHEDULE 4.8
EXISTING CURRENT AND FUNDED DEBT AND LIENS

Mortgage Note by and Between IHOP Realty Corp. and Pizza Hut of America for property in La Grange, Illinois (IHOP #1281)	\$429,250
Obligations under Letters of Credit (Various)	208,494

SCHEDULE 4.9

CONSENTS AND APPROVALS

None.

SCHEDULE 4.11
TAXES

The Internal Revenue Service (the "Service") is presently auditing the tax returns of Holdings and its Subsidiaries for the years 1987-1990. Although the examination has not yet been completed, the Service has tentatively proposed certain nonrecurring adjustments which, if agreed to by Holdings, would result in an increased federal income tax liability (including interest) for such years in the approximate amount of \$350,000, and an increased state income tax liability (including interest and net of federal income tax benefit) for such years in the approximate amount of \$125,000. Holdings and the Service are currently engaged in informal negotiations to resolve such issues at the audit level. Tax returns of Holdings and/or of its Subsidiaries are currently being audited as disclosed below. Consents waiving or extending the statute of limitations with respect to taxes have been granted by Holdings and/or its Subsidiaries as disclosed below.

CURRENT AUDITS:

- -----

INTERNAL REVENUE SERVICE	- INCOME TAXES - 1987 - 1990
STATE OF CALIFORNIA	- INCOME TAXES - 1984 - 1986
STATE OF NEW YORK	- INCOME TAXES - 1988 - 1990
STATE OF PENNSYLVANIA	- SALES & USE TAXES - 1986-1992
COUNTY OF ADAMS, COLORADO	- PERSONAL PROPERTY TAXES - 1991
COUNTY OF LARIMER, COLORADO	- PERSONAL PROPERTY TAXES - 1991
CITY & COUNTY OF DENVER, CO	- SALES & USE TAXES; BUSINESS OCCUPATIONAL PRIVILEGE TAXES- 1989-1991

CONSENTS TO WAIVER OR EXTENSION OF THE STATUTE OF LIMITATIONS

INTERNAL REVENUE SERVICES	-	1987	-	EXTENDED TO 12/31/93
	-	1988	-	EXTENDED TO 12/31/93
	-	1989	-	EXTENDED TO 12/31/93
STATE OF CALIFORNIA	-	1984	-	EXTENDED TO 10/15/93
	-	1985	-	EXTENDED TO 10/15/93
	-	1986	-	EXTENDED TO 10/15/93
	-	1987	-	EXTENDED TO 10/15/93
STATE OF NEW YORK	-	1988	-	EXTENDED TO 06/15/93
STATE OF PENNSYLVANIA	-	1989	-	EXTENDED TO 12/31/92
CITY & COUNTY OF DENVER, CO	-	1989	-	EXTENDED TO 11/30/92
	-	1990	-	EXTENDED TO 11/30/92

SCHEDULE 4.16
LABOR MATTERS

"Agreement Between Hotel Employees & Restaurant Employees Union Local 340 and International House of Pancakes, September 1, 1990 Through June 30, 1992" which continues in effect during negotiations on a successor agreement. This agreement applies only to employees at IHOP #0648 in South San Francisco, CA.

SCHEDULE 4.17

ENVIRONMENTAL MATTERS

Please see Items 1 and 3 on Schedule 4.7.

IHOP #5 - 7006 Sunset Boulevard, Hollywood, CA

Used prior to 1961 as auto shop, including UST's - UST's and petroleum contamination discovered recently - investigation by IHOP is ongoing - corrective action plan to be proposed.

SCHEDULE 4.19

COMPLIANCE WITH ERISA

San Mateo Hotel Employees and Restaurant Employees Trust, a health and welfare benefit plan

SCHEDULE 4.25

1. License Agreement for All Japan
2. Area Franchise Agreement (Florida)
3. License Agreement for British Columbia, Canada

SURVIVING OBLIGATIONS

1. Obligations of the Borrower and Holdings pursuant to Section 12B of the Purchase Agreement, dated as of April 15, 1987, by and among the Borrower, Holdings and New York Life Insurance and Annuity Corporation, as amended.

2. Obligations of the Borrower and IHOP Realty pursuant to Sections 3.4, 3.5, 10.3, 10.8, 10.20 and 10.22 of the Loan Agreement, dated as of April 7, 1992, among the Borrower, IHOP Realty, Holdings and Bank of America National Trust and Savings Association, as amended, to the extent such obligations survive termination of such agreement; reimbursement obligations thereunder pursuant to outstanding standby letters of credit not in excess of \$210,000 in aggregate principal amount; and the obligations of Holdings as guarantor of such obligations.

3. Obligations of IHOP Realty, pursuant to Section 11.13 of the First Amended and Restated Real Estate Credit Agreement, dated as of December 29, 1989, among IHOP Realty and HomeFed Bank, Federal Savings Bank, as amended, and the obligations of the Borrower and Holdings as guarantors of such obligations of IHOP Realty.

SCHEDULE 12
RESTRICTED INVESTMENTS AT CLOSING DATE

DESCRIPTION	AMOUNT
- -----	-----
Note Receivable (Anthony Talarico)	\$1,283,000
Cash Surrender Value of Life Insurance Policy (Executive Life Insurance)	575,000
Ex-Franchisee Notes Receivable (various)	445,600
Employee Notes Receivable and Advances (various)	52,000
Total Restricted Investments	\$2,355,600

EXHIBIT A

Form of Note

THIS NOTE HAS NOT BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933, AS AMENDED,
AND MAY NOT BE SOLD OR OTHERWISE
TRANSFERRED IN THE ABSENCE OF SUCH
REGISTRATION OR AN EXEMPTION THEREFROM.

INTERNATIONAL HOUSE OF PANCAKES, INC.

7.79% Senior Note

Due November 19, 2002

No. R- ____

New York, New York
November 19, 1992

\$ _____

INTERNATIONAL HOUSE OF PANCAKES, INC., a company incorporated under the laws of the State of Delaware (the "Borrower"), for value received, hereby promises to pay to _____ (the "Lender") or registered assigns, \$_____, payable in annual installments of \$_____ (subject to adjustment pursuant to Section 3 of the Note Agreement, as hereinafter defined) commencing on November 19, 1996, and on every November 19 thereafter through November 19, 2001, with a final payment of the remaining outstanding principal balance payable at maturity on November 19, 2002 and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 7.79% per annum, from the date hereof until maturity, payable semi-annually on the 19th day of each May and November in each year commencing May 19, 1993, and at maturity. The Borrower agrees to pay interest on overdue principal and prepayment charge, if any, and (to the extent legally enforceable) on any overdue installment of interest, at a rate equal to the greater of 9.79% or the rate of interest announced publicly from time to time by Citibank, N.A. in New York, New York, as its "prime rate" after the due date, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable to the Lender in the manner and pursuant to the instructions indicated on Schedule 1 to the Note Agreement as hereinafter defined, or in such other manner or pursuant to such other instructions as shall be designated in writing in accordance with the terms of the Note Agreement, in currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is issued pursuant to the terms and provisions of the Senior Note Purchase Agreement, dated as of November __, 1992 (the "Note Agreement"), entered into by the Borrower, IHOP Corp., a Delaware corporation of which the Borrower is a wholly-owned Subsidiary ("Holdings"), and the Lender. Reference is hereby made to the Note Agreement for a statement of such terms and provisions.

This Senior Note is guaranteed by (i) Holdings, as set forth in Section 16.14 of the Note Agreement and (ii) IHOP Realty Corp., a Delaware corporation and a wholly-owned Subsidiary of the Borrower, pursuant to the Subsidiary Guarantee of even date herewith.

This Note may be declared due prior to its maturity date and certain prepayments may be made thereon, in the events, on the terms and conditions, and in the amounts set forth in the Note Agreement.

This Note is not subject to prepayment or redemption at the option of the Borrower prior to its maturity date except in the event, on the terms and conditions, and in the amounts set forth in the Note Agreement.

This Note is registered on the books of the Borrower and is transferable only by surrender thereof at the principal office of the Borrower at 525 North Brand Boulevard, Glendale, California, 91203-1903, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal and interest on this Note shall be made only to or upon the order in writing of the registered holder.

The Note Agreement and this Note shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

INTERNATIONAL HOUSE OF PANCAKES, INC.

By:

Its

EXHIBIT B

November 19, 1992

To the Purchasers set forth on
Schedule I attached hereto

Ladies and Gentlemen:

We have acted as your special counsel in connection with the transactions contemplated by the several Senior Note Purchase Agreements, each dated as of November 19, 1992 (the "Purchase Agreements"), by and between International House of Pancakes, Inc., a Delaware corporation (the "Company"), IHOP Corp., a Delaware corporation of which the Company is a wholly-owned subsidiary ("Holdings") and each of you. Any term used herein without a definition shall have the meaning assigned to such term in the Purchase Agreements. In acting as your special counsel, we have participated in the preparation and negotiation of the Purchase Agreements, the Notes and the Subsidiary Guarantee.

In connection with this opinion, we have examined the following documents:

1. The Purchase Agreements.
2. The Notes.
3. The Subsidiary Guarantee.
4. The Restated Certificate of Incorporation of the Company certified by the Delaware Secretary of State on October 21, 1992.
5. The By-Laws of the Company certified by the Secretary of the Company as of the date hereof.
6. Resolutions of the Board of Directors of the Company, certified by the Secretary of the Company as of the date hereof.
7. Long Form of Certificate of Good Standing of the Company certified by the Delaware Secretary of State on October 22, 1992.

To the Purchasers set forth on

Schedule I attached hereto

November 19, 1992

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8. Certificate of Incumbency for the officers of the Company certified by the Secretary of the Company as of the date hereof.
9. The Restated Certificate of Incorporation of Holdings certified by the Delaware Secretary of State on October 21, 1992.
10. The By-Laws of Holdings certified by the Secretary of Holdings as of the date hereof.
11. Resolutions of the Board of Directors of Holdings, certified by the Secretary of Holdings as of the date hereof.
12. Long Form of Certificate of Good Standing of Holdings certified by the Delaware Secretary of State on October 22, 1992.
13. Certificate of Incumbency for the officers of Holdings certified by the Secretary of Holdings as of the date hereof.
14. The Certificate of Incorporation of IHOP Realty Corp. (the

"Subsidiary") certified by the Delaware Secretary of State on October 21, 1992.

15. The By-Laws of the Subsidiary certified by the Secretary of the Subsidiary as of the date hereof.
16. Resolutions of the Board of Directors of the Subsidiary, certified by the Secretary of the Subsidiary as of the date hereof.
17. Long Form of Certificate of Good Standing of the Subsidiary certified by the Delaware Secretary of State on October 22, 1992.
18. Certificate of Incumbency for the officers of the Subsidiary certified by the Secretary of the Subsidiary as of the date hereof.
19. Legal opinion, dated November 19, 1992, from Skadden, Arps, Slate, Meagher & Flom ("Skadden"), special counsel to the Company and Holdings.

To the Purchasers set forth on
Schedule I attached hereto
November 19, 1992
Page 3

20. Legal opinion, dated November 19, 1992, from Larry Alan Kay ("Kay"), general counsel to the Company and Holdings.

We have also examined and relied upon the representations and warranties as to factual matters contained in and made pursuant to the Purchase Agreements and the Subsidiary Guarantee and have relied upon the originals or copies identified to our satisfaction of such records, documents, certificates and other instruments, and have made such other investigations as in our judgment are necessary or appropriate to enable us to render the opinion expressed below.

In giving our opinion set forth herein, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents examined by us, the conformity to original documents of all documents submitted to us as copies, the due authorization, execution and delivery of all documents and instruments by all parties thereto other than the Company, Holdings and the Subsidiary, the accuracy of all representations and warranties made by the Company, Holdings and you in the Purchase Agreements and by the Subsidiary in the Subsidiary Guarantee and that the consideration to be paid in connection with the transaction is adequate.

In addition, we attended the closing held today at our offices in New York, New York at which delivery of the Notes and the other transactions contemplated by the Purchase Agreements were effected, all in accordance with the Purchase Agreements.

Based upon the foregoing and having regard to legal considerations that we deem relevant, we render to you our opinion, as follows:

1. Based solely upon the opinions of Skadden and Kay and on our review of certificates of good standing issued by the Secretary of State of the State of Delaware and certified copies of the charter documents and by-laws of the Company, Holdings and the Subsidiary, each of the Company, Holdings and the Subsidiary is a corporation validly existing and in good standing under the laws of the State of Delaware, has all requisite corporate power and authority to (a) own and operate its properties, (b) to conduct its business as now being conducted, (c) to enter into, to the extent each is a party

To the Purchasers set forth on
Schedule I attached hereto
November 19, 1992
Page 4

thereto, the Purchase Agreements and the Subsidiary Guarantee, (d) to perform its obligations under each of such documents to the extent each is a party thereto and (e) in the case of the Company, to issue, sell and deliver the Notes.

2. The Company has duly authorized by all requisite corporate action, executed and delivered the Purchase Agreements and the Notes, and such agreements and instruments constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

3. Holdings has duly authorized by all requisite corporate action, executed and delivered the Purchase Agreements, and such agreements constitute the legal, valid and binding obligations of Holdings, enforceable against Holdings in accordance with their terms.

4. The Subsidiary has duly authorized by all requisite corporate action, executed and delivered the Subsidiary Guarantee, and such guarantee constitutes the legal, valid and binding obligation of the Subsidiary, enforceable against the Subsidiary in accordance with its terms.

5. Under existing circumstances, the execution and delivery by the Company and Holdings of the Purchase Agreements, the issue, sale, execution and delivery by the Company of the Notes, the execution and delivery by the Subsidiary of the Subsidiary Guarantee and the performance by the Company, Holdings and the Subsidiary of their respective obligations under such documents and instruments, do not, as of the date hereof, contravene any provisions of their respective charters or by-laws.

6. Assuming, with your permission, that (a) you are purchasing the Notes for your own account for investment, and not with a view to the public resale or distribution thereof, (b) the Notes were offered and sold in the manner described in the letter of Continental Bank N.A. dated October 19, 1992 and furnished to you, (c) the representations and warranties of the Purchasers in Sections 5.2 and 5.4 of the Purchase Agreements and the representations and warranties of the Company and Holdings in Section 4.14 of the Purchase Agreements are true and correct, and (d) none of Holdings, the Company or anyone acting on their behalf has offered or sold or will offer or sell any of the Company's or Holdings' securities, or has solicited or will solicit any offer to acquire any of the Company's or Holdings' securities from the Company or Holdings,

To the Purchasers set forth on
Schedule I attached hereto
November 19, 1992
Page 5

if the sale of any such securities and the sale of the Notes would be integrated as a single offering for purposes of the Securities Act, the offering, issuance, sale and delivery of the Notes under the circumstances contemplated by the Purchase Agreements constitute exempt transactions under the registration provisions of the Securities Act of 1933, as now in effect; and no qualification of an Indenture with respect to the Notes under the Trust Indenture Act of 1939, as now in effect, is required in connection therewith.

The opinions expressed above as to the enforceability of any agreement are subject to the exceptions that such enforceability may be limited by the application of general principles of equity and by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

We express no opinion as to the enforceability of the indemnification provisions contained in Section 16.9 of the Purchase Agreements.

The opinions of Skadden and Kay, dated the date hereof and delivered to you

pursuant to Section 6.3 of the Purchase Agreements, are satisfactory to us in form and scope with respect to the matters specified therein, and we believe that you are justified in relying thereon.

We express no opinion as to the laws of any jurisdiction other than the State of New York, the Federal laws of the United States of America and the General Corporation Law of the State of Delaware.

Very truly yours,

SONNENSCHEIN NATH & ROSENTHAL

SCHEDULE I

The Mutual Life Insurance
Company of New York

MONY Life Insurance Company
of America

The Manufacturers Life
Insurance Company

The Franklin Life
Insurance Company

The Canada Life Assurance
Company

Modern Woodmen of America

EXHIBIT C

(Opinion of counsel of Holdings, the Borrower
and IHOP Realty addressed to each of the
Purchasers and Sonnenschein Nath & Rosenthal)

1. Holdings, the Borrower and each of their Subsidiaries are corporations duly incorporated, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, and each has the requisite corporate power and authority to own, lease and operate its respective Properties and to carry on its respective businesses as presently owned and conducted, and each is duly qualified and in good standing in the jurisdictions in which the character of the Properties owned or leased by it or the nature of the business transacted by it makes such qualification necessary.

2. The Purchase Agreements, the Notes and the Subsidiary Guarantee have been duly authorized, executed and delivered by Holdings, the Borrower and IHOP Realty, to the extent each is party thereto and such documents constitute the legal, valid and binding agreements of Holdings, the Borrower and IHOP Realty, to the extent each is a party thereto, enforceable against Holdings, the Borrower and IHOP Realty, to the extent each is a party thereto, in accordance with their terms.

3. The issuance and sale of the Notes, the execution and delivery of, and performance by Holdings and the Borrower of their respective contractually required obligations and undertakings under, the Purchase Agreements and the execution and delivery of, and performance by IHOP Realty of its contractually required obligations and undertakings under, the Subsidiary Guarantee, do not conflict with or result in any breach of any provision of, constitute a default under, or result in the creation or imposition of any Lien upon any of the respective Properties of Holdings, the Borrower or IHOP Realty or any of their

Subsidiaries pursuant to the provisions of the charter documents of any of them, or any agreement, order, decree, indenture, judgment or other instrument or document to which any of them is a party or by which any of them or their respective Properties may be bound.

4. There are no proceedings pending or threatened against Holdings, the Borrower or any of their Subsidiaries in any court or before any Governmental Body or arbitration board or tribunal which could materially and adversely affect the Properties, business, profits or condition (financial or otherwise) of Holdings, the Borrower or any of their Subsidiaries or the ability of Holdings or the Borrower to perform their respective obligations under the Purchase

Agreements or the Notes or the ability of IHOP Realty to perform its obligations under the Subsidiary Guarantee.

5. The issuance, sale and delivery of the Notes and the Subsidiary Guarantee under the circumstances contemplated by the Purchase Agreements constitute an exempt transaction under the registration provisions of the Securities Act of 1933, as amended, and do not under existing law require the registration of the Notes or the Subsidiary Guarantee under the Securities Act of 1933, as amended, or the qualification of an indenture in respect thereof under the Trust Indenture Act of 1939, as amended.

6. Assuming that the proceeds of the issuance and sale of the Notes are utilized as set forth in Section 4.26 of the Purchase Agreements, neither the issuance of the Notes nor the use of the proceeds from the sale thereof will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulations G, T and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II.

7. No consent, approval, authorization, or order of, or other action by or filing with, any Governmental Body is required in connection with the execution, delivery or performance of the Purchase Agreements or the Subsidiary Guarantee, the issuance of the Notes or compliance by Holdings, the Borrower and IHOP Realty, to the extent each is a party thereto with the terms and provisions thereof.

8. None of Holdings, the Borrower nor any of their Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any franchising arrangement, material lease, agreement, indenture or loan document to which it is a party, and no condition exists which, with the giving of notice or the lapse of time or both, would constitute such a default.

9. None of Holdings, the Borrower nor any of their Subsidiaries is, nor are any of them directly or indirectly controlled by or acting on behalf of any Person which is, an "investment company" within the meaning of the Investment Company Act of 1940, and none of Holdings, the Borrower nor any of their Subsidiaries is subject to any law, statute, rule or regulation limiting its ability to incur indebtedness for money borrowed.

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10. All of the shares of issued and outstanding capital stock of the Borrower are owned of record and, to our knowledge, beneficially, by Holdings and all of the shares of issued and outstanding capital stock of IHOP Realty are owned of record and, to our knowledge, beneficially, by the Borrower, in each case free and clear of Liens.

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SUBSIDIARY GUARANTEE

IHOP REALTY CORP.

FOR VALUE RECEIVED and in consideration of the purchase by the Purchasers (as hereinafter defined) of those certain 7.79% Senior Notes Due 2002 (the "Notes") of International House of Pancakes, Inc., a Delaware corporation (herein called, together with its successors and assigns, the "Borrower"), pursuant to the several senior Note Purchase Agreements, each dated as of November 19, 1992, by and among the several purchasers named in Schedule I thereto (the "Purchasers"), IHOP Corp., a Delaware corporation ("Holdings"), and the Borrower, which is the wholly-owned subsidiary of Holdings (the "Purchase Agreements"), the undersigned (the "Guarantor"), a wholly-owned Subsidiary of the Borrower, unconditionally guarantees (a) the full and prompt payment, when due, whether at maturity or earlier by reason of acceleration or otherwise, and at all times thereafter of all obligations of the Borrower with respect to payment of the principal of, prepayment charges (if any), and interest on the Notes (including interest on any overdue principal and prepayment charges, if any, and, to the extent permitted by law, on any overdue interest), and all other amounts due, and (b) the prompt and faithful performance, discharge and observance of all other obligations, covenants, agreements, conditions, representations, warranties, indemnities and liabilities of the Borrower and Holdings to be performed, discharged or observed by the Borrower and Holdings, under or pursuant to the Purchase Agreements and all agreements, instruments and documents executed or delivered in connection therewith or pursuant thereto (all such obligations of the Borrower and Holdings guaranteed by the Guarantor herein being hereinafter called the "Obligations"). In the event the Borrower or Holdings defaults in the payment or performance, when due, of any of the Obligations (whether at their stated maturity, by acceleration, or otherwise), the Guarantor shall pay to the unpaid holders of the Notes ("Holders"), on demand, the full amount of such Obligations in immediately available funds at the place provided in the applicable Purchase Agreements or shall, on demand, fully perform such Obligations. The Guarantor further agrees to pay (a) all costs and expenses including, without limitation, all court costs and reasonable attorneys' fees and expenses paid or incurred by each of the Holders in endeavoring to collect all or any part of the Obligations from, or in prosecuting any action against, Holdings, the Borrower, the Guarantor, or any other guarantor of all or any part of the Obligations, and (b) to the extent permitted by law, interest on the Obligations and such costs and expenses at the applicable per annum rate set forth in the

Purchase Agreements. Unless otherwise defined herein, the capitalized terms used herein which are defined in the Purchase Agreements shall have the meanings specified therein.

The Guarantor hereby represents and warrants that:

(a) The Guarantor has full power, authority and legal right to execute this Guarantee.

(b) This Guarantee has been duly authorized, executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

(c) No consent, approval or authorization of or filing with any Governmental Body or other Person on the part of the Guarantor is required in connection with this Guarantee.

(d) The execution, delivery and performance of this Guarantee will not violate any provision of any applicable law or regulation or of any order, judgment, writ, award or decree of any court, arbitrator or Governmental Body, domestic or foreign, or of the charter or by-laws of the Guarantor or of any securities issued by the Guarantor or of any mortgage, indenture, lease, contract, or loan agreement to which the Guarantor is a party, or any other agreement, instrument or undertaking to which the Guarantor is a party or which purports to be binding upon the Guarantor or upon any of its assets, and will not result in the creation or imposition of any Lien on any of the assets of the

Guarantor except as contemplated by this Guarantee.

The Guarantor hereby waives notice of acceptance of this Guarantee by any Holder, of any action taken or omitted in reliance hereon or of any default in the payment of any of the Obligations or in the performance of any covenants and agreements of the Borrower contained in the Purchase Agreements or the Notes, and any diligence, presentment, demand, protest, dishonor or notice of any kind.

This Guarantee constitutes a present and continuing Guarantee of payment and performance and not of collectability of the Obligations, and shall be absolute, primary, present and unconditional, and to the extent permitted by applicable law, shall not be subject to any counterclaim, setoff, reduction or defense based upon any claim the Guarantor may have against the Borrower, or any other Person, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected or impaired by any thing, event, happening, matter, circumstance or condition whatsoever (whether or not the Guarantor shall have any knowledge or notice thereof or shall consent thereto), including, without limitation:

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(i) any amendment or other modification of or supplement to any provision of the Purchase Agreements, any other agreements or documents executed or delivered in connection therewith or pursuant thereto or any of the Notes or any assignment or transfer thereof, including without limitation any renewal or extension of the terms of payment of any of the Notes or the granting of time in respect of any payment thereof, or any furnishing or acceptance of security or any release of any security furnished or accepted for any of the Notes or in respect the obligations of the Guarantor hereunder;

(ii) any waiver, consent, extension, granting of time, forbearance, indulgence or other action or inaction under or in respect of this Guarantee or any of the Notes or any exercise or nonexercise of any right, remedy or power in respect hereof or thereof;

(iii) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceedings with respect to the Guarantor, the Borrower or any other Person, or the properties or creditors of any of them;

(iv) the occurrence of any Default or Event of Default, or any invalidity or unenforceability of, or any misrepresentation, irregularity or other defect in, the Purchase Agreements, any other agreement or document executed or delivered in connection therewith or pursuant thereto, any of the Notes or any other agreement;

(v) any transfer of any assets to or from the Guarantor, Holdings or the Borrower, including without limitation any transfer or purported transfer to the Guarantor, Holdings or the Borrower from any Person, any invalidity, illegality of, or inability to enforce, any such transfer or purported transfer, any consolidation or merger of the Guarantor, Holdings or the Borrower with or into any other corporation or entity, or any change whatsoever in the objects, capital structure, constitution or business of the Guarantor, Holdings or the Borrower or any Affiliate or Subsidiary of the Guarantor, Holdings or of the Borrower;

(vi) any failure on the part of the Borrower or any other Person to perform or comply with any term of the Notes, the Purchase Agreements, or any other agreement;

(vii) any suit or other action brought by the Guarantor, Holdings, the Borrower or any other Person, or

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by any stockholder or creditor of any of such Persons, for any reason

whatsoever, including without limitation any suit or action in any way attacking or involving any issue, matter or thing in respect of the Notes, the Purchase Agreements or any other agreement;

(viii) any lack or limitation of status or power, incapacity or disability of the Guarantor, Holdings or the Borrower or of any officer, director or agent of the Guarantor, Holdings or the Borrower or any of their respective stockholders;

(ix) the cessation from any cause whatsoever (other than payment of the Obligations) of liability of the Borrower;

(x) the termination of, or release or compromise of the Purchase Agreements, any other agreement or document executed or delivered in connection therewith or pursuant thereto, any of the Notes or any other agreement, including, without limitation, the Guarantee of Holdings set forth in Section 16.14 of the Purchase Agreements (other than as a result of payment of the Obligations);

(xi) any lack or limitation of the genuineness, validity, regularity or enforceability of the Notes, the Purchase Agreements, any other agreement or document executed or delivered in connection therewith or pursuant thereto, or any other agreement;

(xii) any failure by any of the Holders to take any steps to perfect or maintain their security interest (if any) in or Liens (if any) upon, or to preserve their rights to, any security or collateral for the Obligations;

(xiii) any election by any of the Holders, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C.(S) 101 et seq.) (the "Bankruptcy Code"), of the application of Section 1111(b) (2)

-- --
of the Bankruptcy Code;

(xiv) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of any of the Holders' claims for repayment of the Obligations; or

(xv) any other thing, event, happening, matter, circumstance or condition whatsoever, not in any way limited to the foregoing, which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

The liability of the undersigned Guarantor under this Guarantee shall not exceed at any time the greater of (i) 95% of the Adjusted Net Assets (as hereinafter defined) of the

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Guarantor at the time of delivery hereof and (ii) 95% of the Adjusted Net Assets of the Guarantor at the time of any payment hereunder. As used herein, the term "Adjusted Net Assets" means at any time the lesser of (x) the amount by which the fair market value of the assets of the Guarantor exceeds the total amount of liabilities (including, without limitation, contingent liabilities, but excluding liabilities under this Guarantee) of the Guarantor at such time, and (y) the amount by which the present fair market value of the assets of the Guarantor at such time exceeds the amount that will be required to pay the probable liability of the Guarantor on its debts (excluding debt in respect of this Guarantee), as they become absolute and matured. Contingent liabilities of the Guarantor (including, without limitation, liabilities in respect of guarantees, pension and other employee benefit plans and pending or threatened litigation and claims), shall be valued at amounts which, in light of all the facts and circumstances existing at the time, represent amounts which can reasonably be expected to become actual or matured liabilities.

Notwithstanding anything to the contrary contained herein or in any other agreement, document or instrument, the Guarantor hereby irrevocably waives all rights of subrogation (whether such rights arise under common law, contract or

Federal law, including, without limitation, Section 509 of the Bankruptcy Code) to the claims of the Holders against the Borrower, and waives all contractual, statutory and common law rights of contribution, reimbursement, indemnification and similar rights and claims (as such term is defined in the Bankruptcy Code) against the Borrower which may arise in connection with, or as a result of, this Guarantee.

The Guarantor expressly waives any and all benefits under California Civil Code Sections 2809, 2810, 2819, 2845, 2847, 2848, 2849, 2850, 2899 and 3433 and California Code of Civil Procedure Sections 580(a), 580(b), 580(d) and 726.

The Guarantor expressly waives any right it may have to require any Person seeking enforcement of its obligations hereunder to (a) proceed against the Borrower, Holdings or any other Person, (b) proceed against or exhaust any security, or (c) pursue any other remedy in the power of the Person seeking such enforcement, including without limitation, its remedies pursuant to the Holdings' Guarantee set forth in Section 16.14 of the Purchase Agreements. The Holders from time to time may, at their election, exercise any right or remedy they may have against the Guarantor, including, without limitation, the right to foreclose upon any such security by judicial or non-judicial sale, without affecting or limiting in any way the liability of the Guarantor hereunder, except to the extent the Obligations

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have been paid. The Guarantor waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of the Guarantor against the Borrower, Holdings or any such security, whether resulting from such election by the Holders of the Notes or otherwise.

The Guarantor agrees that its obligations hereunder shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower, Holdings or the Guarantor is rescinded or must be otherwise restored by any Holder of any Notes, whether as a result of any proceedings in bankruptcy or reorganization or otherwise. The Guarantor further agrees that, without limiting the generality of the foregoing, if an Event of Default shall have occurred and be continuing and the Holder is prevented by applicable law from exercising any remedy under this Guarantee or under any of the Notes, such Holder shall be entitled to receive from the Guarantor upon demand therefor, the sums which would otherwise have been due from the Borrower had such remedies been exercised.

The Guarantor agrees that this Guarantee shall continue in full force and effect and may not be terminated or otherwise revoked by the Guarantor until the Obligations shall have been fully discharged.

This Guarantee shall be binding upon the Guarantor and upon the successors and assigns of the Guarantor and shall inure to the benefit of each of the Purchasers and each other Holder and their respective successors and assigns; all references herein to the Borrower, Holdings and to the Guarantor shall be deemed to include their respective successors and assigns, including, without limitation, a receiver, trustee or debtor-in-possession of or for the Borrower, Holdings or the Guarantor. All references to the singular shall be deemed to include the plural where the context so requires.

THIS GUARANTEE SHALL BE CONSTRUED IN ACCORDANCE WITH AND SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES OF SUCH STATE).

THE GUARANTOR CONSENTS AND AGREES TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF NEW YORK, STATE OF NEW YORK, AND WAIVES ANY OBJECTION BASED ON VENUE OR FORUM NON CONVENIENS WITH RESPECT TO ANY ACTION

INSTITUTED THEREIN, AND AGREES THAT ANY DISPUTE CONCERNING THE RELATIONSHIP BETWEEN ANY PURCHASER OR HOLDER OF NOTES, ON THE ONE HAND, AND THE GUARANTOR. ON THE OTHER HAND, OR THE CONDUCT OF ANY PARTY IN CONNECTION WITH THIS GUARANTEE OR

OTHERWISE SHALL BE HEARD ONLY IN THE COURTS DESCRIBED ABOVE.

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THE GUARANTOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY HAND DELIVERY OR MAIL TO THE GUARANTOR AT ITS ADDRESS SET FORTH BELOW. THE GUARANTOR HEREBY CONSENTS TO SERVICE OF PROCESS AS AFORESAID.

NOTHING IN THIS GUARANTEE SHALL AFFECT THE RIGHT OF ANY PURCHASER OR HOLDER OF NOTES TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF ANY PURCHASER OR HOLDER OF NOTES TO BRING ANY ACTION OR PROCEEDING AGAINST THE GUARANTOR OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

Wherever possible each provision of this Guarantee shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guarantee shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guarantee.

THE GUARANTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS GUARANTEE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE GUARANTOR IN RESPECT TO THIS GUARANTEE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. THE GUARANTOR HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS GUARANTEE WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE GUARANTOR TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

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IN WITNESS WHEREOF, this Guarantee has been duly executed by the Guarantor as of the ___ day of November, 1992.

IHOP REALTY CORP.

By:

Title:

Address:

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EXHIBIT E

LEASE

between

IHOP REALTY CORP.,
a Delaware corporation,
Lessor

and

INTERNATIONAL HOUSE OF PANCAKES, INC.,
a Delaware corporation,
Lessee

_____, 1992

LEASE

between

IHOP REALTY CORP.,
a Delaware corporation, Lessor,
and
INTERNATIONAL HOUSE OF PANCAKES, INC.,
a Delaware corporation, Lessee

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E X H I B I T S

Exhibit "A" - Legal Description
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L E A S E

AGREEMENT OF LEASE, made this __ day of _____, 1992, by and between IHOP REALTY CORP., a Delaware corporation, having its principal place of business at 525 N. Brand Boulevard, Third Floor, Glendale, California 91203-1903 (hereinafter called "Lessor"), and INTERNATIONAL HOUSE OF PANCAKES, INC., a Delaware corporation, having its principal place of business at 525 N. Brand Boulevard, Third Floor, Glendale, California 91203-1903 (hereinafter called "Lessee").

W I T N E S S E T H:

ARTICLE I DEMISED PREMISES; TERM

1.1 Demised Premises. For and in consideration of the rents, taxes,

insurance and other charges and expenses to be paid by Lessee, and in consideration of the performance by Lessee of the covenants herein set forth, Lessor does hereby grant, demise and lease to Lessee all that certain real property consisting of approximately _____ (_____) square feet of land, together with the Improvements (as defined in Article 4.1 (hereinbelow) constructed thereon and the rights appurtenant thereto, located and situate in the City of _____, County of _____, State of _____, and more particularly described in Exhibit A attached hereto and, by this reference, incorporated herein (hereinafter referred to as the "Demised Premises").

1.2 Term. The term of this Lease shall commence on the date of the first ----- payment of rent pursuant to Article 2.1 hereinbelow and shall terminate twenty-five (25) years thereafter.

1.3 Options to Extend Term. Provided it shall not then be in default ----- under this Lease (beyond any applicable cure period), Lessee shall have the option to extend said term for an additional period of five (5) years by giving notice to Lessor of its intention to exercise said option at least ninety (90) days prior to the expiration of the original term. Provided it shall not then be in default under this Lease (beyond any applicable cure period), Lessee shall have the option to extend said term for an additional period of five (5) years (less one day) by giving notice to Lessor of its intention to exercise that option at least ninety (90) days prior to the expiration of the first extended term. All of the terms and conditions of this Lease shall apply during each of the aforesaid extended terms, except those pertaining to the initial construction of the Improvements (as defined in Article 4.1 hereinbelow) and expired options to extend the term of this lease.

1.4 Short Form of Lease. Upon the commencement date of the TERM hereof in ----- accordance with Article 1.2 hereinabove, the parties AGREE to execute and record a short form of this Lease, which shall incorporate the provisions of Articles XVII and XIX hereinbelow. In no event shall the parties record a long form lease.

ARTICLE II RENT

2.1 Minimum Monthly Rental. Lessee agrees to pay to Lessor during the ----- full term hereof a minimum monthly rental of _____ Dollars (\$_____) (hereinafter referred to as the "Minimum Monthly Rental"), payable in advance on the first day of each calendar month. Said Minimum Monthly Rental shall commence thirty (30) days after the date of

completion of the Improvements (as defined in Article 4.1 hereinbelow) to be erected on the Demised Premises or when Lessee opens for business, whichever date is earlier. If the first day upon which rent becomes payable is other than the first day of any calendar month, the rent for the balance of said month shall be payable by Lessee at a daily rate based upon the Minimum Monthly Rental.

2.2 Percentage Rent. In addition to the Minimum Monthly Rental agreed to ----- be paid by Lessee, Lessee shall pay to Lessor, at the time and in the manner specified in this Lease, an additional rental in an amount (hereinafter referred to as "Percentage Rent") equal to five percent (5%) of the amount of Lessee's gross sales made in, upon or from the business on the Demised Premises during each calendar year of the term hereof, less (a) the aggregate amount of the Minimum Monthly Rental previously paid by Lessee for said calendar year, (b) all real property taxes and general and

special assessments levied against the Demised Premises as provided in Article 3.1 hereinbelow and paid by Lessee or accrued, (c) all expenses for exterior maintenance and upkeep of the building and adjacent walkways and landscape areas, (d) all premiums for insurance required hereby, and (e) all similar costs and expenses, if any, arising under the terms of the CC&Rs (as defined in Article 20.1 hereinbelow). If the amount of any such deductions in any year exceeds the amount of Percentage Rent payable for said year, then such excess shall be carried forward and applied to reduce the amount of Percentage Rent payable in any succeeding year or portion thereof should this Lease terminate prior to the expiration of a full year. The term "exterior maintenance and upkeep" is not to be construed to include any janitorial or regular maintenance service which is to be provided by Lessee or its assignee without deduction or offset, but rather is intended to include repairs and maintenance for wear and tear. The Percentage Rent shall be paid quarterly (as herein provided) based upon gross sales during such quarterly period. In the event the quarterly payments of Percentage Rent do not in the aggregate equal the Percentage Rent when calculated on an annual basis, then, in such event, an adjustment shall be made within forty-five (45) days after the end of each year of the term hereof, and the party owing money shall promptly pay the amount owed to the other party. Percentage Rent shall be paid quarterly on the twenty-fifth (25th) day of the month immediately following the quarterly period in which the gross sales are made. Notwithstanding expiration or sooner termination of this Lease, Lessee shall pay to Lessor the Percentage Rent on the twenty-fifth (25th) day of the month immediately following expiration or sooner termination for the last quarterly period of the term of this Lease or fraction thereof. For the purposes of computing Percentage Rent for the first and last quarterly periods of the term or extended term of this Lease, if either is less than a full calendar quarter, the prorated Minimum Monthly Rental and other expenses enumerated above for such fractional period shall be deducted from the percentage of sales realized during such fractional period.

2.3 Statements of Gross Sales. Together with the quarterly Percentage

Rent, Lessee shall furnish to Lessor a statement in writing, certified by Lessee to be correct, showing the total gross sales made in, upon or from said restaurant during the said calendar quarter or portion thereof.

2.4 "Gross Sales" Defined. The term "gross sales" as used herein shall

include the entire receipts of each kind and nature from sales and services made in, upon or from the said restaurant, whether upon credit or for cash, whether operated by Lessee or by a sublessee or sublessees, or by a concessionaire or concessionaires, excepting therefrom any rebates and/or refunds to customers, and the amount of all sales tax or similar tax receipts which have to be accounted for by Lessee or by any sublessee or concessionaire to any government or governmental agency. Sales upon credit shall be deemed cash sales and shall be included in the gross sales for the period during which the merchandise is delivered to the customer, whether or not

title to the merchandise passes with delivery. The term "gross sales" shall not include sales from coin operated vending machines.

2.5 Verification of Gross Sales: Audit. Lessee shall keep full, complete

and proper books, records and accounts of its daily gross sales, both for cash and on credit, of each separate department and concession at any time operated in the Demised Premises. Lessor and its agents and employees, upon reasonable notice, shall have the right at any and all times, during regular business hours, to examine and inspect all of the books and records of Lessee (including any sales tax reports) pertaining to the business of Lessee conducted in, upon or from the Demised Premises, which Lessee shall produce upon demand by Lessor or Lessor's agents for the purpose of

investigating and verifying the accuracy of any statement of gross sales. Lessor may once in any lease year cause an audit of the gross sales of Lessee to be made by an independent certified accountant of Lessor's selection, and if the statement of gross sales previously made to Lessor by Lessee shall be found to be understated by more than five percent (5%), Lessee shall immediately pay to Lessor the cost of such audit, not to exceed Five Hundred Dollars (\$500), as well as the additional rental shown to be payable by Lessee to Lessor; otherwise the cost of such audit shall be paid by Lessor. If the statement of gross sales previously made to Lessor by Lessee shall otherwise be found to be incorrect, then the party found to be owing money shall promptly pay over such sums to the other party. It is understood and agreed that the Percentage Rent provisions apply only to sales made in, upon or from the business to be operated upon the Demised Premises and do not apply to sales of any other business.

ARTICLE III TAXES AND ASSESSMENTS

3.1 Taxes and Assessments. Lessee shall pay, as additional rent, all real

estate taxes and assessments (or installments thereof) coming due during the term hereof under any general or special assessments created or imposed during the term hereof, sewer rent and water charges, gas power, electric current and all other taxes and charges in the same or similar categories (sometimes hereinafter referred to collectively as "impositions" and individually as "imposition") levied or imposed upon the Demised Premises or Improvements (as defined in Article 4.1 hereinbelow), or arising from the use and occupancy or possession of the Demised Premises or the Improvements (as defined in Article 4.1 hereinbelow), it being the intention of the parties that the Minimum Monthly Rental to be received by Lessor shall be a net rental to Lessor and not subject to any deductions whatsoever arising from the use and occupancy of the Demised Premises by Lessee. Lessee shall pay such additional rent directly to the taxing authorities, utility companies or other entities to whom such charges may be payable, and shall, upon written request therefor, furnish to Lessor reasonable satisfactory evidence of the payment of the same. In the event that Lessee fails to make any such payment within the period (or grace period) provided for the payment thereof, Lessor may, at its option, pay the same, and Lessee shall immediately reimburse Lessor therefor.

3.2 Installment Payments. If any assessment is payable at the option of a

taxpayer in installments, Lessee may pay it in equal annual installments as they respectively become due; provided, however, that in no event shall Lessee be required to reimburse Lessor for any installments attributable to any period after the expiration of the term of this Lease.

3.3 Personal Property Taxes. Lessee shall also pay all personal property

tax levied upon the personal property on the Demised Premises during the term of this Lease.

3.4 Proration. All of the above impositions (except utility or other

charges attributable solely to Lessee's use) for the first

year of the term hereof shall be prorated between the parties as of the commencement date hereof, and during the last year of the term hereof, shall be prorated as of the termination date.

3.5 Contest. Lessee, at its own expense, may contest any impositions in

any manner permitted by law, in Lessee's name, and, whenever necessary, in Lessor's name. Lessor will cooperate with Lessee and execute any documents

or pleadings required for such purpose. Such contest may include appeals from any judgment(s), decree(s) or order(s) until a final determination is made by a court or governmental department or authority having final jurisdiction in the matter. Before commencing any such contest, Lessee shall obtain a surety bond sufficient to cover the amount of the possible imposition which would be due if the decision were adverse to Lessee.

ARTICLE IV
CONSTRUCTION OF IMPROVEMENTS; REPAIR AND MAINTENANCE;
ALTERATIONS AND IMPROVEMENTS

4.1 Construction of Improvements. Lessor has heretofore constructed upon

the Demised Premises, at Lessor's sole cost and expense, an air conditioned restaurant together with a paved parking lot and a free-standing sign in accordance with plans and specifications, as approved by all governmental agencies having jurisdiction therefor, the master plans for which have been heretofore approved by the parties hereto (hereinafter referred to as the "Improvements").

4.2 Repair and Maintenance. Lessee agrees that during the term hereof it

will make, at its own expense, all necessary repairs to the Improvements upon the Demised Premises, including all parking areas and sidewalks, and that it will keep the Demised Premises and the Improvements thereon in good condition and repair throughout the entire term of this Lease.

4.3 Alterations and Improvements. Lessee shall have the right at any

time and from time to time during the term of this Lease, at its own expense, to make changes or alterations, structural or otherwise, to the Improvements on the Demised Premises and to erect, construct or install upon the Demised Premises buildings and improvements in addition to or in substitution for those now or hereafter located thereon, and to demolish and remove the Improvements or any other structures hereafter located on the Demised Premises for the purposes of replacing the same; provided, however, that the fair market value of all improvements on the Demised Premises following each such change, alteration, construction or installation shall be at least equal to the fair market value of all improvements on the Demised Premises immediately prior to such change, alteration, construction or improvement. Lessee shall make no structural changes or alterations at any given time of a cost in excess of Ten Thousand Dollars (\$10,000) without first having secured the consent of Lessor, which consent shall not be unreasonably delayed or withheld.

ARTICLE V
LIENS

5.1 Discharge of Liens; Contest. Except as hereinafter provided, Lessor

reserves the fee in the Demised Premises and specifically does not consent by virtue of this Lease that said fee or the remainder interest of Lessor in the Demised Premises shall be subject to any lien for labor or materials furnished to Lessee in the repair or improvement of the Demised Premises. While the parties intend hereby that the interest of Lessor hereunder cannot be subjected to any lien on account of Lessee's use of or actions with respect to the Demised Premises and that any future modifications of law to the contrary would constitute an impairment of vested rights hereunder, nevertheless, should a court of competent

Jurisdiction hold that, or should a valid statute be enacted whereby, any interest of Lessor in the Demised Premises at any time hereafter shall be subjected to any such lien, then Lessee shall, within thirty (30) days

after written notice to Lessee of the existence and perfection of said lien, cause said lien to be bonded or discharged and shall otherwise save Lessor harmless on account thereof; provided, however, that if Lessee desires in good faith to contest the validity or correctness of any such lien, it may do so and Lessor shall cooperate to whatever extent shall be necessary, provided only that Lessee must indemnify Lessor against any loss, liability or damage on account thereof.

ARTICLE VI USE OF PREMISES

6.1 Permitted Use. Lessee, its sublessees or assignees, shall use the

Demised Premises for the purpose of conducting thereon the business of a restaurant or a coffee shop and for incidental purposes related thereto, or for any other legally permissible business or commercial venture; provided, however, that Lessee shall not use the Demised Premises in such manner as to knowingly violate the CC&Rs (as defined in Article 20.1 hereinbelow) or any applicable law, rule, ordinance or regulation of any governmental body.

ARTICLE VII LIABILITY INSURANCE

7.1 Lessee's Insurance. Lessee agrees that on or before the commencement

of the term of this Lease it will obtain for the mutual benefit of Lessor and Lessee public liability insurance covering the Demised Premises from an insurance company authorized (or admitted) to do business in the state in which the Demised Premises are located. Said policy or policies shall be for an amount of at least Two Million Dollars (\$2,000,000) Combined Single Limit for the death or injury to one (1) or more persons or property damage, which said policy or policies to insurance shall name Lessor as an additional assured thereunder, and Lessee agrees to maintain same at Lessee's sole cost and expense in full force and effect during the entire term of this Lease. Lessee shall furnish Lessor with a copy of such insurance coverage, or with a certificate of the company issuing such insurance, certifying that the same is in full force and effect. Lessee may, at its option, bring its obligations to insure hereunder under any so-called blanket policy or policies of insurance; provided, however, that the interests of Lessor shall be as fully protected thereby as if Lessee obtained individual policies of insurance.

ARTICLE VIII BANKRUPTCY

8.1 Continuation of Lease. If at any time during the term hereof

proceedings in bankruptcy, insolvency or other similar proceedings shall be instituted by or against Lessee, whether or not such proceedings result in an adjudication against Lessee, or should a receiver of the business or assets of Lessee be appointed, such proceedings or adjudications shall not affect the validity of this Lease, so long as the Minimum Monthly Rental and additional rent reserved hereunder continues to be paid to Lessor and the other terms, covenants and conditions of this Lease on the part of Lessee to be performed, are performed, and in such event this Lease shall continue to remain in full force and effect in accordance with the terms herein contained.

ARTICLE IX ASSIGNMENT AND SUBLetting

9.1 Assignment. Lessee may not assign this Lease, in whole or in part,

without first obtaining the prior written consent of Lessor, which consent shall not be unreasonably delayed or withheld; provided, however, that Lessee may, without such consent, assign this Lease, in whole or in part, as security or otherwise to any national or state chartered bank or lending institution or corporation controlled by, controlling, or under common control with Lessee, it being understood that Lessee shall remain liable hereunder, or to any surviving corporation resulting from a merger or consolidation of Lessee with any other corporation, or to any corporation which purchases or otherwise acquires all or substantially all of the assets of Lessee. Any consent to any assignment shall not be deemed to be a consent to any subsequent assignment. Any assignment by Lessee other than in accordance with this Article IX shall be void.

9.2 Subletting. Lessee or its assignee shall have and is hereby given the

unqualified right and privilege, at its option, of subletting the Demised Premises, in whole or in part, subject to all of the rents, terms and conditions of this Lease. It is specifically understood and agreed by and between Lessor and Lessee that any subletting which Lessee or its assignees make, as permitted herein, shall in no event relieve Lessee of the obligations of Lessee hereunder, and that the right of subletting shall be that of Lessee or its assignees only, and shall not extend to any subtenant.

ARTICLE X REMEDIES IN THE EVENT OF DEFAULT

10.1 Remedies. In the event of any breach of this Lease by Lessee which

shall not have been cured within fifteen (15) days after Lessee shall have received notice of such breach (or if such breach is not in payment of money, if within such period Lessee shall not have commenced to cure said breach and shall not thereafter continue its efforts with due diligence), then Lessor may, at Lessor's option and without limiting Lessor in the exercise of any other rights or remedies which Lessor may have at law or in equity by reason of such default or breach, with or without notice of demand:

(A) without terminating this Lease, reenter the Demised Premises with or without process of law and take possession of the same and expel or remove Lessee and all other parties occupying the Demised Premises, and at any time and from time to time to relet the Demised Premises or any part thereof for the account of Lessee, for such term, upon such conditions and at such rental as Lessor may deem proper. In such event Lessor may receive and collect the rent from such reletting and apply it against any amounts due from Lessee hereunder (including, without limitation, such expenses as Lessor may have incurred in recovering possession of the Demised Premises, placing the same in good order and condition, altering or repairing the same for reletting, and all other expenses, commission and charges, including attorney's fees, which Lessor may have paid or incurred in connection with such repossession and reletting). Lessor may execute any Lease made pursuant hereto in Lessor's name or in the name of Lessee, as Lessor may see fit, and the Lessee thereunder shall be under no obligation to see to the application by Lessor of any rent collected by Lessor, nor shall Lessee have any right to collect any rent thereunder. Whether or not the Demised Premises are relet, Lessee shall pay to Lessor all amounts required to be paid by Lessee up to the date of Lessor's reentry, and thereafter Lessee shall pay to Lessor, until the end of the term hereof, the amount of all rent and other charges required to be paid by Lessee hereunder, less the proceeds of such reletting as provided

above. Such payments by Lessee shall be due at such times as are provided elsewhere in this Lease, and Lessor need not wait until the termination of this Lease to recover them by legal action or otherwise. Lessor shall not, by any reentry or other act, be deemed to have terminated this Lease or the liability of Lessee for the total rent hereunder unless Lessor shall give Lessee written notice of Lessor's election to terminate this Lease.

(B) terminate this Lease by giving written notice to Lessee of Lessor's election to so terminate, reenter the Demised Premises with or without process of law and take possession of the same and expel or remove Lessee and all other parties occupying the Demised Premises. In such event, Lessor shall thereupon be entitled to recover from Lessee:

- (i) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus
- (ii) the worth at the time of award of the amount by which (A), the unpaid rent which would have been earned after termination until the time of award, exceeds (B), the amount of such rental loss Lessee proves could have been reasonably avoided; plus
- (iii) the worth at the time of award of the amount by which (A), the unpaid rent for the balance of the term after the time of award, exceeds (B), the amount of such rental loss that Lessee proves could be reasonably avoided; plus
- (iv) any other amount reasonably necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom.

As used in Subsections (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum. As used in Subsection (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

ARTICLE XI PROPERTY INSURANCE

11.1 Lessee to Obtain "All Risk" Insurance. Lessee will, at Lessee's own

cost and expense, carry and maintain fire insurance with extended coverage endorsement with an insurance company authorized (or admitted) to do business in the state in which the Demised Premises are located, for the mutual benefit of Lessee, Lessor, and its mortgagee, if any, on all buildings erected upon the Demised Premises in an amount equal to at least one hundred percent (100%) of the full replacement cost thereof, excluding foundation and excavating costs. As often as any such policy or policies shall expire or terminate, renewal or additional policies shall be procured by Lessee in like manner and to like extent. Proceeds of any such policies, in the event of fire or other casualty, shall be payable to Lessor and Lessee, as their respective interests may appear, and in accordance with the terms of Article XII hereinbelow. Lessee shall furnish Lessor with a copy of such insurance coverage, or with a certificate of the company issuing such insurance, certifying that the same is in full force and effect.

11.2 Blanket Policy. Lessee may, at its option, bring its obligations to

insure under this Article XI within the coverage of any so-

called blanket policy or policies of insurance which it may now or hereafter carry, by appropriate amendment, rider endorsement, or otherwise; provided, however, that the interest of Lessor shall thereby be as fully protected as they would otherwise be if this option to Lessee to use blanket policies were not permitted.

ARTICLE XII DAMAGE AND DESTRUCTION

12.1 Abatement of Rent. Notwithstanding any statute or rule of law of the

state in which the Demised Premises are located to the contrary, in the event of any damage or destruction to the Improvements, or any part thereof, by fire or other casualty, this Lease shall continue in full force and effect, except that until either such damage or destruction shall be repaired, or in the alternative this Lease shall be terminated as hereinafter provided in this Article XII, all rent, additional rent and other charges payable hereunder by Lessee shall abate so that Lessee shall be required to pay only a fraction thereof, the numerator of which shall be the fair rental value of the Demised Premises and Improvements thereto after such damage or destruction, and the denominator of which shall be the fair rental value of the Demised Premises and Improvements thereto immediately prior to such damage or destruction, provided, however, if the damage or destruction is such that Lessee's business at the Demised Premises cannot reasonably or lawfully be continued after the date of said damage or destruction, said rent, additional rent and other charges hereunder shall abate entirely.

12.2 Restoration of Improvements - Insured Loss. If the damage or

destruction of the Improvements was caused by a peril or perils covered under a standard fire insurance policy, with "extended coverage" endorsement, then Lessee shall proceed, within a reasonable period of time after the date of the occurrence of such damage or destruction, to repair, restore and replace said Improvements and shall have available to it any proceeds from the property insurance to be maintained by Lessee pursuant to Article 11.1 hereinabove.

12.3 Restoration of Improvements - Uninsured Loss. If the damage or

destruction of the Improvements was not caused by a peril or perils covered under a standard fire insurance policy, with "extended coverage" endorsement, then Lessor may, within thirty (30) days after the occurrence of said damage or destruction, pay to Lessee such amount as shall be required by Lessee to make such repair, restoration and replacement. Lessee shall then proceed with due diligence to so repair, restore and replace said Improvements. In the event Lessor shall elect not to pay such amount, Lessor shall give Lessee written notice thereof within thirty (30) days after the occurrence of said damage or destruction, and Lessee shall then have fifteen (15) days to elect to pay such amount itself and to serve Lessor with written notice of its said election. In the event Lessee elects to pay such amount, then, in such event, Lessee shall, at its option, be permitted to extend the term hereof for a period sufficient, if required, to result in Lessee having a minimum term, including any available options to extend, of ten (10) years remaining after the date of completion of the repairs, replacement or restoration; said extended term to be under the same terms and conditions in effect just prior to the expiration of the preceding term. In the event Lessee elects to extend said term pursuant to this Article XII, it shall serve Lessor with written notice thereof within the same fifteen (15) day period during which Lessee has the right to elect to pay the aforementioned amount. In the event neither party shall elect to pay such amount, then, upon the expiration of the fifteen (15) day period during which Lessee has the right to elect to pay such amount, this Lease shall terminate.

12.4 Extension of Lease. In the event this Lease continues in full force

and effect and is not terminated or otherwise extended pursuant to the provisions of this Article XII, and there has been an abatement of rent, the then current term of this Lease shall be

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extended by the total number of months during which there was such an abatement; however, in no event shall the abatement of rent exceed six (6) months duration in connection with each instance of damage or destruction during the term or extended term hereof.

ARTICLE XIII CONDEMNATION

13.1 Complete Taking. If at any time during the term of this Lease, or

any extension thereof, the whole of the Demised Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain, including any such taking by "inverse condemnation," then this Lease shall terminate as of the date that title shall vest in the condemnor, and the rent and additional rent payable hereunder shall be adjusted and paid to the date of such termination.

13.2 Partial Taking. If at any time during the term of this Lease, or any

extension thereof, any part of the building, or twenty percent (20%) or more of the designated parking spaces, or any part of a driveway or other access way reasonably necessary for access to the business upon the Demised Premises shall be so taken, Lessee shall have the right to terminate this Lease as of the date that title shall vest in the condemnor, by giving written notice of such termination to Lessor within ninety (90) days after notice to Lessee of the date of such vesting. In such event, the rent and additional rent payable hereunder shall be adjusted and paid to the date of such termination.

13.3 Allocation of Condemnation Award. In the event of such a

condemnation of the whole or a part of the Demised Premises, Lessor shall have the unqualified right to pursue its remedies against the condemnor for the full value of Lessor's fee interest and other property interests in and to the Demised Premises. Similarly, Lessee shall have the unqualified right to pursue its remedies against the condemnor for the full value of Lessee's leasehold interest and other property interest in and to the Demised Premises. If the laws of the state in which the Demised Premises are located allow or require the recovery from the condemnor to be paid into a common fund or to be paid to Lessor only, and if such recovery is so paid into such common fund or to Lessor only, then in that event the recovery so paid shall be apportioned between the parties according to the value of their respective property interests as they existed on the date of such condemnation. The provisions of this Article 13.3 shall survive any termination of this Lease pursuant to the provisions of Articles 13.1 or 13.2 hereinabove.

13.4 Rent Reduction in Case of Partial Taking. If at any time during the

term of this Lease, or any extension thereof, a part of the Demised Premises shall be taken by condemnation, and Lessee shall not be entitled to or shall not exercise its right to terminate, this lease shall continue in full force and effect, except that the net Minimum Monthly Rental shall be reduced as of the date of vesting in the condemnor so that Lessee shall pay, for the remainder of the term, only such portion of the Minimum Monthly Rental as the rental value of the part remaining after condemnation bears to the rental value of the entire demised premises at the date of condemnation. Lessor shall have the obligation to pay for the

cost of and to perform the construction, repair, alteration or restoration of the remaining part of the Demised Premises so the same shall constitute a complete unit suitable for the use made by Lessee immediately prior to said condemnation.

ARTICLE XIV
QUIET ENJOYMENT AND TITLE

14.1 Covenant of Quiet Enjoyment. Lessee, subject to the terms of this

Lease, upon paying the Minimum Monthly Rental and additional

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rent and performing the other terms, covenants and conditions of this Lease, shall and may peaceably and quietly have, hold, occupy, possess and enjoy the Demised Premises during the term of this Lease.

14.2 Right to Possession. Lessor covenants, warrants and represents that

the Demised Premises are now unoccupied and tenant-free, and that absolute, tenant-free possession of the Demised Premises will be delivered to Lessee on the date of the commencement of the term hereof.

14.3 Superior Encumbrances. Lessor further covenants, warrants and

represents that there are no liens, mortgages or encumbrances on the Demised Premises superior to the rights of Lessee under this Lease, except as set forth in Article 20.1 hereinbelow and for the lien of a first mortgage which may have been heretofore or may hereafter be made by Lessor.

14.4 Ownership; Authority; Restrictions. Lessor further covenants,

warrants and represents that Lessor is the owner in fee of the Demised Premises and alone has the full right to lease the Demised Premises for the term and/or extended term as aforesaid; that there are no existing restrictions or encumbrances affecting the Demised Premises which would prohibit the use and occupancy thereof as a restaurant; and that the Demised Premises are not subject to any zoning laws or regulations which would prohibit or restrict the construction, maintenance and operation of a restaurant. It is expressly understood and agreed that these covenants by Lessor constitute a warranty by Lessor, and that in case Lessor is not the owner or has not the right aforesaid, or in case there are any such restrictions, (a) this Lease, at the option of Lessee, shall become null and void and no rent shall accrue for the term aforesaid or for any part thereof, and (b) Lessee may pursue any remedy available at law or in equity to recover damages or other relief.

ARTICLE XV
TRADE FIXTURES

15.1 Ownership Removal. Lessor and Lessee acknowledge, consent and agree

that all furniture, fixtures, and equipment installed in or on or located in or about the Improvements or other parts of the Demised Premises, whether affixed to the Demised Premises or otherwise (hereinafter referred to as the "Trade Fixtures"), are being leased by Lessor to Lessee under the terms of that certain Equipment Master Lease of even date herewith between Lessor, as lessor, and Lessee, as lessee, and the Trade Fixtures shall at all times remain the property of Lessor and the same may not be removed by Lessee at any time during the term hereof or upon the expiration or earlier termination of the term hereof.

ARTICLE XVI

SUBORDINATION

16.1 Subordination. Provided that Lessor furnishes to Lessee an

agreement in writing and in recordable form from any present or future
mortgagee or holder of a deed of trust or other encumbrance with respect to
the Demised Premises, that:

(A) such person shall not for any reason disturb the possession, use
or enjoyment of the Demised Premises by Lessee, its successors and
assigns, so long as all of the obligations of Lessee are fully
performed in accordance with the terms of this Lease; and

(B) such person shall permit application of the insurance proceeds
and condemnation proceeds in accordance with Articles XII and XIII
hereinabove, respectively, in the

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event of damage or destruction to the Improvements or condemnation of
the Improvements or any part of the Demised Premises,

Lessee agrees to subordinate its rights hereunder to the lien of such
mortgage, deed of trust or other encumbrance which may now or hereafter
affect the Demised Premises. Provided such agreement is obtained, Lessee
shall, upon demand, promptly execute and deliver to Lessor any instrument
which may be necessary to effectuate such subordination.

ARTICLE XVII
RIGHT OF FIRST REFUSAL

17.1 Purchase. If at any time after the date of the mutual execution of

this Lease and prior to the date of the expiration of the term or extended
term of this Lease, Lessor shall desire to sell the Demised Premises or the
property of which the Demised Premises are a part, Lessee shall have the
right of first refusal as follows: Lessor shall give to Lessee a notice in
writing specifying the terms and conditions upon which it desires to sell
the Demised Premises and offering to sell same to Lessee upon said terms
and conditions. Within ten (10) days after receipt of said notice, Lessee
shall either accept or reject said offer. If Lessee shall reject said
offer, then for a period of ninety (90) days after the expiration of said
ten (10) day period Lessor shall be free to sell to any other person upon
the terms and conditions specified in said notice. If the sale is to be
made on terms and conditions other than so specified, then the right to
purchase shall again be offered to Lessee as set forth above. The
rejections of any one or more such offers by Lessee shall not affect its
right of first refusal as to any other sales by Lessor or its successors or
assigns.

17.2 Lease. If at any time after the date of the mutual execution of this

Lease and prior to the date of the expiration of the term or extended term
of this Lease, Lessor shall desire to lease the Demised Premises for a term
commencing after the expiration of the term or extended term hereof, Lessee
shall have the right of first refusal as follows: Lessor shall give to
Lessee a notice in writing specifying the terms and conditions upon which
it desires to lease the Demised Premises and offering to lease same to
Lessee upon said terms and conditions. Within ten (10) days after receipt
of said notice, Lessee shall either accept or reject said offer. If Lessee
shall reject said offer, then for a period of ninety (90) days after the
expiration of said ten (10) day period Lessor shall be free to lease to any
other person upon the terms and conditions specified in said notice. If
the lease is to be made on terms and conditions other than so specified,
then the right to lease shall again be offered to Lessee as set forth
above. The rejections of any one or more such offers by Lessee shall not

affect its right of first refusal as to any other proposed Leases by Lessor or its successors or assigns.

17.3 Incorporation in Short Form of Lease. The provisions of Articles

17.1 and 17.2 hereinabove shall be included in the short form of this lease provided in Article 1.4 hereinabove.

ARTICLE XVIII
REMOVAL OF DISTINCTIVE FEATURES

18.1 Removal; Repairs. Lessor agrees that upon the expiration of the

term of this lease, or any extension thereof, or upon the earlier termination thereof as provided for herein, Lessee shall have the unqualified right to remove from the Demised Premises and the Improvements thereon all signs or other distinctive features or Lessee's operation. Lessee shall, at its expense, repair any damage to the building caused by such removal. In addition, Lessee, at its sole cost and expense, shall have the right, but not the obligation,

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to paint the Improvements in a neutral color. Lessor agrees that Lessor will not thereafter cause, permit or suffer the Improvements to be painted the colors or combination of colors associated with the operations of Lessee or its corporate affiliates.

ARTICLE XIX
PROHIBITION AGAINST COMPETITION AND PROTECTION FOR EXPOSURE

19.1 Lessor's Covenant. Lessor agrees that during the term or extended

term of this Lease it will not permit, lease, allow or use, either by itself or any tenants thereof, directly or indirectly, any portion of the property of which the Demised Premises are a part or any property within one (1) mile of the Demised Premises now or hereafter owned or controlled by Lessor for any kind of restaurant, diner, coffee shop, luncheonette or any other business involving "on the premises consumption of food or beverage."

19.2 Lessee's Remedies for Breach. The covenant of Lessor contained in

Article 19.1 hereinabove is a material inducement for Lessee to enter into this Lease, and upon any breach by Lessor of said covenant, which breach is not cured within thirty (30) days after written notice thereof by Lessee to Lessor, Lessee shall have the right to pursue all of its rights available at law or in equity, including cancellation of this Lease, a suit for damages, and/or a suit for injunctive relief (it being understood that the enumeration of the foregoing rights and remedies shall not preclude the exercise of any other rights or remedies which might be available at law or in equity).

19.3 Incorporation in Short Form of Lease. The provisions of Articles

19.1 and 19.2 hereinabove shall be included in the short form of this Lease provided in Article 1.4 hereinabove.

ARTICLE XX
TITLE CONSIDERATIONS

20.1 CC&Rs; Lender's Lien. Lessee hereby acknowledges, consents and

agrees that the Demised Premises and this Lease shall be subject and

subordinate to all of those covenants, conditions, restrictions, easements and other matters specified on Exhibit B attached hereto and, by this

reference, incorporated herein (hereinbefore and hereinafter collectively referred to as the "CC&Rs"), as well as the lien of any mortgage, deed to secure debt, or deed of trust, as the case may be, securing the obligations of Lessor under the terms of any credit agreement between Lessor, as borrower, and any third party, as lender, that may heretofore or hereafter be secured against the Demised Premises. Additionally, Lessee hereby agrees to perform and abide by all of the terms, covenants, conditions, obligations and undertakings of Lessor under the CC&Rs.

ARTICLE XXI
HAZARDOUS SUBSTANCE OR WASTE

21.1 Mutual Indemnity. Lessor hereby represents and warrants that, to

the best of its knowledge, there does not exist on, in or under the Demised Premises (including the parking area) any "hazardous substance" or "hazardous waste" as those terms are used under the various federal and state environmental laws (hereinafter referred to as the "hazardous substance/waste"); and in the event such Hazardous Substance/Waste is discovered at any time during the term of this Lease or extensions thereof under circumstances where it is reasonably clear that such hazardous Substance/Waste became present on or before the commencement of the term hereof, Lessor shall indemnify, defend (with counsel reasonably satisfactory to Lessee), and hold and save Lessee and its sublessees harmless from and against all claims, liabilities, actions, judgments, responsibilities and damages of every kind and nature arising from or

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related to the presence of said Hazardous Substance/Waste; and in the event such Hazardous Substance/Waste is discovered at any time during the term of this Lease or extensions thereof, or any time thereafter, under circumstances where it is reasonably clear that such Hazardous Substance/Waste became present at any time after the commencement of the term hereof until the expiration or earlier termination of this Lease, Lessee shall indemnify, defend (with counsel reasonably satisfactory to Lessor) and hold and save Lessor harmless from and against all claims, liabilities, actions, judgments, responsibilities and damages of every kind and nature arising from or related to the presence of said Hazardous Substance/Waste during said period.

ARTICLE XXII
REAL ESTATE COMMISSIONS

22.1 Payment; Mutual Indemnity. Each party represents to the other party

that it has not dealt with any real estate broker or other person acting in a similar capacity who might be entitled to a commission or finder's fee in this transaction; and each party hereby indemnifies the other party and agrees to hold the other party harmless from any commission and/or finder's fee claims arising through actions of the indemnifying party in derogation of the representations contained herein.

ARTICLE XXIII
NOTICES AND DEMANDS

23.1 To Lessor. Any notices or demands required or permitted by law or

any provisions of this Lease shall be in writing, and, if the same is to be served upon Lessor, may be deposited in the United States mail, registered or certified, with return receipt requested, postage prepaid, and addressed

to Lessor at the address first above stated or at such other address as Lessor may designate in writing, or in lieu of mailing any such notice or demand, the same may be personally delivered to said party at such address. At all times, Lessor may designate in writing any person(s), firm(s) or corporation(s) to receive all notices and demands, and service upon any one of those persons, firms or corporations as so designated shall constitute sufficient service upon Lessor.

23.2 To Lessee. Any such notice or demand to be served upon Lessee shall

be in writing and in duplicate, and shall be served either personally to the attention of the Legal Department at 525 N. Brand Boulevard, Third Floor, Glendale, California 91203-1903, or by deposit in the United States mail, registered or certified, return receipt requested, postage prepaid, addressed to Lessee attention of Legal Department, at P.O. Box 29018, Glendale, California 91209-9018, or any other address that Lessee may designate in writing.

ARTICLE XXIV ATTORNEYS' FEES

24.1 Paid to Prevailing Party. In the event any action or proceeding is

commenced with respect to any claim or controversy by the parties hereto arising from the breach, interpretation, or enforcement of this Lease or the exhibits attached hereto, the prevailing party or parties in such action or proceeding shall receive and be entitled to, in addition to any and all other relief, all costs and expenses, including reasonable attorneys' fees, incurred by it in such action or proceeding.

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ARTICLE XXV GENERAL PROVISIONS

25.1 Binding on Successors. All of the covenants, agreements, provisions

and conditions of this Lease shall inure to the benefit of and be binding upon the parties hereto, their successors, legal representatives and assigns.

25.2 Severability. If any term or provision of this Lease or the

application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

25.3 Entire Agreement. This Lease and the exhibits attached hereto

contain the entire agreement between the parties and shall not be modified in any manner except by an instrument in writing executed by the parties hereto or their respective successors in interest.

25.4 Captions. The captions are inserted only as a matter of convenience

and for reference, and in no way define, limit or describe the scope of this Lease or the intention of the parties hereto, nor do they in any way affect this Lease.

25.5 Gender and Number. Words of any gender in this Lease shall be held

to include any other gender, and words in the singular number shall be held to include the plural when the sense requires.

25.6 Approvals. Wherever Lessor's approval or consent is required

herein, approval or consent shall not be unreasonably delayed or withheld.

25.7 No Waiver. No waiver by Lessor or Lessee of any breach of any

provision of this Lease shall be deemed a waiver of any breach of any other
provision hereof or of any subsequent breach by Lessee or Lessor of the
same or any other provision.

25.8 Holdover. In the event Lessee shall hold over after the term of

this Lease with the consent, express or implied, of Lessor, such holding
over shall be construed to be a tenancy only from month to month, and
Lessee shall pay the rent, additional rent and other sums as herein
required for such further time as Lessee may continue its occupancy. The
foregoing does not affect Lessor's right of reentry or any rights of Lessor
hereunder or as otherwise provided by law.

25.9 Time of Essence. Time is of the essence of this Lease and the

exhibits attached hereto and every provision herein and therein.

25.10 Governing Law. This agreement shall be governed by and construed in

accordance with the laws of the state in which the Demised Premises are
located.

25.11 Counterparts. This Lease may be executed in any number of

counterparts, each of which shall be deemed an original but all of which
shall constitute one and the same instrument.

25.12 No Third Party Rights. The terms and provisions of this Lease

shall not be deemed to confer any rights upon, nor obligate any parties
hereto to, any person or entity other than the parties hereto.

25.13 Unexecuted Lease. The submission of this Lease for review or

execution does not constitute a reservation of or option for the rights
conferred herein. This Lease shall become effective as a lease only upon
execution and delivery thereof by both Lessor and Lessee.

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25.14 Lessor's Right of Entry. Lessor reserves the right to enter upon

the Demised Premises at any time during business hours to inspect same or
for the purpose of exhibiting same to prospective purchasers, mortgagees,
and, during the last six (6) months of the term hereof or any extensions
thereof, to prospective lessees. Lessor may post any customary sign stating
"for lease" or "for sale" during the last six (6) months of the term or
extended term hereof.

25.15 Estoppel Certificates. Lessor and Lessee agree that within fifteen

(15) days following the written request by either, or both, to the other,
to execute and deliver to the requesting party a certificate (a) certifying
that this Lease is unmodified and in full force and effect, or, if
modified, stating the nature of such modification and certifying that this
Lease, as so modified, is in full force and effect, and the date to which
the rent and other charges hereunder are paid in advance, if any, and (b)
acknowledging that there are not, to the certifying party's knowledge, any
uncured defaults hereunder on the part of the requesting party, or so
specifying such defaults, if any, as are claimed by the certifying party.

25.16 Due Authorization. Each person executing this Lease on behalf of

Lessor and Lessee, respectively, warrants and represents that the partnership, joint venture or corporation, as the case may be, for whom he or she is acting, has duly authorized the transactions contemplated herein and the execution of this Lease by him or her.

25.17 Relationship of Parties. Nothing contained in this Lease shall be

deemed to constitute a partnership or joint venture between Lessor and Lessee, and Lessor and Lessee's relationship herein shall only be deemed to be one of landlord and tenant.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

LESSOR:

IHOP REALTY CORP., a Delaware corporation

By: _____
Richard K. Herzer

Its: President

LESSEE:

INTERNATIONAL HOUSE OF PANCAKES, INC.,
a Delaware corporation

By: _____
Richard K. Herzer

Its: President

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State of California)
County of Los Angeles)

On _____, 1992, before me, _____, personally appeared RICHARD K. HERZER, President of IHOP REALTY CORP., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(Seal)

State of California)
County of Los Angeles)

On _____, 1992, before me, _____,

personally appeared RICHARD K. HERZER President of INTERNATIONAL HOUSE OF PANCAKES, INC., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (SEAL)

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EXHIBIT F-1

Form of Quarterly Compliance Statement

THE UNDERSIGNED, _____ of International House of Pancakes, Inc., a Delaware corporation (the "Borrower"), and _____, _____ of IHOP Corp., a Delaware corporation ("Holdings"), pursuant to Section 8(A)(2) of the several Senior Note Purchase Agreements, dated as of November 19, 1992 (the "Purchase Agreements"), among the Borrower, Holdings, and the Purchasers listed in Schedule 1 thereto, do hereby certify as follows (capitalized terms used herein shall have the meanings ascribed thereto in the Purchase Agreements):

(a) as at the end of the quarterly accounting period ending _____, the financial covenants set forth in Sections 11.2 through 11.8 of the Purchase Agreements, inclusive, have [have not] been met, and the maximum amount of dividends or distributions that could have been declared or paid pursuant to Section 11.5 of the Purchase Agreements is \$ _____, and attached hereto as Exhibit A are computations and other pertinent information demonstrating the accuracy of the matters set forth in this clause (a);

(b) attached hereto as Exhibit B are calculations setting forth the maximum amount of Funded Debt that could have been incurred as at the end of the quarterly accounting period ending _____, pursuant to Sections 11.2(B) and 11.2(C) of the Purchase Agreements;

(c) as at the end of the quarterly accounting period ending _____, the Liens on Property or assets of Holdings or its Subsidiaries or securing Debt of Holdings or its Subsidiaries, as the case may be, do [do not] exceed the threshold set forth in Section 11.1(I) of the Purchase Agreements, and attached hereto as Exhibit C are computations and other pertinent information demonstrating the accuracy of the matters set forth in this clause (c); and

(d) attached hereto as Exhibit D are calculations (and materials in support of the basis therefor) setting forth the maximum amount of additional Funded Debt secured by Liens that could have been incurred under Section 11.1(I) of the Purchase Agreements.

IN WITNESS WHEREOF, the undersigned have signed their names this _____ day of _____, _____.

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: _____
Name: _____
Title: _____

IHOP CORP.

By: _____
Name:
Title:

EXHIBIT F-2

Form of Compliance Certificate

THE UNDERSIGNED, _____, _____ of International House of Pancakes, Inc., a Delaware corporation (the "Borrower"), and _____ of IHOP Corp., a Delaware corporation ("Holdings"), pursuant to Section 8(C) of the several Senior Note Purchase Agreements, dated as of November ___, 1992 (the "Purchase Agreements"), among the Borrower, Holdings and the Purchasers listed in Schedule I thereto, do hereby certify as follows (capitalized terms used herein shall have the meanings ascribed thereto in the Purchase Agreements):

Based upon such examination or investigation and review of the Purchase Agreements as in the opinion of the undersigned is necessary to enable the undersigned to express an informed opinion with respect thereto, no Default or Event of Default by Holdings, the Borrower or any of their Subsidiaries in the fulfillment of any of the terms, covenants, provisions or conditions of the Purchase Agreements exists or has existed during the period ending _____ [, other than Default[s] or Event[s] of Default arising under Section(s) _____ of the Purchase Agreements, as more fully described on Annex A hereto].*

IN WITNESS WHEREOF, the undersigned have signed their names this ____ day of _____, ____.

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: _____
Name:
Title:

IHOP CORP.

By: _____
Name:
Title:

* -----
In the event such a Default or Event of Default exists or has existed, Annex A to this certificate shall specify the nature and period of existence thereof and what action Holdings, the Borrower or such Subsidiary, as the case may be, has taken, is taking or proposes to take with respect thereto.

=====

\$10,000,000 Letter Agreement

among

INTERNATIONAL HOUSE OF PANCAKES, INC.,

IHOP CORP.

and

CONTINENTAL BANK N.A.

=====

Dated as of June 30, 1993

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Dated as of June 30, 1993

International House of Pancakes, Inc.
 525 North Brand Boulevard
 Glendale, California 91203

IHOP Corp.
 525 North Brand Boulevard
 Glendale, California 91203

Attention: Mr. Frederick G. Silny
 Vice President - Finance and Treasurer

Re: \$10,000,000 Letter Agreement

Gentlemen:

It is our pleasure to confirm that Continental Bank N.A. (the "Bank") will,

 upon the terms and conditions hereinafter set forth, make loans to, and issue

standby letters of credit for the account of, International House of Pancakes, Inc. (the "Borrower"). All loans made hereunder (the "Loans") and standby letters of credit issued hereunder (the "Letters of Credit") will be subject to the terms and conditions set forth herein. At no time (a) shall the outstanding amount of Letters of Credit exceed \$2,000,000 (the "L/C Commitment") or (b) shall the sum of the outstanding amount of Letters of Credit plus unreimbursed drawings under Letters of Credit plus the aggregate principal amount of all Loans exceed \$10,000,000 (the "Commitment Amount"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in Section 18 hereof.

Section 1. Term of Agreement. So long as the Borrower is in compliance with the terms of this letter agreement (the "Agreement"), the commitment of the Bank shall terminate on June 30, 1995 (the "Maturity Date"). Between April 1 and April 30 of each year, commencing April 1, 1994, the Borrower may request a one-year extension of the Maturity Date (either beyond the initial Maturity Date hereunder or beyond a Maturity Date as previously extended pursuant to the terms hereof). The decision whether to grant the requested extension of the Maturity Date may be made by the Bank in its sole and absolute discretion. In the

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event that the Maturity Date is extended, at the time of such extension the Borrower will pay an extension fee of .125% of the Commitment Amount. All Letters of Credit and Loans shall be used for the Borrower's working capital and other general corporate purposes.

Section 2. Making the Loans; Issuance of Letters of Credit.

(a) The Bank shall receive written notice, telegraphic notice or telephonic notice from the Borrower (to be immediately confirmed in writing) not later than (a) noon, Chicago time, on the date requested for each proposed Reference Rate Loan of the proposed amount and date (which must be a Business Day) of such proposed Loan, (b) noon, Chicago time, two Business Days preceding the date requested for each Eurodollar Rate Loan specifying the proposed amount and date (which must be a Business Day) of such Loan and the Interest Period for such Loan, and (c) noon, Chicago time, on the date requested for each proposed Quoted Rate Loan specifying the proposed amount and date (which must be a Business Day) of such Loan and the Interest Period for such Loan. Not later than 12:30 p.m., Chicago time, the Bank shall advise the Borrower by telephone of the interest rate that would be applicable to the proposed Quoted Rate Loan. At that time, the Borrower shall accept or reject the interest rate offered by the Bank for the proposed Quoted Rate Loan.

(b) All Loans shall be in a minimum amount of \$100,000 and an integral multiple of \$100,000 and shall be made by crediting the Borrower's account number 74-02988 maintained at the Bank (herein called the "Account"), upon receipt of information as to the date,

type and amount of the proposed Loan and, in the case of Eurodollar Rate Loans and Quoted Rate Loans, the Interest Period applicable thereto, communicated to the Bank in a writing in the form of Exhibit

B hereto (herein called a "Confirmation") or by telephone from any

one of the individuals listed in Exhibit C hereto (herein

individually called an "Authorized Officer" and collectively called

the "Authorized Officers"). The Borrower further agrees to confirm

any telephonic request for a Loan by delivering to the Bank no later
than the following Business Day a Confirmation indicating the date,
type and the amount of such Loan and, in the case of Eurodollar Rate
Loans and Quoted Rate Loans, the Interest Period applicable thereto
and the revised principal balance of the Note and signed by one of
the Authorized Officers. If a Loan request is made by an

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Authorized Officer by telephone, the Confirmation therefor must come
from a different Authorized Officer.

(c) On any Business Day occurring prior to the Maturity Date, the
Borrower may irrevocably request that a Letter of Credit be issued by
the Bank by delivering to the Bank a Letter of Credit application in
the Bank's then standard form, completed to the reasonable
satisfaction of the Bank, and such other certificates, documents and
papers as the Bank may reasonably request; provided, however, that no
----- -----

Letter of Credit shall be issued if after giving effect to the
issuance thereof, the aggregate face amount of outstanding Letters of
Credit would exceed \$2,000,000. Each request for a Letter of Credit
and each Letter of Credit shall be subject to the Uniform Customs and
Practice for Documentary Credits (1983 Revision), International
Chamber of Commerce Publication No. 400. No Letter of Credit shall
have an expiration date later than the Maturity Date.

Section 3. Note. All Loans by the Bank to the Borrower pursuant to this

Agreement shall be evidenced by a note in the form of Exhibit A hereto (the

"Note"). The date, type, amount and interest rate of each Loan made by the Bank
and of each repayment of principal thereon received by the Bank may be recorded
by the Bank in its records, and all such information so recorded shall be
conclusive and binding upon the Borrower (absent manifest error). The failure to
record, or any error in recording, any such information shall not, however,
limit or otherwise affect the Borrower's obligations under this Agreement or the
Note to repay the principal amount of the Loans under this Agreement together
with all interest accruing thereon.

Section 4. Interest, etc. Interest will accrue on the unpaid principal

amount of each Loan from the date such Loan is made until such principal amount
is paid in full (after, as well as before, judgment). Interest on each Loan
shall be computed for the actual number of days elapsed on the basis of a year
consisting of 360 days. Payments of accrued interest and the determinations of
applicable interest rates and Interest Periods relative thereto will be made as
set forth below:

(a) Reference Rate. The Borrower may from time to time elect to

pay interest on any Loan at the Alternative Reference Rate. Interest
on each Loan bearing interest at the Alternative Reference Rate (a
"Reference Rate Loan") will be payable on the last Business Day of

each calendar month and on the Maturity Date.

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(b) Quoted Rate. Subject to the terms hereof, the Borrower may elect

to accept the Quoted Rate offered by the Bank for a Quoted Rate Loan. Interest
on each Quoted Rate Loan will be payable on the last day of the Interest Period
for such Loan and, in the case of any Quoted Rate Loan having an Interest Period
longer than 90 days, on the 90th day of such Interest Period.

(c) Eurodollar Rate. The Borrower may from time to time elect to pay

interest on any Loan at the Eurodollar Rate. Interest on each Loan bearing
interest at the Eurodollar Rate (a "Eurodollar Rate Loan", and together with

each Quoted Rate Loan, collectively, the "Fixed Rate Loans") will be payable on

the last day of the Interest Period for such Loan.

(d) Interest Periods. Interest on each Fixed Rate Loan shall be

determined for a specified period (an "Interest Period") chosen by the Borrower

in accordance with this Agreement. The first day of any Interest Period for any
Fixed Rate Loan will be

(i) in the case of the initial Interest Period for any such
Loan, the date such Loan is made, and

(ii) for each subsequent Interest Period for any such Loan, the
last day of the then current Interest Period for such Loan.

The duration of each Interest Period shall be

(iii) in the case of a Quoted Rate Loan, not more than 180
days, and

(iv) in the case of a Eurodollar Rate Loan 1, 2, or 3
months,

provided, however, that the Borrower may not select an Interest Period that

would extend beyond the Maturity Date; and provided, further, that whenever the

last day of any Interest Period would occur on a day other than a Business Day,
the last day of such Interest Period will be extended to occur on the next
succeeding Business Day, except that, in the case of any Interest Period
relating to a Eurodollar Rate Loan, if such extension would cause the last day
of such Interest Period to occur in the next following calendar month, the last
day of such Interest Period will occur on the next preceding Business Day.

(e) Default Rate. On any overdue principal amount of any Loan, the

Borrower will pay interest (after, as well as before, judgment) payable on
demand, at a fluctuating

interest rate per annum (the "Default Rate") equal to 2 1/2% per annum

over the Alternative Reference Rate in effect from time to time (but not
less than the Alternative Reference Rate in effect at the time of the
applicable default).

(f) Conversion/Continuation Procedures. At the Borrower's election

pursuant to notice received by the Bank not later than 12:30 p.m.
Chicago time:

(i) all, or any portion in a minimum amount of \$100,000 and an integral multiple of \$100,000, of the outstanding principal amount of any Reference Rate Loan may be converted from a Reference Rate Loan into a Quoted Rate Loan; and

(ii) on the expiration of the Interest Period applicable to any Fixed Rate Loan, all, or any portion in a minimum amount of \$100,000 and an integral multiple of \$100,000, of the outstanding principal amount of such Fixed Rate Loan may be converted into a Reference Rate Loan or converted into or continued as a Quoted Rate Loan.

At the Borrower's election pursuant to notice received by the Bank not later than noon, Chicago time, on not less than two Business Days notice, all or any portion in a minimum amount of \$100,000 and an integral multiple of \$100,000 of the outstanding principal amount of any Reference Rate Loan or Quoted Rate Loan may be converted into a Eurodollar Rate Loan or the outstanding principal amount of any Eurodollar Rate Loan may be continued as a Eurodollar Rate Loan.

Section 5. Reduction of the Commitment; Repayment of Loans and Letter of

Credit Drawings.

(a) The Borrower may, upon at least five Business Days' notice, terminate or permanently reduce the unused portion of the commitment, provided that each partial reduction must be in a minimum amount of

\$1,000,000 and an integral multiple of \$1,000,000. On the Maturity Date, the then aggregate outstanding principal amount of all Loans will be due and payable in full.

(b) The Borrower agrees to reimburse the Bank for each draft that is paid under any Letter of Credit for the amount of (a) such draft and (b) any reasonable taxes (excluding taxes imposed on the Bank's income), fees, charges or other costs and expenses incurred by the Bank in connection with such payment. If the Bank shall notify the

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Borrower prior to 11:30 a.m., Chicago time on any day that payment has been made under any Letter of Credit, the Borrower shall reimburse the Bank on the third Business Day following the date of such payment. If such notice to the Borrower shall be given after 11:30 a.m., Chicago time, the Borrower shall reimburse the Bank not later than the fourth Business Day following the date of such payment. Each payment by the Borrower shall be made to the Bank in immediately available funds and subject to all other terms of this Agreement. Interest shall be payable on any and all unreimbursed amounts advanced by the Bank under this Section from the date such amounts have been advanced by the Bank until payable at the Alternative Reference Rate. After such amounts have become payable (whether at stated maturity, by acceleration or otherwise), such amounts shall accrue interest until paid in full at the Default Rate.

The payment obligations of the Borrower under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation, the following circumstances:

(i) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against any beneficiary, or any transferee, of any Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), the Bank or any other Person, whether in connection with this Agreement, the

transactions contemplated herein, or any unrelated transaction;

(ii) any statement or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or unenforceable in any respect or any statement therein being untrue or inaccurate in any respect; provided that the Bank's reliance thereon

shall not have constituted gross negligence or wilful misconduct on the part of the Bank; or

(iii) payment by the Bank under any Letter of Credit against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit; provided that such payment shall not

have constituted gross negligence or willful misconduct on the part of the Bank.

Section 6. Prepayments The Borrower may, not later than 1:00 p.m.,

Chicago time, on any Business Day prepay the outstanding principal amount of any Reference Rate Loan, in whole

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or in part, on such Business Day with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that each partial

prepayment shall be in a principal amount not less than \$100,000 and in an integral multiple of \$100,000. In the event that it becomes unlawful for the Bank to fund or continue to fund or maintain any Eurodollar Rate Loans or to perform the Bank's obligations hereunder with respect to Eurodollar Rate Loans, then upon demand by the Bank the Borrower will prepay in full all Eurodollar Rate Loans, with accrued interest thereon, and upon such demand the Bank's obligation to make Eurodollar Rate Loans shall terminate.

Section 7. Increased Costs. Funding Losses. etc. In the event that as

a result of either

(a) the introduction of, or any change (including, any change by way of imposition or increase of reserve requirements referred to in the definition of "Eurodollar Rate Reserve Percentage") in, or in the interpretation of, any law or regulation; or

(b) the compliance by the Bank with any request from any central bank or other governmental authority

there is any increase in the Bank's cost of agreeing to issue or maintain any Letter of Credit or to make, fund or maintain any Loans, then the Borrower will from time to time, upon demand by the Bank, pay to the Bank additional amounts sufficient to indemnify the Bank against such increased cost. In the event that the Bank incurs any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by the Bank to make, continue or maintain any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a Fixed Rate Loan) as a result of

(c) the repayment or prepayment (whether pursuant to Section 6 or for

any other reason) of the principal amount of any Fixed Rate Loan on a date other than the scheduled last day of the Interest Period applicable thereto;

(d) any conversion of all or any portion of the outstanding principal amount of any Fixed Rate Loans into Reference Rate Loans pursuant to

Section 4 prior to the expiration of the Interest Period then applicable

thereto;

(e) any Loans not being made as Fixed Rate Loans in accordance with the borrowing request therefor (other than as a result of a breach by the Bank of its obligations hereunder); or

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(f) any Loans not being continued as, or converted into, Fixed Rate Loans in accordance with the request given therefor pursuant to Section 4

(other than as a result of a breach by the Bank of its obligations hereunder), then, upon the Bank's written request to the Borrower, the Borrower will reimburse the Bank for such loss or expense.

A certificate submitted by the Bank to the Borrower as to the amount of any such increased cost, loss or expense (including calculations thereof in reasonable detail) will be conclusive and binding, absent manifest error. If the Bank shall ever determine that

(g) U.S. dollar deposits in the relevant amount and for the relevant Interest Period are not available to the Bank in the Bank's relevant market;

(h) by reason of circumstances affecting the Bank's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to Eurodollar Rate Loans; or

(i) the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for the Bank to make or continue any Loans as, or to convert any Loans into, Eurodollar Rate Loans,

then, upon notice from the Bank to the Borrower, the Bank's obligations to make or continue any Loans as, or to convert any Loans into, Eurodollar Rate Loans shall forthwith be suspended until the Bank shall notify the Borrower that the circumstances causing such suspension no longer exist.

Section 8. Capital Adequacy. If any change in, or the introduction,

adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority affects or would affect the amount of capital required or expected to be maintained by the Bank or any entity controlling the Bank, and the Bank determines (in its sole and absolute discretion) that the rate of return on its or such controlling entity's capital as a consequence of its commitment hereunder, the Letters of Credit issued hereunder, or the Loans made by the Bank is reduced to a level below that which the Bank or such controlling entity could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by the Bank to the

Borrower, the Borrower shall immediately pay directly to the Bank additional amounts sufficient to compensate the Bank or such controlling

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entity for such reduction in rate of return. A statement of the Bank as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower. In determining such amount, the Bank may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

Section 9. Indemnification. The Borrower agrees that in all events it

will indemnify and hold harmless the Bank and its affiliates, officers, directors, employees and agents (each an "Indemnified Person") against all

losses, claims, damages, liabilities and expenses which may be incurred by or asserted against any of them in connection with or arising out of this Agreement or the transactions contemplated hereby, and reimburse each Indemnified Person upon its demand for any reasonable legal or other expenses incurred in connection with investigating, defending or participating in any such loss, claim, damage, liability or action or other proceeding, whether commenced or threatened (whether or not any such Indemnified Person is a party to any action or proceeding out of which any such expenses arise), or in any way related to the extension of the financings contemplated by this Agreement or from any use or intended use of any of the proceeds thereof except, in the case of any Indemnified Person, to the extent any such loss, claim, damage or liability arises from the gross negligence or willful misconduct of such Indemnified Person. Neither the Bank nor any other Indemnified Person shall be responsible or liable to the Borrower, any successor, assignee or third party beneficiary of the Borrower or any other person asserting claims derivatively through the Borrower, for indirect, punitive, exemplary or consequential damages which may be alleged as a result of this Agreement or the transactions contemplated hereby. The foregoing provisions of this Section shall be in addition to any rights that the Bank or any other Indemnified Person may have at common law or otherwise, including, without limitation, any rights to contribution.

Section 10. Fees.

(a) The Borrower agrees to pay to the Bank on the date hereof a fee in the amount of .25% of the Commitment Amount. The fee shall be nonrefundable.

(b) The Borrower agrees to pay to the Bank a commitment fee equal to .50% per annum on the average daily unused portion of the Commitment Amount. The commitment fee shall commence on the date of this Agreement, shall be calculated on the actual number of days elapsed on the basis of a year consisting of 360 days and shall be payable, in arrears, on the first day of each calendar quarter,

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beginning October 1, 1993, and continuing until termination of the Bank's commitment hereunder.

(c) The Borrower agrees to pay to the Bank, (a) a letter of credit fee in respect of each Letter of Credit issued for the account of the Borrower equal to 1.25% per annum of the undrawn amount of each Letter of Credit, payable in arrears on the last Business Day of each month; provided that in no event shall the amount payable by the Borrower under this subsection during any fiscal quarter be less than \$75, and (b) all of the Bank's usual administrative charges in connection with the issuance and processing of Letters of Credit as issued from time to time in accordance with its customary practice.

Section 11. Representations and Warranties. IHOP and the Borrower,

jointly and severally, warrant to the Bank (and each request from the Borrower for a Loan under this Agreement shall constitute the Borrower's warranty to the Bank) that

(a) 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 Agreement and to carry out and consummate all transactions contemplated by this Agreement;

(b) this Agreement has been duly authorized and is a valid and

binding obligation of the Borrower and IHOP, enforceable in accordance with its terms, and the Note has been duly authorized and is a valid and binding obligation of the Borrower enforceable in accordance with its terms;

(c) this Agreement will not conflict with or constitute a breach of or default under their respective articles of incorporation or by-laws, 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) there has been no material adverse change in the financial condition, operations, assets, business, properties, or prospects of IHOP or any of its subsidiaries since December 31, 1992;

(e) neither IHOP nor any of its subsidiaries is in default in any material respect under any material contract, lease, loan agreement, indenture, mortgage, security

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agreement or other material agreement or obligation to which it is a party or by which any of its properties is bound;

(f) each of IHOP and its subsidiaries has filed all material tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles shall have been set aside on its books;

(g) each of IHOP and its subsidiaries has good and marketable title to all of its properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights) reflected in the consolidated balance sheet of IHOP and its subsidiaries as at December 31, 1992, free and clear of all Liens except for (i) assets sold or otherwise disposed of by IHOP or its subsidiaries subsequent to December 31, 1992 in the ordinary course of business and (ii) Permitted Liens;

(h) each of IHOP and its subsidiaries has complied with all the relevant provisions of the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time; and

(i) each of IHOP and its subsidiaries are in material compliance with all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and guidelines (including consent decrees and administrative orders) relating to public health and safety and protection of the environment, except where the failure to so comply would not have a material adverse effect on the financial condition, operations, assets, business, properties or prospects of IHOP or such subsidiary.

Section 12. Financial Reporting IHOP agrees with the Bank that, until the

Bank's commitment hereunder has been terminated and all indebtedness of the Borrower to the Bank has been paid in full and all fees and expenses billed by the Bank to the Borrower have been paid in full, IHOP will furnish, or will cause to be furnished, to the Bank copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of IHOP, as of the end of any such fiscal quarter,

(i) Form 10-Q for IHOP, consolidated balance sheets of IHOP and its Subsidiaries as of the end of each such fiscal quarter and consolidated statements of earnings and cash flow of IHOP and its Subsidiaries for such fiscal quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter, certified by the chief financial officer of IHOP, together with consolidated cash flow projections for IHOP and its Subsidiaries for the 9 weeks following the end of such fiscal quarter; and

(ii) a written statement executed by the chief financial officer of IHOP and the Borrower setting forth computations or other pertinent information in reasonable detail showing as at the end of such fiscal quarter (a) whether or not the financial covenants set forth in Sections

14.2 through 14.8 hereof, inclusive, have been met, accompanied by

calculations setting forth the maximum amount of Debt that could have been incurred pursuant to Section 14.2 hereof, and the maximum amount of

dividends or distributions that could have been declared or paid pursuant to Section 14.5 hereof, and (b) whether or not Liens on property or assets

of IHOP or its Subsidiaries or securing Debt of IHOP or its Subsidiaries, as the case may be, exceed the threshold set forth in Section 14.1(i)

hereof, accompanied by calculations setting forth the maximum amount of additional Debt secured by Liens that could have been incurred under Section 14.1(i) hereof, (a "Quarterly Compliance Statement");

(b) as soon as available and in any event within 90 days after the end of each fiscal year-end of IHOP, a Quarterly Compliance Statement as of such year end and a copy of the annual report to shareholders for such fiscal year for IHOP and its Subsidiaries, including therein consolidated balance sheets of IHOP and its Subsidiaries as of the end of such fiscal year and consolidated statements of operations and cash flow of IHOP and its Subsidiaries for such fiscal year, in each case certified (without any material qualification) in a manner reasonably acceptable to the Bank by Coopers & Lybrand, another of the so-called "Big 6" accounting firms or any other accounting firm reasonably acceptable to the Bank, and consolidating balance sheets of IHOP and its Subsidiaries as of the end of such fiscal year and consolidating statements of operations of IHOP and its Subsidiaries as of the end of such fiscal year, certified by the chief financial officer of IHOP;

(c) as soon as available and in any event within 5 days, any information filed with the Securities and Exchange Commission;

(d) as soon as available, any other public information released generally to financial or investment institutions, brokers, investment bankers or any other entity in the financial community;

(e) not later than 90 days after the end of each fiscal year-end of IHOP, a budget for IHOP and its Subsidiaries covering their following fiscal year, in a form reasonably satisfactory to the Bank; and

(f) as soon as possible after an Appropriate Officer (as defined in the Note Purchase Agreement) of IHOP or the Borrower has knowledge of the occurrence of an Event of Default or any event which, with the passage of time and/or the giving of notice, could result in an Event of Default, IHOP or the Borrower shall furnish the Bank with the details thereof.

In addition to the foregoing, IHOP and the Borrower shall furnish the Bank with copies of such other statements, reports, notices and information as the Bank may from time to time reasonably request in writing. The Bank agrees to keep confidential any nonpublic information furnished by the Borrower to the Bank and to use such information only for the purposes contemplated under this Agreement.

Section 13. Affirmative Covenants. The Borrower and IHOP covenant and

agree that until the Bank's commitment hereunder has been terminated and all indebtedness of the Borrower to the Bank under this Agreement has been paid in full and all fees and expenses under this Agreement billed by the Bank to the Borrower on or prior to the time of the commitment termination have been paid in full,

13.1. Payment of Principal, Prepayment Charge and Interest; Etc. The

Borrower will duly and punctually pay the principal of, prepayment charge (if any) and interest on the Note in accordance with the terms of the Note and this Agreement. The Borrower and IHOP will comply with all of the covenants, agreements and conditions contained in this Agreement.

13.2. Payment of Taxes and Claims. IHOP and the Borrower will, and will

cause each of their respective Subsidiaries to, pay before they become delinquent:

- (a) all taxes (including excise taxes), assessments and governmental charges or levies imposed upon it or its

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income or profits or upon its Property, real, personal or mixed, or upon any part thereof;

(b) all claims for labor, materials and supplies which, if unpaid, might result in the creation of a Lien upon its Property; and

(c) all claims, assessments, or levies required to be paid by any of them pursuant to any agreement, contract, law, ordinance or governmental rule or regulation governing any pension, retirement, profit-sharing or any similar plan;

provided, that the taxes, assessments, charges and levies described in this

Section 13.2 need not be paid while being diligently contested in good faith and

by appropriate proceedings so long as adequate book reserves have been established with respect thereto in accordance with GAAP. The Borrower and IHOP will timely file, and will cause their Subsidiaries to file, all tax returns required to be filed in connection with the payment of taxes required by this Section 13.2.

13.3. Maintenance of Properties and Corporate Existence. IHOP and the

Borrower will, and will cause each of their respective Subsidiaries to:

- (a) maintain its Property in good condition and make all renewals, repairs, replacements, additions, betterments, and improvements thereto as are necessary in the reasonable opinion of management;

- (b) keep books, records and accounts in accordance with GAAP;

- (c) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and powers and franchises including, without limitation thereof, any necessary

qualification or licensing in any foreign jurisdiction; and

(d) comply with all applicable statutes, regulations, franchises, and Orders of, and all applicable restrictions imposed by, any Governmental Body (all as now or at any time hereafter may be in effect), in respect of the conduct of its business and the ownership of its Properties (including, without limitation, applicable statutes, rules, ordinances, regulations and Orders relating to Environmental Laws), except where non-compliance could not reasonably be expected to have a Material Adverse Effect.

13.4. Insurance. IHOP and the Borrower will maintain, and will cause to

be maintained on behalf of each Subsidiary,

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insurance coverage by financially sound and reputable insurers, against such casualties and contingencies, of such types (including without limitation public liability, workmens' compensation, larceny and embezzlement or other criminal misappropriation insurance) and in such amounts as are prudent, and in any event in such amounts as are adequate to cover foreseeable losses to the business of IHOP, the Borrower and their Subsidiaries.

Section 14. Negative and Maintenance Covenants. The provisions of this

Section 14 shall remain in effect until all indebtedness of the Borrower to

the Bank under this Agreement has been paid in full and all fees and expenses
under this Agreement billed by the Bank to the Borrower on or prior to the time
of the commitment termination have been paid in full.

14.1. Restrictions on Liens. IHOP and the Borrower covenant that they

will not, nor will they permit any Subsidiary to, directly or indirectly,
create, assume or suffer to exist any Lien upon any of their respective
Properties or assets whether now owned or hereafter acquired, except for:

(a) Liens for taxes, assessments or governmental charges or claims
the payment of which is not at the time required by Section 13.2;

(b) Statutory Liens of landlords, and Liens of carriers,
warehousemen, mechanics, materialmen and other Liens imposed by law
incurred in the ordinary course of business for sums not yet delinquent or
being diligently contested in good faith, so long as a reserve or other
appropriate provision, if any, shall have been made therefor;

(c) Liens (other than any Lien imposed by ERISA) incurred or
deposits made in the ordinary course of business in connection with
obligations not due or delinquent with respect to workers' compensation,
unemployment insurance and other types of social security, or to secure
the performance of tenders, statutory obligations, surety and appeal
bonds, bids, leases, government contracts, performance and return of-money
bonds and other similar obligations (exclusive of obligations for the
payment of borrowed money);

(d) Any attachment or judgment Lien (including judgment or appeal
bonds) which shall, within 30 days after the entry thereof, have been
discharged or execution thereof stayed pending appeal, or which shall have
been discharged within 30 days after the expiration of any such stay, or
which is being diligently contested in good faith so long as

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a reserve or other appropriate provision, if any, as shall be required by
GAAP shall have been made therefor;

(e) Easements, rights-of-way, restrictions and other similar rights in land which do not, individually or in the aggregate, materially detract from the value of such Property and do not interfere with the ordinary conduct of the business of IHOP, the Borrower or any of their Subsidiaries;

(f) Liens securing Debt of a Subsidiary to the Borrower or IHOP;

(g) Liens (other than Liens created pursuant to Capitalized Leases) existing on the date hereof, securing Debt not exceeding \$1,000,000 in the aggregate in principal amount;

(h) Liens pursuant to Capitalized Leases existing on the Closing Date and Liens created following the Closing Date pursuant to Capitalized Leases so long as, with respect to Liens pursuant to Capitalized Leases created following the Closing Date, the Debt represented by such Capitalized Leases is permitted pursuant to Section 14.2; and

(i) Liens including Liens arising out of purchase money financing not otherwise permitted by the foregoing clauses of this Section 14.1

securing Debt (without duplication) of IHOP, the Borrower or any Subsidiary of IHOP or the Borrower, provided that the sum of (i) the

principal amount of such Debt plus (ii) unsecured Debt of Subsidiaries of IHOP (other than the Borrower) and Subsidiaries of the Borrower not otherwise permitted under Section 14.4(a) does not exceed at any time

15% of Consolidated Tangible Net Worth.

The Liens referred to in Section 14.1(a) through (i) are herein collectively

referred to as "Permitted" Liens," and individually, as a "Permitted Lien."

14.2. Limitation on Consolidated Debt. IHOP and the Borrower shall not

permit the ratio of (i) Consolidated Debt to (ii) Total Capitalization to exceed .55 to 1.00 as of the last day of any quarterly accounting period of IHOP and its Subsidiaries.

14.3. Consolidated Tangible Net Worth. IHOP and the Borrower shall not

permit Consolidated Tangible Net Worth at any time to be less than the sum of \$50,000,000 plus 50% of Consolidated Net Income on a cumulative basis from June 30, 1993, to and including any date of determination hereunder.

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14.4. Limitation on Debt of Subsidiaries. IHOP and the Borrower shall not

permit any of their Subsidiaries (other than the Borrower) to incur any Debt other than:

(a) Debt owed to IHOP or the Borrower or to a wholly-owned Subsidiary of IHOP or the Borrower in each case by a direct or indirect wholly-owned Subsidiary of the creditor thereunder; and

(b) additional Debt, provided that the sum of the aggregate principal amount of such Debt plus the aggregate principal amount of all other Debt (without duplication) of IHOP, the Borrower and any of their Subsidiaries which is secured by Permitted Liens permitted by Section

14.1(i) does not exceed 15% of Consolidated Tangible Net Worth.

14.5. Restricted Payments; Restricted Investments. IHOP will not,

directly or indirectly, through any Subsidiary or otherwise, (a) pay or declare any dividend on any class of its capital stock (but may declare and pay dividends payable solely in capital stock or warrants, rights or options to acquire capital stock) or make any other distribution on account of any class of its capital stock; retire, redeem, purchase or otherwise acquire, directly or indirectly, any shares of any class of its capital stock or any warrants, rights or options to acquire any such shares (other than any such redemption, retirement, purchase or other acquisition in which the consideration paid by IHOP or such Subsidiary consists solely of shares of capital stock of IHOP); or make or provide for any mandatory sinking fund payments required in connection with any class of its capital stock (all of the foregoing being called "Restricted Payments") or (b) make any Restricted Investment, unless after giving effect to any Restricted Payment or Restricted Investment the cumulative aggregate amount of all Restricted Payments and Restricted Investments made by IHOP and its Subsidiaries after September 30, 1992 would not exceed the sum of:
(i) \$2,000,000, plus (ii) 50% of cumulative Consolidated Net Income from

September 30, 1992 through the date of determination (or if IHOP and its Subsidiaries on a consolidated basis have a cumulative Consolidated Net Loss for such period, then minus 100% of such Consolidated Net Loss), plus (iii) the net

proceeds from the issuance or sale of any shares of any class of equity securities of IHOP which are not mandatorily redeemable or otherwise subject to repurchase, retirement, call, put or other reacquisition prior to or on the maturity date of the Fixed Rate Notes (and not subject to acceleration or redemption, repurchase, retirement, call, put or other reacquisition prior to the maturity date of the Fixed Rate Notes) received after September 30, 1992; provided that at the time of any such Restricted Payment or Restricted

Investment, both immediately before and immediately after giving effect thereto, no Default or Event of Default shall have

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occurred and be continuing. So long as no Default or Event of Default has occurred or would be continuing after giving effect thereto, this Section 14.5

shall not prevent (a) the payment of any dividend within 60 days after the date of its declaration if the dividend would have been permitted on the date of its declaration, or (b) the acquisition, repurchase, retirement, call, put or redemption of any shares of capital stock of IHOP out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of IHOP) of, shares of capital stock of IHOP, provided that any such acquisition, repurchase,

retirement, call, put or redemption shall be deemed to be a Restricted Payment for the purpose of determining the ability of IHOP and its Subsidiaries to make future Restricted Payments.

14.6. Sale of Assets. IHOP and the Borrower shall not, and shall not

permit any of their Subsidiaries to, effect a Disposition of any assets unless (i) no Default or Event of Default has occurred (except in the case of subclause (a) below) and is continuing, and (ii) one of the following applies:

(a) such Disposition is in the ordinary course of business, including, without limitation, sales and leases of operating restaurants in accordance with the Borrower's ordinary course franchising operations and is made pursuant to the reasonable business judgment of the Borrower in accordance with past practice;

(b) in each fiscal year, IHOP, the Borrower and their respective Subsidiaries may effect Dispositions of assets for Fair Market Value and which (A) have an aggregate Book Value, together with all other assets disposed of in that fiscal year (other than Dispositions permitted by clause (a), (c) or (d) of this Section 14.6), of less than 10% of Gross

Assets on a consolidated basis determined as at the date of such sale; (B) generate, together with all other assets disposed of in that fiscal year (other than Dispositions permitted by clause (a), (c) or (d) of this Section 14.6), net income, which is less than 10% of the Consolidated Net -----

Income (in each case, determined as of the end of the immediately preceding fiscal year); and (C) together with all assets previously disposed of since September 30, 1992 (other than Dispositions permitted by clause (a), (c) or (d) of this Section 14.6), have an aggregate Book Value of less than 25% of -----

Gross Assets on a consolidated basis determined as at the date of such sale, provided that after giving effect to any Disposition described in -----

this subsection (b), IHOP, the Borrower or any of their Subsidiaries could incur at least \$1 of additional Debt without being in default of their obligations under Section 14.2; -----

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(c) such Dispositions are made for Fair Market Value and the proceeds of such Disposition are used (i) within six months following such Disposition, to purchase assets ("Business Asset Acquisition") used in the -----

operations of the Borrower or (ii) to repay Debt of IHOP or its Subsidiaries which is not junior in right of payment to the Note; provided -----

that if the aggregate principal amount of all outstanding Loans, Letters of Credit and unreimbursed drawings under Letters of Credit shall exceed \$4,000,000, then the proceeds of such disposition shall be used to repay the Note until the aggregate principal amount of all outstanding Loans, Letters of Credit and unreimbursed drawings under Letters of Credit shall have been reduced to \$4,000,000; or -----

(d) the assets disposed of were disposed of for Fair Market Value (taking into consideration the rental rate to be paid by the Borrower in connection with the Disposition and leaseback of the assets so disposed of) and were constructed or acquired following September 30, 1992 and are immediately leased back from the purchaser thereof by IHOP or any of its Subsidiaries; provided that no assets may be sold and leased back pursuant -----

to this clause (d) following the third anniversary of the acquisition or construction of such assets by IHOP, the Borrower or any of their Subsidiaries.

14.7. Consolidation or Merger. IHOP and the Borrower covenant that -----

neither of them will, nor will they permit any of their respective Subsidiaries to, enter into any transaction of merger or consolidation, whether in one transaction or a series of related or unrelated transactions and whether at the same time or over a period of time, provided that: -----

(a) (i) the Borrower may merge with IHOP or any of IHOP's other Subsidiaries, (ii) IHOP may merge with the Borrower or any of IHOP's other Subsidiaries and (iii) any Subsidiary may merge with IHOP, the Borrower or any other Subsidiary, so long as, with respect to any mergers of IHOP, the Borrower or IHOP Realty in which such party is not the surviving Person, (a) the surviving Person of such transaction shall be a solvent U.S. or Canadian corporation, and such surviving Person shall have assumed in writing all of the obligations of the Borrower, IHOP or IHOP Realty, as the case may be, under this Agreement, the Note and the Subsidiary Guarantee, as the case may be, a copy of which writing shall be provided to the Bank not less than 10 Business Days prior to any such transaction and which shall be acceptable in form and substance to the Bank, (b) at the time of, and immediately after giving effect to, any such consolidation or merger,

shall have occurred and be continuing, and (c) immediately after any such consolidation or merger, the surviving Person could incur an additional \$1 of Debt pursuant to Section 14.2 hereof; and

(b) IHOP or the Borrower may merge with any other Person so long as (i) the surviving Person of such transaction shall be a solvent U.S. or Canadian corporation, and such surviving Person shall have assumed in writing all of the obligations of the Borrower under the Note and this Agreement or of IHOP under this Agreement, as the case may be, a copy of which writing shall be provided to the Bank not less than 10 Business Days prior to any such transaction and which shall be acceptable in form and substance to the Bank, (ii) at the time of, and immediately after giving effect to, any such consolidation or merger, no Default or Event of Default shall have occurred and be continuing, and (iii) immediately after any such consolidation or merger, the surviving or continuing Person could incur an additional \$1 of Debt pursuant to Section 14.2 hereof.

14.8. Maintenance of Fixed Charge Coverage. Each of IHOP and the Borrower

covenant that on the last day of any quarterly accounting period of IHOP and its Subsidiaries, the ratio of Consolidated Income Available for Fixed Charges to Fixed Charges for the period consisting of any four of the immediately preceding five quarterly accounting periods shall not be less than:

Ratio	Fiscal Quarter Ending in the Period
-----	-----
1.40:1.00	from Closing Date through September 29, 1993; and
1.50:1.00	from September 30, 1993 and thereafter.

14.9. Transactions with Affiliates. Each of IHOP and the Borrower

covenants that it will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any Property or the rendering of any service), with any Affiliate on terms that are less favorable to IHOP, the Borrower or such Subsidiary, as the case may be, than those that would be obtainable at the time in an arms' length transaction with any Person who is not such an Affiliate; provided, however, that this

Section shall not prohibit the payment of compensation and benefits to directors and officers of IHOP, the Borrower and their Subsidiaries in the ordinary course of business and consistent with past practices.

14.10. Acquisition of Margin Securities. Each of IHOP and the Borrower

covenants that it will not, and will not permit any of its Subsidiaries to, own, purchase or acquire (or enter into any contract to purchase or acquire) any "margin security" as defined by any regulation of the Board of Governors of the United States Federal Reserve System as now in effect or as the same may hereafter be in effect unless, prior to any such purchase or acquisition or entering into any such contract, the Bank shall have received an opinion of counsel satisfactory to the Bank to the effect that such purchase or acquisition will not cause this Agreement or the Note to be in violation of Regulation G or any other regulation of such Board then in effect.

14.11. Conduct of Business. Each of IHOP and the Borrower covenants that

it will not, and will not permit any of its Subsidiaries to, engage in any business activity if, such business activity would result in a substantial change in the general nature of the business of IHOP and its Subsidiaries, taken as a whole, from that engaged in as of November 19, 1992.

14.12. Further Undertakings. The Borrower will not, without prior

written approval of the Bank:

(a) incur capital expenditures in excess of \$30,000,000 per fiscal year;

(b) expend more than \$5,000,000 in any fiscal year in connection with the purchase of the capital stock of, or the acquisition of all or substantially all of the assets of, any other Person; provided, however

that to the extent that IHOP's capital stock is given in connection with any such acquisition, the value of such stock shall be excluded from this calculation and provided, further that expenditures incurred by the

Borrower in connection with the acquisition of restaurants or leasehold interests for restaurants or with the reacquisition of franchises in the ordinary course of the Borrower's business shall also be excluded from this calculation;

(c) amend the amortization schedule in Section 3.1 of the Note Purchase Agreement to require payments of principal thereunder prior to the Maturity Date;

(d) make any optional prepayment of the principal of any indebtedness outstanding under the Note Purchase Agreement prior to the Maturity Date unless, after giving effect thereto, the aggregate principal amount of all outstanding Loans, Letters of Credit and unreimbursed drawings under Letters of Credit does not exceed \$4,000,000; or

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(e) notwithstanding the provisions of Section 14.6 hereof, make any

Disposition of any of its accounts receivable or general intangibles.

14.13. Ownership of the Borrower. IHOP agrees with the Bank that, until

the Bank's commitment hereunder has been terminated and all indebtedness of the Borrower to the Bank under this Agreement has been paid in full and all fees and expenses under this Agreement billed by the Bank to the Borrower on or prior to the time of the commitment termination have been paid in full, IHOP will continue to own of record and beneficially all of the issued and outstanding capital stock of the Borrower.

Section 15. Conditions Precedent.

(a) The effectiveness of this Agreement is conditioned upon receipt by the Bank of all the following documents, each in form and substance satisfactory to the Bank:

(i) The Note;

(ii) A certificate, substantially in the form set forth in Exhibit C hereto, of the Secretary or the Assistant Secretary of

Borrower;

(iii) A certificate, substantially in the form set forth in Exhibit D hereto, of the Secretary or the Assistant Secretary of

Borrower;

(iv) The Subsidiary Guarantee;

(v) A certificate, substantially in the form set forth in Exhibit

F hereto, of the Secretary or the Assistant Secretary of IHOP;

(vi) A certificate, substantially in the form set forth in Exhibit G hereto, of the Secretary or the Assistant Secretary of

IHOP Realty;

(vii) The opinion of Larry Alan Kay, Esq., counsel to IHOP, IHOP Realty and the Borrower, covering the matters described in Exhibit H hereto; and

(viii) Such other documents as the Bank shall have reasonably requested in writing.

(b) The obligation of the Bank to make any Loan (including the initial Loan) or to issue any Letter of Credit shall be subject to the condition precedent that, both before and after giving effect to such Loan

(i) the representations and warranties of the Borrower set forth in

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this Agreement shall be true and correct with the same effect as if then made and (ii) no Event of Default, and no event which, with the passage of time and/or the giving of notice, could result in an Event of Default, shall have occurred and be continuing.

Section 16. Events of Default. The Borrower agrees that if any of the

following events of default (an "Event of Default") shall occur:

(a) Default in the payment when due of any interest on the Note, and the continuance of such default for five business days; or default in the payment when due of any principal of the Note or of any amount payable under this Agreement (other than interest on the Note);

(b) Any representation, warranty or statement made by or on behalf of IHOP or the Borrower in this Agreement or by or on behalf of IHOP Realty in the Subsidiary Guarantee or in any certificate, instrument, financial statement or other document now or hereafter delivered hereunder or thereunder or pursuant to or in connection with any provision hereof or thereof shall prove to be false or incorrect or breached in any material respect on the date as of which made;

(c) The Borrower shall default in the performance or observance of any covenant, agreement or condition contained in Section 14 hereof;

(d) The Borrower shall default in the performance or observance of any other covenant, agreement or condition contained in this Agreement and such default shall continue for a period of 30 days following the earlier to occur of (i) notice of such default from the Bank or (ii) the date on which any Authorized Officer of Borrower otherwise becomes aware of the existence of such default;

(e) IHOP or any of its subsidiaries becomes insolvent or generally fails to pay, or admits in writing its inability to pay, its debts as they become due; IHOP or any of its subsidiaries applies for a trustee, receiver or other custodian for it or a substantial part of its property; a trustee, receiver or other custodian is appointed for IHOP or any of its subsidiaries or for a substantial part of the property of any thereof, and is not discharged within 90 days after such appointment; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced by IHOP or any of its subsidiaries; or any bankruptcy, reorganization, debt arrangement, or other case or

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proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced, without the application or consent of IHOP or any of its subsidiaries, in any court of competent jurisdiction and such proceeding shall continue undismissed, or unstayed and in effect, for a period of 90 days;

(f) A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any obligation of IHOP or any of its subsidiaries now or hereafter existing and having a principal amount in the aggregate in excess of \$2,000,000; or a default shall occur in the performance or observance of any covenant or condition with respect to such obligation if the effect of such default is to cause, or to permit the holder or holders of such obligation, or any trustee or agent for such holders, to cause, such obligation to become due and payable prior to its expressed maturity; or

(g) If either of the Subsidiary Guarantee or the Guarantee of IHOP contained herein shall cease to be in full force and effect or either of IHOP Realty or IHOP or any person acting by or on behalf of either of them shall deny or disaffirm their respective obligations under such documents;

then, if any Event of Default set forth in the preceding clause (e) shall

occur, the commitment of the Bank to make Loans and to issue Letters of Credit hereunder shall automatically terminate and all of the Borrower's obligations under this Agreement shall automatically become due and payable, and, if any other Event of Default shall occur and be continuing, the Bank may declare all of the Borrower's obligations under this Agreement (including, without limitation, all reimbursement obligations of the Borrower for any outstanding Letters of Credit) to be due and payable and the commitment of the Bank to make Loans and to issue Letters of Credit hereunder (if not theretofore terminated) to be terminated, whereupon such obligations shall become immediately due and payable and such commitment shall terminate, without notice of any kind.

Section 17. IHOP Guarantee.

(a) IHOP, in consideration of the Bank's entering into this Agreement, unconditionally and irrevocably guarantees to the Bank and each and every holder from time to time of the Note the due and punctual payment of all sums which may become due or be stated in the Note or in this Agreement to become due under the terms and provisions of the Note and this Agreement in respect of the principal of and prepayment charge, if any, and interest on the Note (including interest

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on any overdue principal, prepayment charge, if any, and, to the extent permitted by applicable law, on any overdue interest), and in respect of all obligations of the Borrower under, or in connection with, any Letter of Credit issued under this Agreement, whether at stated maturity, by acceleration, by notice of prepayment or otherwise, and all other sums which may become due from the Borrower or be stated to be or become so due under the Note or this Agreement. IHOP further guarantees to the Bank and each holder as aforesaid the due performance and observance by the Borrower of all covenants, agreements and conditions on the Borrower's part to be performed under this Agreement and any other document from time to time delivered by the Borrower pursuant to this Agreement. IHOP further guarantees to the Bank and each holder as aforesaid payment of all other amounts payable by the Borrower under this Agreement or the Note, including costs, expenses (including fees and expenses of counsel) and taxes (such principal, prepayment charge if any, interest and other obligations guaranteed as aforesaid being hereinafter collectively called the "Obligations")

and to the extent lawful agrees to pay any and all expenses (including fees and expenses of counsel) incurred by the Bank in enforcing any rights in connection with this Section.

(b) IHOP hereby waives notice of acceptance of this Agreement by the Bank, of any action taken or omitted in reliance hereon or of any default in the payment of any of the Obligations or in the performance of any covenants and agreements of the Borrower contained in this Agreement or the Note, and any diligence, presentment, demand, protest, dishonor or notice of any kind.

(c) The guarantee of IHOP under this Agreement constitutes the present and continuing guarantee of payment and not of collectibility of the Obligations, and shall be absolute, primary, present and unconditional, and to the extent permitted by applicable law, the Obligations shall not be subject to any counterclaim, setoff, reduction or defense based upon any claim IHOP may have against the Borrower, or any other person, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected or impaired by any thing, event, happening, matter, circumstance or condition whatsoever (whether or not IHOP shall have any knowledge or notice thereof or shall consent thereto), including, without limitation: (1) any amendment or other modification of or supplement to any provision of this Agreement or the Subsidiary Guarantee or the Note, or any assignment or transfer thereof, including without limitation any renewal or extension of the terms of payment of the Note

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or the granting of time in respect of any payment thereof, or any furnishing or acceptance of security or any release of any security furnished or accepted for the Note or in respect of the Obligations of IHOP hereunder; (2) any waiver, consent, extension, granting of time, forbearance, indulgence or other action or inaction under or in respect of this Agreement or the Subsidiary Guarantee or the Note, or any exercise or nonexercise of any right, remedy or power in respect hereof or thereof; (3) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceedings with respect to IHOP, the Borrower or any other person, or the properties or creditors of any of them; (4) the occurrence of any Event of Default or event which, with the giving of notice and/or lapse of time, would become an Event of Default, or any invalidity or any unenforceability of, or any misrepresentation, irregularity or other defect in, this Agreement or the Note or any other agreement; (5) any transfer of any assets to or from IHOP or the Borrower, including without limitation any transfer or purported transfer to IHOP or the Borrower from any Person, any invalidity, illegality of, or inability to enforce, any such transfer or purported transfer, any consolidation or merger of IHOP or the Borrower with or into any other corporation or entity, or any change whatsoever in the objects, capital structure, constitution or business of IHOP or the Borrower or any affiliate or subsidiary of IHOP or the Borrower; (6) any disposition by IHOP of any capital stock of the Borrower; (7) any failure on the part of the Borrower or any other Person to perform or comply with any term of the Note, this Agreement, or any other agreement; (8) any suit or other action brought by any stockholder or creditor of, or by, IHOP, the Borrower or any

other Person for any reason whatsoever, including without limitation any suit or action in any way attacking or involving any issue, matter or thing in respect of the Note, this Agreement or any other agreement; (9) any lack or limitation of status or power, incapacity or disability of IHOP or the Borrower or of any officer, director or agent of IHOP or the Borrower or any of their respective stockholders; (10) the cessation from any cause whatsoever (other than payment of the Obligations) of liability of the Borrower; (11) the termination of, or release or compromise of this Agreement, the Note, any Letter of Credit or any other agreement (other than as a result of payment of the Obligations); (12) any lack or limitation of the genuineness, validity, regularity or enforceability of the Note, this Agreement, any Letter of Credit, any other documents and agreements executed or delivered in connection therewith or pursuant thereto, or any other agreement; (13) any failure by any holder of the Note to take any steps to preserve their rights with respect

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to the Obligations; (14) any election by any holder of the Note, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C.(S) 101 et seq.) (the "Bankruptcy Code"), of the application of Section

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1111(b) (2) of the Bankruptcy Code; (15) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of any of the Bank's claims for repayment of the Obligations; or (16) any other thing, event, happening, matter, circumstance or condition whatsoever, not in any way limited to the foregoing, which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(d) The obligations of IHOP and the Borrower under the Note and the other Sections of this Agreement (other than this Section 17) are independent of

the Obligations of IHOP under this Section 17, and a separate action or

actions may be brought or prosecuted against IHOP irrespective of whether action is brought against the Borrower and/or any other guarantor or whether the Borrower and/or any other guarantor is joined in any action or actions.

(e) IHOP expressly waives any right it may have to require any person seeking enforcement of its Obligations under this Section 17 and the guarantee

in respect of the Note to (1) proceed against the Borrower or any other Person, (2) proceed against or exhaust any security or (3) pursue any other remedy in the power of the person seeking such enforcement. The Borrower waives the right to have any security first applied to the discharge of the Obligations. The Bank and the other holders from time to time of the Note may, at their election, exercise any right or remedy they may have against the Borrower or IHOP including without limitation the right to foreclose upon any such security by judicial or non-judicial sale, without affecting or limiting in any way the liability of IHOP hereunder, except to the extent the Obligations have been paid. IHOP waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other rights or remedy of IHOP against the Borrower, or any such security, whether resulting from such election by the holder of the Note or otherwise.

(f) IHOP agrees that its obligations under this Agreement shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower or IHOP or IHOP Realty is rescinded or must be otherwise restored by the holder of the Note, whether as a result of any proceedings in bankruptcy or reorganization or otherwise. IHOP further agrees that, without limiting the generality of such obligations, if an Event of Default shall have occurred and be continuing and the Bank or the holder

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of the Note is prevented by applicable law from exercising any remedy under this Agreement or under the Note, the holder of the Note shall be entitled to receive

from IHOP upon demand therefor, the sums which would have otherwise been due from the Borrower had such remedies been exercised.

(g) IHOP hereby expressly waives any and all benefits under California Civil Code Sections 2809, 2810, 2819, 2845, 2847, 2848, 2849, 2850, 2899 and 3433 and California Code of Civil Procedure Sections 580(a), 580(b), 580(d) and 726.

(h) IHOP waives and releases any claim (within the meaning of 11 U.S.C. (S) 101) which it may have against the Borrower and agrees not to assert or take advantage of any subrogation rights or any right to proceed against the Borrower for reimbursement. It is expressly understood that the waivers and agreements of IHOP set forth above constituted additional and cumulative benefits given to the Bank as further inducement for the Bank to enter into this Agreement.

Section 18. Definitions.

(a) For the purposes of this Agreement, the following terms shall have the following respective meanings:

"Account" is defined in Section 2.

"Affiliate" shall mean any Person (other than a Subsidiary) (i) which directly or indirectly controls, or is controlled by, or is under common control with, IHOP, (ii) which beneficially owns or holds 10% or more of any class of the Voting Stock of IHOP, (iii) 10% or more of the Voting Stock of which is beneficially owned or held by IHOP or a Subsidiary of IHOP or (iv) any officer or director of IHOP or any of its Subsidiaries. For purposes of this definition, "control" of a Person shall mean the power, direct or indirect, (i) to vote or direct the voting of a majority of the Voting Stock of such Person, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agreement" is defined in Section 1.

"Alternative Reference Rate" shall mean, for any day a fluctuating rate per annum (rounded to the nearest 1/8 of 1% if not already an integral multiple of 1/8 of 1%) equal to the greater of (i) the rate of interest then most recently announced by the Bank at its principal office in Chicago, Illinois as its "reference rate" or (ii) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% per

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annum. "Federal Funds Effective Rate" shall mean, for any day, an interest rate

per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a business day, the average of the quotations for such day on such transactions received by the Bank from three Federal funds brokers of recognized standing selected by it. In the case of a day which is not a business day, the Federal Funds Effective Rate for such day shall be the Federal Funds Effective Rate for the next preceding business day. For purposes of this Agreement, any change in the Alternative Reference Rate due to a change in the Federal Funds Effective Rate shall be effective on the effective date of such change in the Federal Funds Effective Rate.

"Appropriate Officer" shall mean, with respect to any corporation, such corporation's President, Vice President, Chief Executive Officer, Chief Financial Officer, Treasurer or Controller.

"Authorized Officers" is defined in Section 2.

"Bank" is defined in the preamble.

"Board" means the Board of Directors of any corporation or a committee of said corporation having authority to exercise, when the Board of Directors is not in session, the powers of the Board of Directors (subject to any designated limitations) in the management of the business and affairs of said corporation.

"Book Value" of an asset of any Person means the value of such asset as reported in the books and records of such Person in accordance with GAAP.

"Borrower" is defined in the preamble.

"Business Asset Acquisition" is defined in Section 14.6 hereof.

"Business Day" means any day except a Saturday, a Sunday or a legal holiday in Chicago, Illinois.

"Capitalized Lease" means a lease of Property which in accordance with GAAP should be capitalized on the balance sheet of any Person.

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"Capitalized Lease Obligations" shall mean the aggregate rentals due and to become due under all Capitalized Leases which any Person, as a lessee, would be required to reflect as a liability on the consolidated balance sheet of such Person in accordance with GAAP.

"Closing Date" means November 19, 1992.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment Amount" is defined in the preamble.

"Confirmation" is defined in Section 2.

"Consolidated Debt" shall mean the Debt of IHOP, the Borrower and their Subsidiaries, as determined on a consolidated basis in accordance with GAAP.

"Consolidated Income Available for Fixed Charges" means the sum of (a) Consolidated Net Income, (b) consolidated income tax expense of IHOP and its Subsidiaries in accordance with GAAP and (c) Fixed Charges.

"Consolidated Net Income or Loss" shall mean the Net Income or Loss of IHOP, the Borrower and their Subsidiaries, as determined on a consolidated basis in accordance with GAAP.

"Consolidated Tangible Net Worth" shall mean shareholders' equity of IHOP and its Subsidiaries less intangible assets booked after the Closing Date,

less Restricted Investments in excess of 10% of shareholders' equity of IHOP

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and its Subsidiaries at any date of determination, all as determined for IHOP and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Debt" with respect to any Person means, without duplication, (i) all indebtedness of such Person for borrowed money, (ii) the liability of such Person created by granting a Lien to which the property or assets of such Person are subject whether or not such Person has assumed or become legally liable for the payment of any obligation (provided that, if such obligation has not been assumed or become the legal liability of such Person, the amount of the liability shall be deemed to be in an amount not to exceed the Fair Market Value of the property to which the Lien relates, as determined in good faith by such

Person), (iii) Capitalized Lease Obligations of such Person, to the extent such obligations exceed accounts receivable by such Person

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as lessor under direct financing leases with franchisees so long as such direct financing leases are, at the time of determination to the best knowledge of the lessor thereunder, valid and enforceable against their lessees and are current as to payment and not otherwise in default to the extent that there is a reasonable likelihood that any such lease would be terminated by the lessor prior to its stated expiration and (iv) the aggregate amount of all Guarantees given by such Person with respect to any of the foregoing.

"Default" means any event or condition which, with due notice or lapse of time or both, would become an Event of Default.

"Default Rate" is defined in Section 4.

"Disposition" shall mean any sale, transfer, assignment, lease, conveyance or other disposition of any asset except for sales, transfers, assignments, leases conveyances or other dispositions solely between IHOP, the Borrower and/or IHOP Realty.

"Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. (S)(S) 9601 to 9675, the Resource Conservation and Recovery Act, 42 U.S. C. (S)(S) 6901 to 6992, the Emergency Planning and Community Right to Know Act, 42 U.S.C. (S)(S) 11001 to 11050, the Safe Drinking Water Act, 42 U.S.C. (S)(S) 300f to 300j-26, the Hazardous Materials Transportation Act, 49 U.S.C.A. (S)(S) 1801 to 1819, the Clean Air Act, 42 U.S.C. (S)(S) 7401 to 7671q, the Clean Water Act, 33 U.S.C. (S)(S) 1251 to 1387, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. (S)(S) 136 to 136y, the Noise Control Act, 42 U.S.C.(S)(S) 4901 to 4918, the Occupational Safety and Health Act, 29 U.S.C.A. (S)(S) 651 to 678, the Toxic Substances Control Act, 15 U.S.C. (S)(S) 2601 to 2671, any so-called "Superfund" or "Superlien" law, any regulation promulgated under any of the foregoing or any other Federal, state, or local statute, law, ordinance, code, rule, regulation, order, decree, common law or other requirement of any Governmental Body regulating or imposing liability or standards of conduct concerning the environment, health and safety, or any Hazardous Material.

"ERISA" means the Employee Retirement Income Security Act of 1974, as from time to time amended.

"Eurodollar Rate" means, for any Interest Period for any Eurodollar Rate Loan, an interest rate per annum equal at all times during such Interest Period to the sum of (i)

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1.50% per annum, plus (ii) the rate per annum obtained by dividing (x) the rate

of interest per annum equal to the average (rounded upward, if necessary, to the nearest 1/16 of 1%) of the rates per annum at which deposits in United States dollars in immediately available funds are offered to the Bank's principal office in Chicago, Illinois as at or about 10:00 a.m., Chicago time, two Business Days before the first day of such Interest Period, in an amount approximately equal to the amount of such Loan and for a period approximately equal to such Interest Period, by (y) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period.

"Eurodollar Rate Reserve Percentage" for any Interest Period for any Eurodollar Rate Loan is the reserve percentage equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued

from time to time by the Board of Governors of the Federal Reserve System (and any successor thereto) and then applicable to assets or liabilities consisting of and including "Eurocurrency Liabilities", as currently defined in Regulation D of the Board of Governors of the Federal Reserve System (and any successor thereto), having a term approximately equal or comparable to such Interest Period.

"Event of Default" is defined in Section 16.

"Fair Market Value" means what a willing buyer would pay to a willing seller in an arm's-length transaction.

"Fixed Charges" means the sum of (a) Interest Expense and (b) rental expense under operating leases, all as determined for IHOP and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Fixed Rate Loans" is defined in Section 4.

"Fixed Rate Notes" means the Borrower's 7.79% senior notes due in 2002 in the original aggregate principal amount of \$32,000,000 issued on November 19, 1992 pursuant to the Note Purchase Agreements.

"GAAP" means generally accepted accounting principles in the United States in effect from time to time.

"Governmental Body" means any federal, state, Canadian provincial, county, city, town, village, municipal or other

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governmental department, commission, board, bureau, agency, authority or instrumentality, domestic or foreign.

"Gross Assets" means the total assets and Properties of IHOP and its Subsidiaries less accumulated depreciation, as indicated on the audited balance sheets of IHOP and its Subsidiaries for the fiscal year end immediately prior to the date of any determination.

"Guarantee" means any guarantee or other contingent liability (other than any endorsement for collection or deposit in the ordinary course of business), direct or indirect, with respect to any obligations of another Person, through an agreement or otherwise, including, without limitation, (a) any other endorsement or discount with recourse or undertaking substantially equivalent to or having economic effect similar to a guarantee in respect of any such obligations and (b) any agreement (i) to purchase, or to advance or supply funds for the payment or purchase of, any such obligations, (ii) to purchase, sell or lease Property, products, materials or supplies, or transportation or services, in respect of enabling such other Person to pay any such obligation or to assure the owner thereof against loss regardless of the delivery or nondelivery of the Property, products, materials or supplies or transportation or services or (iii) to make any loan, advance or capital contribution to or other investment in, or to otherwise provide funds to or for, such other Person in respect of enabling such Person to satisfy any obligation (including any liability for a dividend, stock liquidation payment or expense) or to assure a minimum equity, working capital or other balance sheet condition in respect of any such obligation. The amount of liability of any Person attributable to any Guarantee shall be equal to the maximum amount for which such Person could be liable under such Guarantee.

"Hazardous Material" and "Hazardous Materials" shall mean as follows:

(1) any "hazardous substance" as defined in, or for purposes of, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A.(S)(S) 9601 & 9602, as may be amended from time to time, or any other so-called "superfund" or "superlien" law and any judicial interpretation of

any of the foregoing;

(2) any "regulated substance" as defined pursuant to 40 C.F.R. Part 280;

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(3) any "pollutant or contaminant" as defined in 42 US.CA.(S) 9601(33);

(4) any "hazardous waste" as defined in, or for purposes of, the Resource Conservation and Recovery Act;

(5) any "hazardous chemical" as defined in 29 C.F.R. Part 1910;

(6) any "hazardous material" as defined in, or for purposes of, the Hazardous Materials Transportation Act; and

(7) any other substance, regardless of physical form, or form of energy or pathogenic agent that is subject to any Environmental Law.

Without limiting the generality of the foregoing, the term "Hazardous Material" thus includes, but is not limited to, any material, waste or substance that contains petroleum or any fraction thereof, asbestos, or polychlorinated biphenyls, or that is flammable, explosive or radioactive that is subject to any Environmental Law.

"IHOP" means IHOP Corp., a Delaware corporation, or any successor thereto.

"IHOP Realty" means IHOP Realty Corp., a Delaware corporation which is a wholly-owned Subsidiary of the Borrower.

"Indemnified Person" is defined in Section 9.

"Interest Expense" shall mean interest expense, determined for IHOP and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Interest Period" is defined in Section 4.

"Investment" when used with reference to any investment of IHOP, the Borrower or any of their Subsidiaries, means any investment so classified under GAAP (and, specifically, shall not include trade receivables which are classified as current assets under GAAP), and, whether or not so classified, includes (a) any loan or advance made by IHOP, the Borrower or any of their Subsidiaries to any other Person, and (b) any ownership or similar interest in any other Person; and the amount of any Investment shall be the original principal or capital amount thereof less all cash returns of principal or equity thereof (and without adjustment by reason of the financial condition of such other Person).

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"L/C Commitment" is defined in the preamble.

"Letters of Credit" is defined in the preamble.

"Lien" means any security interest, mortgage, pledge, lien, claim, charge, encumbrance, conditional sale or title retention agreement, lessor's interest under a Capitalized Lease or analogous instrument, in, of or on any of a Person's Property (whether held on the date hereof or hereafter acquired), or any signed or filed financing statement which names such Person as the debtor, or the execution of any security agreement or the like authorizing any other Person as the secured party thereunder to file such a financing statement; provided that neither (a) the interest of a lessee or a sublessee in its

capacity as lessee or sublessee under a lease or sublease entered into by IHOP, the Borrower or any of their Subsidiaries in the ordinary course of business nor (b) the rights of franchisees in their capacities as franchisees to use and possession of certain properties and rights pursuant to franchise documentation entered into by IHOP, the Borrower or any of their Subsidiaries in the ordinary course of business shall be deemed to constitute a Lien for purposes hereof.

"Loan" is defined in the preamble.

"Material Adverse Effect" means any change or changes or effect or effects that individually or in the aggregate are or are likely to be materially adverse to (i) the assets, business, operations, income, prospects or condition (financial or otherwise) of IHOP and its Subsidiaries taken as a whole or the Borrower and its Subsidiaries taken as a whole, (ii) the transactions contemplated by this Agreement, or (iii) taken as a whole, the ability of the Borrower and IHOP to fulfill their respective obligations under this Agreement and the Note.

"Maturity Date" is defined in Section 1.

"Net Income or Loss" of any Person, with respect to any period, shall mean the net income or net loss of such Person after excluding the sum of (i) any net loss or any undistributed net income of any Person other than a Subsidiary of such Person, (ii) the net income or net loss of any Subsidiary of such Person earned or incurred prior to the date on which it became a Subsidiary of such Person, (iii) the gain or loss (net of any tax effect) resulting from the sale of any capital assets other than in the ordinary course of business, and (iv) extraordinary or

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nonrecurring gains or losses (net of any tax effect), all as determined for the relevant period in accordance with GAAP.

"Note" is defined in Section 3.

"Note Purchase Agreements" means the several Senior Note Purchase Agreements dated as of November 19, 1992 among the Borrower, IHOP and the purchasers identified in Schedule I thereto.

"Obligations" is defined in Section 17.

"Order" means any order, writ, injunction, decree, judgment, award, determination or written direction or demand of any court, arbitrator or Governmental Body.

"Permitted Lien" is defined in Section 14.1.

"Person" means and includes an individual, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

"Property" with respect to any Person, means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible, of such Person.

"Quoted Rate" shall mean, with respect to any Quoted Rate Loan for any Interest Period, the rate per annum quoted by the Bank to the Borrower for delivery on the first day of such Interest Period, for the number of days comprised in such Interest Period and in an amount equal to the amount of such Quoted Rate Loan to be outstanding during such Interest Period.

"Quoted Rate Loan" shall mean any Loan which bears interest at a Quoted

Rate.

"Reference Rate Loan" shall mean any Loan which bears interest at or by reference to the Alternative Reference Rate.

"Restricted Investments" shall mean all Investments made by IHOP, the Borrower or their Subsidiaries in or to any Person except (i) Investments in notes of franchisees and receivables of franchisees in the ordinary course of business other than notes and receivables held in settlement of franchise obligations, and in Property of :HOP or its Subsidiaries to be used in the ordinary course of business, (ii) Investments in Subsidiaries, (iii) Investments in obligations issued or unconditionally guaranteed by the U.S.

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or any agency thereof, in each case maturing within one year from the date of acquisition thereof; (iv) Investments in obligations issued by any political subdivision of the U.S. or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc. or some other mutually agreeable rating system if either of these entities no longer exists; (v) commercial paper maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc. or some other mutually agreeable rating system if either of these entities no longer exists; (vi) certificates of deposit, repurchase agreements or bankers' acceptances maturing within one year from the date of acquisition thereof issued by the Borrower's cash management concentration bank (provided that such bank is rated investment grade or better by either Standard & Poor's Corporation or Moody's Investors Services, Inc. or some other mutually agreeable rating system if either of these entities no longer exists), Continental Bank NA., or other commercial banks located in the U.S. and Canada having combined capital, surplus and undivided profits of not less than \$100,000,000 and who have a rating at all times from Standard & Poor's Corporation or Moody's Investors Service, Inc., or some other mutually agreeable rating system if either of these entities no longer exists, of "A-" or better; (vii) Investments in mutual funds and money market accounts, which funds or accounts are traded on a national exchange or are managed by a commercial bank and which invests solely in Investments which satisfy the criteria set forth in the foregoing clauses (iii) through (vi); and (viii) other Investments existing on the Closing Date.

"Subsidiary" shall mean, with respect to any Person, any corporation or other entity (a) organized under the laws of the United States, the District of Columbia or Canada or any state or political subdivision of any thereof, (b) all or substantially all of whose assets and business operations are located or conducted within the United States or Canada and (c) of which at least 51% of the outstanding Voting Stock is at the time directly or indirectly owned or controlled by such Person or by one or more of such Person's wholly-owned Subsidiaries.

"Subsidiary Guarantee" shall mean the Subsidiary Guarantee from IHOP Realty in the form of Exhibit E hereto.

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"Total Capitalization" shall mean the sum of (i) Consolidated Debt of IHOP, the Borrower and their Subsidiaries and (ii) Consolidated Tangible Net Worth.

"U.S." means the United States of America.

"Voting Stock" with respect to any Person shall mean capital stock of such Person of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of

members of the Board (or Persons performing similar functions) of such Person.

(b) Accounting Terms. All accounting terms used in this Agreement

shall be applied on a consolidated basis for IHOP, the Borrower and their Subsidiaries, unless otherwise specifically indicated herein. Any accounting terms not specifically defined herein shall have the meanings customarily given them in accordance with GAAP.

Section 19. Miscellaneous. No delay on the part of the Bank or on the

part of any other holder of the Note in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank or such holder of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or the Note shall in any event be effective unless the same shall be in writing and signed and delivered by IHOP, the Borrower and the Bank. This Agreement shall be a contract made under and governed by the internal laws of the State of Illinois. All obligations of IHOP and the Borrower and rights of the Bank and the rights of any other holder of the Note expressed herein or in the Note shall be in addition to and not in limitation of those provided by applicable law. This Agreement shall be binding upon IHOP and the Borrower, and shall inure to the benefit of the Bank and its successors and assigns. The Borrower shall pay on demand all the reasonable fees and out-of-pocket expenses of the Bank's counsel in connection with the execution and delivery of this Agreement, the Note and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith and in connection with all waivers hereof and amendments hereto, and all reasonable attorneys' fees and legal expenses incurred by the Bank in connection with the enforcement of this Agreement, the Note or any such other instruments or documents. In addition, the Borrower agrees to pay, and to save the Bank harmless from all liability for, any stamp or other transfer taxes which may be payable in connection with the execution or delivery of this Agreement, the borrowings hereunder, or the issuance of the Note or of any other

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instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided for in this Section and in Section 9 shall survive any termination of this Agreement and all

obligations of the Borrower provided under Sections 7 and 8 shall survive for a

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period of six months after any termination of the Agreement; provided that if

the Bank shall have made a claim for compensation thereunder within 6 months after the termination of this Agreement, then the obligations with respect to such claim shall survive until such claim has been resolved. The Borrower and IHOP waive any right to a trial by jury in any action or proceeding to enforce or defend any rights under this Agreement or any instrument, document or agreement delivered in connection herewith or arising from any banking relationship existing in connection with this Agreement, and agree that any such action or proceeding shall be tried before a court and not before a jury.

If the foregoing correctly sets forth our understanding kindly sign and return to us one copy of this letter.

Very truly yours,

CONTINENTAL BANK N.A.

By /s/ J. E. Smith

Its Vice President

Confirmed and agreed to:

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: /s/ Richard K. Herzer

Its: President

IHOP CORP.

By: /s/ Richard K. Herzer

Its: President

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EXHIBIT A

NOTE

\$10,000,000

June 30, 1993
Chicago, Illinois

For value received, the undersigned INTERNATIONAL HOUSE OF PANCAKES, INC. promises to pay to the order of CONTINENTAL BANK N.A. (herein called the "Bank") on the Maturity Date (as such term is defined in the hereinafter defined Credit Agreement) at its offices in Chicago, Illinois, TEN MILLION DOLLARS, or if less, the aggregate unpaid principal amount of all loans made by the Bank to the undersigned from time to time under the letter agreement dated as of June 30, 1993 among the undersigned, IHOP Corp. and the Bank (herein, as amended or modified from time to time, the "Credit Agreement").

The date, type, amount, interest period and interest rate of each loan made by the Bank under the Credit Agreement and of each repayment of principal received thereon may, at the option of the Bank, be recorded by the Bank in its records and all such information so recorded shall be conclusive and binding upon the Borrower (absent manifest error). The failure to record any such information shall not, however, limit or otherwise affect the obligations of the undersigned hereunder to repay the principal amount of all loans under the Credit Agreement together with all interest accruing thereon.

The aggregate unpaid principal amount from time to time outstanding of loans made by the Bank to the undersigned under the Credit Agreement shall bear interest at such rates as provided in the Credit Agreement. Interest on this Note shall be computed and paid as provided in the Credit Agreement.

This Note evidences indebtedness incurred under the Credit Agreement. Reference is made to the Credit Agreement for a statement of the prepayment rights of the undersigned, and for a statement of the terms and conditions upon which the due date of the amounts outstanding hereunder may be accelerated. Upon the occurrence of any Event of Default as specified in the Credit Agreement, the principal balance hereof and the interest accrued hereon may be declared to be forthwith due and payable.

Payments of both principal and interest hereon shall be made in lawful money of the United States of America in immediately available funds.

Notwithstanding anything to the contrary herein or in the Credit Agreement, the undersigned further agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the holder of this Note in endeavoring to collect any amounts payable hereunder which are not paid when due, whether by acceleration or otherwise.

This Note is made under and governed by the internal laws of the State of Illinois.

Address:

525 North Brand Boulevard
Glendale, California 91203

INTERNATIONAL HOUSE OF
PANCAKES, INC.

By: _____
Its: _____

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EXHIBIT B

_____, 199_

Continental Bank N.A.
231 South LaSalle Street
Chicago, Illinois 60697

Attention: _____

Reference is made to that certain letter agreement, dated as of June 30, 1993 (as the same may be amended from time to time, the "Agreement"), among

the undersigned, IHOP Corp. and you. All terms used herein which are defined in the Agreement shall have the same meaning herein.

Pursuant to the terms of the Agreement, we hereby confirm the following:

1. A [Reference/Eurodollar/Quoted] Rate Loan in the amount of \$ _____ was requested on _____, 199_. [Such Loan shall have an Interest Period of __ days/__ months].

2. A repayment of principal on the Note in the amount of \$ _____ was authorized on _____, 199_. Such repayment shall be applied to [outstanding Reference Rate Loans) [the Quoted Rate/the Eurodollar Rate Loan having an Interest Period expiring on such date].

(Complete number 1 and/or 2 above as applicable.)

3. After giving effect to the foregoing transactions, the unpaid principal balance of the Note will be \$ _____.

Very truly yours,

INTERNATIONAL HOUSE OF
PANCAKES, INC.

By: _____
Its: _____

EXHIBIT C

CERTIFICATE
IDENTIFYING AUTHORIZED OFFICERS

I, Larry Alan Kay, Secretary of International House of Pancakes, Inc.
hereby certify as follows:

Pursuant to the letter agreement dated as of June 30, 1993 (the "Credit
Agreement") among Continental Bank N.A. (the "Bank"), IHOP Corp. and
International House of Pancakes, Inc. (the "Borrower"), each of the persons
named in Section 1 below is authorized to request Loans from the Bank and to
execute Confirmations (in the form of Exhibit B as referred to in the Credit
Agreement) called for under the Credit Agreement and each of the persons named
in Section 2 below is authorized only to request Loans from the Bank. The
signatures set forth opposite their respective names below are their genuine
signatures.

Section 1.

Name	Title	Signature
Richard K. Herzer	President	-----
Larry Alan Kay	Executive V.P. - Administration	-----
Frederick G. Silny	V.P. - Finance	-----
Gene A. Scott	Controller	-----
Diane M. Stempora	Director of Financial Planning	-----

Section 2.

Robert H. Dickson	Assistant Director of Financial Planning	-----
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INTERNATIONAL HOUSE OF
PANCAKES, INC.

By: -----
Its: Secretary

Date: June 30, 1993

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EXHIBIT D

Certificate of Larry Alan Kay

I, the undersigned, Secretary of INTERNATIONAL HOUSE OF PANCAKES, INC. (the
"Borrower"), DO HEREBY CERTIFY that:

1. This Certificate is furnished pursuant to Section 15 of that certain

letter agreement dated as of June 30, 1993 (the "Agreement"), among the

Borrower, IHOP Corp. and Continental Bank N.A. (the "Bank"). Unless otherwise

defined herein, capitalized terms used in this Certificate have the meanings
assigned to such terms in the Agreement.

2. Attached hereto as Exhibit I are true, correct and complete copies of

the certificate of incorporation of the Borrower and the by-laws of the
Borrower as in effect on the date hereof.

3. Attached hereto as Exhibit II is a true, correct and complete copy of

resolutions duly adopted by the Board of Directors of the Borrower, which
resolutions have not been revoked, modified, amended or rescinded and are still
in full force and effect.

4. The persons named in Exhibit III attached hereto have been duly

elected, have duly qualified as and at all times since June 1, 1993 (to and
including the date hereof) have been officers of the Borrower holding the
respective offices set forth therein opposite their names.

5. I know of no proceeding for the dissolution or liquidation of the
Borrower or threatening its existence.

WITNESS my hand this 30th day of June, 1993.

Secretary

I, the undersigned, President of the Borrower, DO HEREBY CERTIFY that Larry
Alan Kay is the duly elected and qualified Secretary of the Borrower and
the signature above is his genuine signature.

WITNESS my hand on this 30th day of June, 1993.

President

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EXHIBIT E

SUBSIDIARY GUARANTEE

IHOP REALTY CORP.

FOR VALUE RECEIVED and in consideration of the agreement by Continental
Bank N.A. (the "Bank") to extend credit to International House of Pancakes,

Inc., a Delaware corporation (herein called, together with its successors and
assigns, the "Borrower"), pursuant to the letter agreement dated as of June 30,

1993, by and among the Bank, IHOP Corp., a Delaware corporation ("IHOP"), and

the Borrower, which is the wholly-owned Subsidiary of IHOP (the "Credit

Agreement"), the undersigned (the "Guarantor"), a wholly-owned Subsidiary of the

Borrower, unconditionally guarantees (a) the full and prompt payment, when due,
whether at maturity or earlier by reason of acceleration or otherwise, and at

all times thereafter of all obligations of the Borrower with respect to payment of the principal of, prepayment charges (if any), and interest on the promissory note (the "Note") executed pursuant to the Credit Agreement (including interest

on any overdue principal and prepayment charges, if any, and, to the extent permitted by law, on any overdue interest), and all other amounts due, and (b) the prompt and faithful performance, discharge and observance of all other obligations, covenants, agreements, conditions, representations, warranties, indemnities and liabilities of the Borrower and IHOP to be performed, discharged or observed by the Borrower and IHOP, under or pursuant to the Credit Agreement and all agreements, instruments and documents executed or delivered in connection therewith or pursuant thereto (all such obligations of the Borrower and IHOP guaranteed by the Guarantor herein being hereinafter called the "Obligations"). In the event the Borrower or IHOP defaults in the payment or

performance, when due, of any of the Obligations (whether at their stated maturity, by acceleration, or otherwise), the Guarantor shall pay to the Bank, on demand, the full amount of such Obligations in immediately available funds at the place provided in the Credit Agreement or shall, on demand, fully perform such Obligations. The Guarantor further agrees to pay (a) all costs and expenses including, without limitation, all court costs and reasonable attorneys' fees and expenses paid or incurred by the Bank in endeavoring to collect all or any part of the Obligations from, or in prosecuting any action against, IHOP, the Borrower, the Guarantor, or any other guarantor of all or any part of the Obligations, and (b) to the extent permitted by law, interest on the Obligations and such costs and expenses at the applicable per annum rate set forth in the Credit Agreement. Unless otherwise

defined herein, the capitalized terms used herein which are defined in the Credit Agreement shall have the meanings specified therein.

The Guarantor hereby represents and warrants that:

(a) The Guarantor has full power, authority and legal right to execute this Guarantee.

(b) This Guarantee has been duly authorized, executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

(c) No consent, approval or authorization of or filing with any governmental body or other person on the part of the Guarantor is required in connection with this Guarantee.

(d) The execution, delivery and performance of this Guarantee will not violate any provision of any applicable law or regulation or of any order, judgment, writ, award or decree of any court, arbitrator or governmental body, domestic or foreign, or of the charter or by-laws of the Guarantor or of any securities issued by the Guarantor or of any mortgage, indenture, lease, contract, or loan agreement to which the Guarantor is a party, or any other agreement, instrument or undertaking to which the Guarantor is a party or which purports to be binding upon the Guarantor or upon any of its assets, and will not result in the creation or imposition of any Lien on any of the assets of the Guarantor except as contemplated by this Guarantee.

The Guarantor hereby waives notice of acceptance of this Guarantee by the Bank, of any action taken or omitted in reliance hereon or of any default in the payment of any of the Obligations or in the performance of any covenants and agreements of the Borrower contained in the Credit Agreement or the Note, and any diligence, presentment, demand, protest, dishonor or notice of any kind.

This Guarantee constitutes a present and continuing Guarantee of payment and performance and not of collectability of the Obligations, and shall be absolute, primary, present and unconditional, and to the extent permitted by applicable law, shall not be subject to any counterclaim, setoff, reduction or defense based upon any claim the Guarantor may have against the Borrower, or any other person, and shall remain in full force and effect without regard to, and

shall not be released, discharged or in any way affected or impaired by any thing, event, happening, matter, circumstance or condition whatsoever (whether

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or not the Guarantor shall have any knowledge or notice thereof or shall consent thereto), including, without limitation:

(i) any amendment or other modification of or supplement to any provision of the Credit Agreement, any other agreements or documents executed or delivered in connection therewith or pursuant thereto or the Note or any assignment or transfer thereof, including without limitation any renewal or extension of the terms of payment of the Note or the granting of time in respect of any payment thereof, or any furnishing or acceptance of security or any release of any security furnished or accepted for the Note or in respect of the obligations of the Guarantor hereunder;

(ii) any waiver, consent, extension, granting of time, forbearance, indulgence or other action or inaction under or in respect of this Guarantee or the Note or any exercise or nonexercise of any right, remedy or power in respect hereof or thereof;

(iii) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceedings with respect to the Guarantor, the Borrower or any other person, or the properties or creditors of any of them;

(iv) the occurrence of any Default or Event of Default, or any invalidity or unenforceability of, or any misrepresentation, irregularity or other defect in, the Credit Agreement, any other agreement or document executed or delivered in connection therewith or pursuant thereto, the Note or any other agreement;

(v) any transfer of any assets to or from the Guarantor, IHOP or the Borrower, including without limitation any transfer or purported transfer to the Guarantor, IHOP or the Borrower from any person, any invalidity, illegality of, or inability to enforce, any such transfer or purported transfer, any consolidation or merger of the Guarantor, IHOP or the Borrower with or into any other corporation or entity, or any change whatsoever in the objects, capital structure, constitution or business of the Guarantor, IHOP or the Borrower or any affiliate or Subsidiary of the Guarantor, IHOP or of the Borrower;

(vi) any failure on the part of the Borrower or any other person to perform or comply with any term of the Note, the Credit Agreement, or any other agreement;

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(vii) any suit or other action brought by the Guarantor, IHOP, the Borrower or any other Person, or by any stockholder or creditor of any of such Persons, for any reason whatsoever, including without limitation any suit or action in any way attacking or involving any issue, matter or thing in respect of the Note, the Credit Agreement or any other agreement;

(viii) any lack or limitation of status or power, incapacity or disability of the Guarantor, IHOP or the Borrower or of any officer, director or agent of the Guarantor, IHOP or the Borrower or any of their respective stockholders;

(ix) the cessation from any cause whatsoever (other than payment of the Obligations) of liability of the Borrower;

(x) the termination of, or release or compromise of the Credit Agreement, any other agreement or document executed or delivered in connection therewith or pursuant thereto, the Note or any other agreement, including,

without limitation, the guarantee of IHOP set forth in Section 17 of the Credit Agreement (other than as a result of payment of the Obligations);

(xi) any lack or limitation of the genuineness, validity, regularity or enforceability of the Note, the Credit Agreement, any other agreement or document executed or delivered in connection therewith or pursuant thereto, or any other agreement;

(xii) any failure by the Bank to take any steps to perfect or maintain their security interest (if any) in or Liens (if any) upon, or to preserve their rights to, any security or collateral for the Obligations;

(xiii) any election by the Bank, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. (S) 101 et seq.)

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(the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code;

(xiv) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of any of the Bank's claims for repayment of the Obligations; or

(xv) any other thing, event, happening, matter, circumstance or condition whatsoever, not in any way limited

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to the foregoing, which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

The liability of the undersigned Guarantor under this Guarantee shall not exceed at any time the greater of (i) 95% of the Adjusted Net Assets (as hereinafter defined) of the Guarantor at the time of delivery hereof and (ii) 95% of the Adjusted Net Assets of the Guarantor at the time of any payment hereunder. As used herein, the term "Adjusted Net Assets" means at any time the lesser of (x) the amount by which the fair market value of the assets of the Guarantor exceeds the total amount of liabilities (including, without limitation, contingent liabilities, but excluding liabilities under this Guarantee) of the Guarantor at such time, and (y) the amount by which the present fair market value of the assets of the Guarantor at such time exceeds the amount that will be required to pay the probable liability of the Guarantor on its debts (excluding debt in respect of this Guarantee), as they become absolute and matured. Contingent liabilities of the Guarantor (including, without limitation, liabilities in respect of guarantees, pension and other employee benefit plans and pending or threatened litigation and claims), shall be valued at amounts which, in light of all the facts and circumstances existing at the time, represent amounts which can reasonably be expected to become actual or matured liabilities.

Notwithstanding anything to the contrary contained herein or in any other agreement, document or instrument, the Guarantor hereby irrevocably waives all rights of subrogation (whether such rights arise under common law, contract or Federal law, including, without limitation, Section 509 of the Bankruptcy Code) to the claims of the Bank against the Borrower, and waives all contractual, statutory and common law rights of contribution, reimbursement, indemnification and similar rights and claims (as such term is defined in the Bankruptcy Code) against the Borrower which may arise in connection with, or as a result of, this Guarantee.

The Guarantor expressly waives any right it may have to require any Person seeking enforcement of its obligations hereunder to (a) proceed against the Borrower, IHOP or any other Person, (b) proceed against or exhaust any security, or (c) pursue any other remedy in the power of the Person seeking such enforcement, including without limitation, its remedies pursuant to the IHOP guarantee set forth in Section 17 of the Credit Agreement. The Bank from time to time may, at its election, exercise any right or remedy it may have against the Guarantor, including, without limitation, the right to foreclose upon any such

security by judicial or non-judicial sale, without affecting or limiting in any way the liability of the Guarantor

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hereunder, except to the extent the Obligations have been paid. The Guarantor waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of the Guarantor against the Borrower, IHOP or any such security, whether resulting from such election by the Bank or otherwise.

The Guarantor agrees that its obligations hereunder shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower, IHOP or the Guarantor is rescinded or must be otherwise restored by the Bank, whether as a result of any proceedings in bankruptcy or reorganization or otherwise. The Guarantor further agrees that, without limiting the generality of the foregoing, if an Event of Default shall have occurred and be continuing and the Holder is prevented by applicable law from exercising any remedy under this Guarantee or under the Note, the Bank shall be entitled to receive from the Guarantor upon demand therefor, the sums which would otherwise have been due from the Borrower had such remedies been exercised.

The Guarantor hereby expressly waives any and all benefits under California Civil Code Sections 2809, 2810, 2819, 2845, 2847, 2848, 2849, 2850, 2899 and 3433 and California Code of Civil Procedure Sections 580(a), 580(b), 580(d) and 726.

The Guarantor agrees that this Guarantee shall continue in full force and effect and may not be terminated or otherwise revoked by the Guarantor until the Obligations shall have been fully discharged.

This Guarantee shall be binding upon the Guarantor and upon the successors and assigns of the Guarantor and shall inure to the benefit of the Bank and its successors and assigns; all references herein to the Borrower, IHOP and to the Guarantor shall be deemed to include their respective successors and assigns, including, without limitation, a receiver, trustee or debtor-in-possession of or for the Borrower, IHOP or the Guarantor. All references to the singular shall be deemed to include the plural where the context so requires.

THIS GUARANTEE SHALL BE CONSTRUED IN ACCORDANCE WITH AND SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS (WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES OF SUCH STATE).

THE GUARANTOR CONSENTS AND AGREES TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF COOK, STATE OF ILLINOIS, AND WAIVES ANY OBJECTION BASED ON VENUE OR FORUM NON CONVENIENS WITH RESPECT TO ANY ACTION

INSTITUTED THEREIN, AND

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AGREES THAT ANY DISPUTE CONCERNING THE RELATIONSHIP BETWEEN ANY PURCHASER OR HOLDER OF NOTE, ON THE ONE HAND, AND THE GUARANTOR, ON THE OTHER HAND, OR THE CONDUCT OF ANY PARTY IN CONNECTION WITH THIS GUARANTEE OR OTHERWISE SHALL BE HEARD ONLY IN THE COURTS DESCRIBED ABOVE.

THE GUARANTOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY HAND DELIVERY OR MAIL TO THE GUARANTOR AT ITS ADDRESS SET FORTH BELOW. THE GUARANTOR HEREBY CONSENTS TO SERVICE OF PROCESS AS AFORESAID.

NOTHING IN THIS GUARANTEE SHALL AFFECT THE RIGHT OF THE BANK TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF THE BANK TO BRING ANY ACTION OR PROCEEDING AGAINST THE GUARANTOR OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

Wherever possible each provision of this Guarantee shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guarantee shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guarantee.

THE GUARANTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS GUARANTEE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE GUARANTOR IN RESPECT TO THIS GUARANTEE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. THE GUARANTOR HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS GUARANTEE WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE GUARANTOR TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

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IN WITNESS WHEREOF, this Guarantee has been duly executed by the Guarantor as of the 30th day of June, 1993.

IHOP REALTY CORP.

By: _____
Title:

525 North Brand Boulevard
Glendale, California 91203

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EXHIBIT F

Certificate of Larry Alan Kay

I, the undersigned, Secretary of IHOP CORP. ("IHOP"), DO HEREBY CERTIFY

that:

1. This Certificate is furnished pursuant to Section 15 of that certain

letter agreement dated as of June 30, 1993 (the "Agreement"), among IHOP,

International House of Pancakes, Inc. and Continental Bank N.A. (the "Bank").

Unless otherwise defined herein, capitalized terms used in this Certificate have the meanings assigned to such terms in the Agreement.

2. Attached hereto as Exhibit I are true, correct and complete copies of

the certificate of incorporation of IHOP and the by-laws of IHOP as in effect on the date hereof.

3. Attached hereto as Exhibit II is a true, correct and complete copy of

resolutions duly adopted by the Board of Directors of IHOP, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect.

4. The persons named in Exhibit III attached hereto have been duly

elected, have duly qualified as and at all times since June 1, 1993 (to and including the date hereof) have been officers of IHOP holding the respective offices set forth therein opposite their names.

5. I know of no proceeding for the dissolution or liquidation of IHOP or threatening its existence.

WITNESS my hand this 30th day of June, 1993.

Secretary

I, the undersigned, President of IHOP, DO HEREBY CERTIFY that Larry Alan Kay is the duly elected and qualified Secretary of IHOP and the signature above is his genuine signature.

WITNESS my hand on this 30th day of June, 1993.

President

EXHIBIT G

Certificate of Larry Alan Kay

I, the undersigned, Secretary of IHOP REALTY CORP. ("Realty"), DO HEREBY

CERTIFY that:

1. This Certificate is furnished pursuant to Section 15 of that certain

letter agreement dated as of June 30, 1993 (the "Agreement"), among IHOP,

International House of Pancakes, Inc. and Continental Bank N.A. (the "Bank").

Unless otherwise defined herein, capitalized terms used in this Certificate have the meanings assigned to such terms in the Agreement.

2. Attached hereto as Exhibit I are true, correct and complete copies of

the certificate of incorporation of Realty and the by-laws of Realty as in effect on the date hereof.

3. Attached hereto as Exhibit II is a true, correct and complete copy of

resolutions duly adopted by the Board of Directors of Realty, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect.

4. The persons named in Exhibit III attached hereto have been duly

elected, have duly qualified as and at all times since June 1, 1993 (to and including the date hereof) have been officers of Realty holding the respective offices set forth therein opposite their names.

5. I know of no proceeding for the dissolution or liquidation of Realty or threatening its existence.

WITNESS my hand this 30th day of June, 1993.

Secretary

I, the undersigned, President of Realty, DO HEREBY CERTIFY that Larry Alan Kay is the duly elected and qualified Secretary of Realty and the signature above is his genuine signature.

WITNESS my hand on this 30th day of June, 1993.

President

EXHIBIT H

[Opinion of counsel to IHOP, the Borrower and
IHOP Realty Corp. addressed to the Bank
and Mayer, Brown & Platt)

1. IHOP, the Borrower and each of their subsidiaries are corporations duly incorporated, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, and each has the requisite corporate power and authority to own, lease and operate its respective properties and to carry on its respective businesses as presently owned and conducted, and each is duly qualified and in good standing in the jurisdictions in which the character of the properties owned or leased by it or the nature of the business transacted by it makes such qualification necessary.

2. The Credit Agreement, the Note and the Subsidiary Guarantee have been duly authorized, executed and delivered by IHOP, the Borrower and IHOP Realty Corp., to the extent each is a party thereto and such documents constitute the legal, valid and binding agreements of IHOP, the Borrower and IHOP Realty Corp., to the extent each is a party thereto, enforceable against IHOP, the Borrower and IHOP Realty Corp., to the extent each is a party thereto, in accordance with their terms.

3. The execution of the Note, the execution and delivery of, and performance by IHOP and the Borrower of their respective contractually required obligations and undertakings under, the Credit Agreement and the execution and delivery of, and performance by IHOP Realty Corp. of its contractually required obligations and undertakings under, the Subsidiary Guarantee, do not conflict with or result in any breach of any provision of, constitute a default under, or result in the creation or imposition of any Lien upon any of the respective Properties of IHOP, the Borrower or IHOP Realty Corp. or any of their Subsidiaries pursuant to the provisions of the charter documents of any of them, or any agreement, order, decree, indenture, judgment or other instrument or document to which any of them is a party or by which any of them or their respective properties may be bound.

4. There are no proceedings pending or threatened against IHOP, the Borrower or any of their subsidiaries in any court or before any governmental body or arbitration board or tribunal which could materially and adversely affect the properties, business, profits or condition (financial or otherwise) of IHOP, the Borrower or any of their subsidiaries or the ability of IHOP

or the Borrower to perform their respective obligations under the Credit Agreement or the Note or the ability of IHOP Realty Corp. to perform its obligations under the Subsidiary Guarantee.

5. No consent, approval, authorization, or order of, or other action by or filing with, any governmental body is required in connection with the execution, delivery or performance of the Credit Agreement or the Subsidiary Guarantee, the execution and delivery of the Note or Compliance by IHOP, the Borrower and IHOP Realty Corp., to the extent each is a party thereto, with the terms and provisions thereof.

6. None of IHOP, the Borrower nor any of their subsidiaries is in default in the performance, observance or fulfillment of any of the obligations,

covenants or conditions contained in any franchising arrangement, material lease, agreement, indenture or loan document to which it is a party, and no condition exists which, with the giving of notice or the lapse of time or both, would constitute such a default.

7. None of IHOP, the Borrower nor any of their subsidiaries is, nor are any of them directly or indirectly controlled by or acting on behalf of any person which is, an "investment company" within the meaning of the Investment Company Act of 1940, and none of IHOP, the borrower nor any of their subsidiaries is subject to any law, statute, rule or regulation limiting its ability to incur indebtedness for money borrowed.

8. All of the shares of issued and outstanding capital stock of the Borrower are owned of record and, to our knowledge, beneficially, by IHOP and all of the shares of issued and outstanding capital stock of IHOP Realty Corp. are owned of record and, to our knowledge, beneficially, by the Borrower, in each case free and clear of liens.

FIRST AMENDMENT TO LETTER AGREEMENT

THIS FIRST AMENDMENT TO LETTER AGREEMENT is made and dated as of December 31, 1994 (the "AMENDMENT") among INTERNATIONAL HOUSE OF PANCAKES, INC., (the "BORROWER"), IHOP CORP, as Guarantor (the "GUARANTOR") and BANK OF AMERICA ILLINOIS, a state chartered banking association, as successor by merger to Continental Bank N.A. ("Bank") and amends that certain \$10,000,000 Letter Agreement dated as of June 30, 1993 (as amended or modified from time to time, the "AGREEMENT").

RECITALS

WHEREAS, the Borrower has requested, and the Bank has agreed, on the terms and conditions set forth herein, to amend the Agreement to modify certain financial covenants, all as more fully described herein, and the Bank is willing to do so, on the terms and conditions set forth herein;

WHEREAS, certain other modifications to the Agreement are necessary to reflect the merger of Continental Bank N.A. into Bank of America Illinois;

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

1. Terms. All capitalized terms used herein shall have the same

meanings as in the Agreement unless otherwise defined herein.

2. Amendments to Agreement. The parties hereto agree that the

Agreement is amended as follows:

2.1 All references to Continental Bank N.A. in the Agreement, the Letters of Credit, Subsidiary Guarantee, the Note, and all other documents or instruments delivered pursuant to any of them, shall be amended, and shall hereinafter be deemed to be, references to Bank.

2.2 The first paragraph of the Agreement is hereby amended by deleting "\$2,000,000" and inserting "\$5,000,000" in lieu thereof.

2.3 Section 1 is hereby amended by deleting "June 30, 1995" and inserting "June 30, 1996"; provided however, that any Letter of Credit issued

hereunder shall have an expiry date not later than December 31, 1996" in lieu thereof.

2.4 Section 2(a) is hereby amended by deleting the references to "noon, Chicago time" therein and inserting "10:00 a.m., San Francisco time" in lieu thereof, and deleting the reference to "12:30 p.m., Chicago time" and inserting "10:30 a.m., San Francisco time" in lieu thereof.

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2.5 Section 2(c) is hereby amended by deleting "\$2,000,000" and inserting "\$5,000,000", by deleting "1983" and inserting "1993" in lieu thereof, and by deleting "Publication No. 400" and inserting "Publication No.500" in lieu thereof.

2.6 Section 4(f) is hereby amended by deleting the reference to "12:30 p.m. Chicago time" in the first sentence thereof and inserting "10:00 a.m., San Francisco time" in lieu thereof, and deleting the reference to "noon, Chicago time" in the second sentence thereof and inserting "10:30 a.m., San Francisco

time" in lieu thereof.

2.7 Section 5(b) is amended by deleting the references to "11:30 a.m., Chicago time" and inserting "9:30 a.m., San Francisco time" in lieu thereof.

2.8 Section 6 is amended by deleting the reference to "1:00 p.m., Chicago time" and inserting 10:30 a.m., San Francisco time" in lieu thereof.

2.9 Section 14.3 is hereby amended and restated in its entirety as follows:

"14.3 Consolidated Tangible Net Worth. IHOP and the

Borrower shall not permit Consolidated Tangible Net Worth at any time to be less than the sum of \$60,000,000 plus 50% of the

Consolidated Net Income on a cumulative basis from December 31, 1994, to and including any date of determination, less intangible

assets booked after December 31, 1994."

2.10 Section 14.8 is hereby amended and restated in its entirety as follows:

"14.8 Maintenance of Fixed Charge Coverage.

IHOP and the Borrower covenant that on the last day of any quarterly accounting period of IHOP and its Subsidiaries, the ratio of Consolidated Income Available for Fixed Charges (excluding extraordinary losses or gains or non-recurring charges) to Fixed Charges for the immediately preceding four quarterly accounting periods shall not be less than 1.50:1.00."

2.11 Section 14.12(a) is hereby amended by deleting "\$30,000,000" and inserting "\$35,000,000, net of all expenditures relating to sale leaseback transactions" in lieu thereof.

2.12 Section 18 is hereby amended by deleting the definition of "Alternative Reference Rate" and amending and restating such definition in its entirety as follows:

"Alternative Reference Rate" shall mean, for any day, the higher of:

(a) the rate of interest in effect for such day as publicly announced from time to time by the Bank in San Francisco, California, as its "reference rate." It is a rate set by the Bank based upon various factors including the Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate; and

(b) 0.50% per annum above the latest Federal Funds Effective Rate.

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Any change in the reference rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change."

2.13 Section 18 is hereby amended by deleting "Chicago, Illinois" from the definition of "Business Day" and inserting "San Francisco, California" in lieu thereof.

2.14 Section 18 is hereby amended by deleting "1.50%" in clause (i) of

the definition of "Eurodollar Rate" and inserting "1.25%" in lieu thereof, and deleting the reference to "10:00 a.m., Chicago time" and inserting "10:00 a.m., San Francisco time".

2.15 Section 19 is hereby amended by deleting the sixth sentence thereof in its entirety and amending and restating such sentence in its entirety as follows:

"The Borrower shall pay on demand all reasonable fees and expenses of the Bank's counsel (including, without limitation, the allocated fees and expenses of in-house staff counsel and the reasonable fees and out-of pocket expenses of outside counsel) in connection with the execution and delivery of the Agreement, the Note and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith and in connection with all waivers hereof and amendments hereto, and in connection with the administration, "workout" or enforcement of this Agreement, the Note or any such other instruments or documents."

2.16 The Subsidiary Guarantee is hereby amended by deleting the third sentence thereof and amending and restating such sentence in its entirety as follows:

"The Guarantor further agrees to pay (a) all costs and expenses including, without limitation, all court costs and reasonable attorneys fees and expenses paid or incurred by the Bank (including, without limitation, the allocated fees and expenses of in-house staff counsel and the reasonable fees and out-of pocket expenses of outside counsel) in endeavoring to collect all or any part of the Obligations from, or in prosecuting any action against, IHOP, the Borrower, the Guarantor, or any other guarantor of all or any part of the Obligations, and (b) to the extent permitted by law, interest on the Obligations and such costs and expenses at the applicable per annum rate set forth in the Credit Agreement."

3. Reaffirmation of IHOP Guaranty. IHOP does hereby reaffirm and

restate that the terms and provisions of Section 17 of the Agreement, as amended and modified by this Amendment, 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 Amendment.

4. Reaffirmation of Guaranty. IHOP Realty does hereby reaffirm and

restate that the terms and provisions of that certain Guaranty, dated as of June 30, 1993 as amended and modified by this Amendment, 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 Amendment.

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5. Representations and Warranties. IHOP and the Borrower do hereby

represent and warrant as follows:

(a) 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 Amendment and to carry out and consummate all transactions contemplated by the Agreement and this Amendment;

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

(c) This Amendment will not conflict with or constitute a breach of or default under their respective articles of incorporation or by-laws, 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 under the Agreement has occurred and is continuing.

(e) 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.

6. Conditions, Effectiveness. The effectiveness of this

Amendment and the obligations of Bank to make any credits pursuant to the Agreement shall be subject to the compliance by Borrower with the agreements herein and therein contained, and the receipt by Bank of the extension fee in the amount of \$12,500.00 in immediately available funds.

7. Miscellaneous.

(a) Except as hereby expressly amended, the Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects.

(b) This Amendment is specific in time and in intent and does not constitute, nor should 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 amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument. This amendment shall not become effective until Borrower, IHOP and IHOP Realty shall each have signed a copy hereof, whether the same or counterparts, and the same shall have been delivered to Bank.

8. Governing Law. This Amendment shall be a contract made under

and governed by the internal laws of the state of Illinois.

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

BANK OF AMERICA ILLINOIS

By: /s/ YVONNE C. DENNIS

Name: YVONNE C. DENNIS

Title: VICE PRESIDENT

By: /s/ SABUR MOINI

Name: SABUR MOINI

Title: ASSISTANT VICE PRESIDENT

INTERNATIONAL HOUSE OF PANCAKES, INC.
By: /s/ Richard K. Herzer

Richard K. Herzer President and Chief
Executive Officer

IHOP CORP.

By /s/ Richard K. Herzer

Richard K. Herzer President and Chief
Executive Officer

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CONSENT BY GUARANTORS

Each of the undersigned Guarantors does hereby consent to the foregoing First Amendment dated as of December 31, 1994 to Letter Agreement dated as of June 30, 1993 and hereby reaffirms, ratifies and confirms its respective Guarantee, which continues in full force and effect on and as of the date hereof, after giving effect to such First Amendment.

Date: Feb. 23, 1995

IHOP REALTY CORP.

By: /s/ Richard K. Herzer

Richard K. Herzer President and Chief
Executive Officer

IHOP CORP.

By: /s/ Richard K. Herzer

Richard K. Herzer President and Chief
Executive Officer

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FIRST AMENDMENT TO
\$10,000,000 LETTER AGREEMENT
DATED AS OF
DECEMBER 31, 1994

INTERNATIONAL HOUSE OF PANCAKES, INC.

1. First Amendment to Letter Agreement made and dated as of December 31, 1994

2. Evidence of payment of extension fee pursuant to Section 6 of First Amendment to Letter Agreement

SECOND AMENDMENT TO LETTER AGREEMENT

THIS SECOND AMENDMENT TO LETTER AGREEMENT (this "Second Amendment") is made and dated as of March 11, 1996 among INTERNATIONAL HOUSE OF PANCAKES, INC., (the "Borrower"), IHOP CORP., as Guarantor (the "Guarantor") and BANK OF AMERICA ILLINOIS ("Bank"), and amends that certain Letter Agreement dated as of June 30, 1993, as amended by a letter dated July 15, 1993 from Continental Bank to the Borrower and a First Amendment to Letter Agreement dated as of December 31, 1994 (as so amended, the "Agreement").

RECITAL

The Borrower has requested that the Bank increase the Commitment Amount, extend the Maturity Date and amend certain financial covenants, 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. Terms. All capitalized terms used herein shall have the same

meanings as in the Agreement unless otherwise defined herein. All references to the Agreement shall mean the Agreement as hereby amended.

2. Amendments to Agreement. The parties hereto agree that the

Agreement is hereby amended as follows:

2.1 The first paragraph of the Agreement is amended by deleting "\$10,000,000" and inserting "\$20,000,000" in lieu thereof.

2.2 Section 1 of the Agreement is amended by deleting "June 30, 1996" and inserting "June 30, 1999" in lieu thereof.

2.3 Section 3 of the Agreement is amended and restated in its entirety as follows:

"Section 3. Loan Accounts. All Loans made by the Bank to the

Borrower pursuant to this Agreement shall be evidenced by one or more loan accounts or records maintained by the Bank in the ordinary course of business. The loan accounts or records maintained by the Bank shall be conclusive and binding on the

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Borrower (absent manifest error). The failure to record, or any error in recording, any information shall not, however, limit or otherwise affect the Borrower's obligations under this Agreement to repay the principal amount of the Loans under this Agreement together with all interest accruing thereon."

2.4 Section 10(b) of the Agreement is amended by deleting ".50%" and inserting ".375%" in lieu thereof.

2.5 Section 14.2 of the Agreement is amended by deleting ".55 to 1.00" and inserting ".50 to 1.00" in lieu thereof.

2.6 Section 14.3 of the Agreement is amended and restated in its entirety as follows:

"14.3 Consolidated Tangible Net Worth. IHOP and the Borrower

shall not permit Consolidated Tangible Net Worth at any time to
be less than the sum of \$95,000,000 plus 50% of the Consolidated

Net Income on a cumulative basis from December 31, 1995, to and
including any date of determination."

2.7 Section 14.12(a) of the Agreement is amended by deleting
"\$35,000,000 net of all expenditures relating to sale leaseback transactions"
and inserting "\$45,000,000 net of all proceeds relating to sale leaseback
transactions" in lieu thereof.

2.8 The definition of "Debt" in Section 18 of the Agreement is
amended by inserting "95% of the amount of" immediately before "accounts
receivable" in clause (iii) thereof.

2.9 The definition of "Eurodollar Rate" in Section 18 of the Agreement
is hereby amended by deleting "1.25%" in clause (i) thereof and inserting
"1.20%" in lieu thereof.

2.10 Exhibit A to the Agreement is deleted, and any references to the
Note in the Agreement or in any document or agreement relating thereto are
deemed to be references to the Agreement and amounts owing thereunder. Amounts
evidenced by the Note are deemed continued owing under the Agreement and
evidenced by the loan accounts referred to in Section 3 of the Agreement, as
amended hereby. The Note shall be deemed superseded and continued by such loan
accounts.

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

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confirmed in all respects on and as of the date hereof, after giving effect to
this Second 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:

4.1 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 Second
Amendment and to carry out and consummate all transactions contemplated by the
Agreement and this Second Amendment.

4.2 Enforceability. This Second Amendment has been duly authorized

and is a valid and binding obligation of the Borrower and IHOP, enforceable in
accordance with its terms.

4.3 No Conflict. This Second Amendment will not conflict with or

constitute a breach of or default under their respective articles of
incorporation or by-laws, 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.

4.4 No Event of Default. No Event of Default under the Agreement has

occurred and is continuing.

4.5 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 Second

Amendment shall be subject to the compliance by the Borrower with its agreements
herein contained, and to the delivery of the following to the Bank in form and
substance satisfactory to the Bank:

5.1 Resolutions; Incumbency Certificate. A certified copy of

resolutions of the Borrower's and IHOP's board of directors, evidencing the
authority of the Borrower and IHOP to execute and deliver this Second Amendment,
and any document or instrument required or delivered pursuant hereto, together
with a

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certificate of a secretary or assistant secretary of the Borrower and IHOP
certifying as to the incumbency and specimen signature of the officer signing
this Second Amendment.

5.2 Extension Fee. Receipt of an extension fee equal to 12.5 basis

points of the Commitment Amount, as increased by this Second Amendment.

5.3 Other Evidence. Such other evidence with respect to the

Borrower, IHOP and any other person as the Bank may reasonably request in
connection with this Second Amendment and the compliance with the conditions set
forth herein.

6. Miscellaneous.

(a) Except as hereby expressly amended, the Agreement shall remain in
full force and effect and is hereby ratified and confirmed in all respects.

(b) This Second Amendment is specific in time and in intent and does
not constitute, nor should 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 amendment may be executed in any number of counterparts and
all of such counterparts taken together shall be deemed to constitute one and
the same instrument. This amendment shall not become effective until Borrower,
IHOP and IHOP Realty shall each have signed a copy hereof, whether the same or
counterparts, and the same shall have been delivered to Bank.

7. Governing Law. This Second Amendment shall be a contract made

under and governed by the internal laws of the state of Illinois.

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

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: /s/ Richard K. Herzer

Richard K. Herzer
President and
Chief Executive Officer

IHOP CORP.

By: /s/ Richard K. Herzer

Richard K. Herzer
President and
Chief Executive Officer

BANK OF AMERICA ILLINOIS

By: /s/ Yvonne Dennis

Yvonne Dennis
Vice President

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CONSENT OF GUARANTOR

The undersigned Guarantor does hereby consent to the foregoing Second Amendment to Letter Agreement dated as of June 30, 1993 and hereby reaffirms, ratifies and confirms that its Subsidiary Guarantee continues in full force and effect on and as of the date hereof and after giving effect to such Second Amendment. The undersigned agrees that any references to the Note in the Guarantee and 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.

Date: February 8, 1996

IHOP REALTY CORP.

By: /s/ Richard K. Herzer

Richard K. Herzer
President and
Chief Executive Officer

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CONSENT OF GUARANTOR

The undersigned Guarantor does hereby consent to the foregoing Second Amendment to Letter Agreement dated as of June 30, 1993 and hereby reaffirms, ratifies and confirms that its Subsidiary Guarantee continues in full force and effect on and as of the date hereof and after giving effect to such Second Amendment. The undersigned agrees that any references to the Note in the Guarantee and 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.

Date: March 11, 1996

IHOP REALTY CORP.

By: /s/ Richard K. Herzer

Richard K. Herzer
President and
Chief Executive Officer

EXHIBIT 10.1

IHOP CORP
EXECUTIVE INCENTIVE PLAN

EFFECTIVE DATE

The Executive Incentive Plan is effective January 1, 1998, and supersedes all previously implemented plans.

MODIFICATION OF THE PLAN

IHOP CORP reserves the right to modify, terminate or make exceptions to the Executive Incentive Plan at any time without prior notice. The Plan will be reviewed on an annual basis allowing for updates or revisions to be considered. The Plan and this Plan Document do not constitute or imply an employment contract, and participants accrue no interest, right or any benefit in the Plan, except as specifically set forth in this document.

ELIGIBILITY

The Plan includes the President, Vice Presidents, Directors and all manager level reports to the Directors, Vice Presidents or President, including legal counsels of the IHOP Corporation and its subsidiaries; except those otherwise covered by another plan. Any director or manager level employee not qualifying to the previous conditions may become eligible with the written approval of the President. Participants must be actively employed with IHOP Corp. and its subsidiaries through the plan year of the bonus plan. The last day worked is the last day an employee is considered active. In the case of termination, vacation or other payments can not be used to extend the last day worked.

The incentive calculations are based on the position held at the end of the fiscal year the incentive was earned, unless otherwise stated below.

NEW HIRES/RE-HIRES

New hires and re-hires eligible for the Plan will have the incentive amount prorated based on the number of whole months worked in the fiscal year. If the participant begins work on the first calendar or workday of the month, they will be credited for a whole month worked. In the event an eligible employee is terminated and re-hired in the same fiscal year, the re-hire date will be used to determine the number of whole months to be prorated for the given year. For re-hired participants, incentive will not consider any time worked prior to the re-hire date.

PROMOTIONS

Any employee promoted to an eligible position during the fiscal year will have an incentive prorated based on the number of whole months in the fiscal year. If the participant is promoted on the first calendar or workday of the month, they will be credited for a whole month worked. The effective date of the promotion will be used to determine the number of whole months worked.

DEMOTIONS

When an employee is demoted from one eligible position to another the incentive will be calculated using the base pay at the end of the fiscal year. The percentage multiplier will be derived from the factor that relates to the specific job at the end of the fiscal year. Therefore, the calculations for the incentive will be based on the attributes of the current job. There will be no prorated incentives for individuals demoted during the fiscal year to an eligible position.

JOB CHANGE TO A NON-ELIGIBLE POSITION

Any employee changing from an eligible position to a non-eligible position

during the fiscal year will have an incentive prorated based on the number of whole months in the fiscal year. The effective date of the job change will be used to determine the number of whole months worked. If the participant changed positions on the first calendar or workday of the month, the previous month will be used to determine the last whole month worked.

SHORT-TERM OR LONG-TERM DISABILITY, WORKERS' COMPENSATION AND OTHER LEAVES OF ABSENCE

Any participant on leave of absence, or otherwise not actively working during the fiscal year will have an incentive prorated excluding the period on leave. The date the leave is effective and the date ending leave will be used to calculate the number of whole months worked in the fiscal year. This incentive will only be paid upon the employees returning to active duty.

TERMINATION DUE TO DEATH OR RETIREMENT

Any incentive earned will be prorated for the fiscal year earned and awarded with the normal distribution of incentives. The incentive amount will be based on the number of whole months worked in the fiscal year earned.

PLAN DESCRIPTION

The Executive Incentive Plan is an annual incentive based on the profitability growth of IHOP Corp. and on the achievement of specific individual business objectives of the participants.

DETERMINING INCENTIVE

The incentive award is a percentage of base salary which is dependent on the position of the participant (see "Bonus Allocation Table"). The Target Payout % multiplied by the participants base salary on the last day of the fiscal year is the Target Incentive in dollars. Any eligible participant that is not an Officer will have an incentive based on the Directors Target Payout as a percentage of Base Salary. The incentive weighting for the CEO is solely based on Company Performance. The incentive weighting for Executive Vice President, Vice Presidents, and Directors is 40% Individual Business Objectives and 60% Company Performance.

BONUS ALLOCATION TABLE

	CEO	EXECUTIVE VICE PRESIDENT	VICE PRESIDENTS	DIRECTORS

TARGET PAYOUT AS A % OF BASE SALARY	60%	50%	35%	20%

INCENTIVE PAYOUT CALCULATION

The incentive payout is based solely on performance, therefore no limiting factors will be used in calculating the incentive. The Level of Performance is always based on the last whole percentage actually achieved.

Examples of incentive calculations in various scenarios are attached to the Plan Document.

COMPANY PERFORMANCE

The Company Performance is based on a comparison of the actual profit before taxes and extraordinary items to the budgeted figure for the Plan Year. To determine the Profit Achievement for the organization divide the actual profit before taxes, any bonus payout and extraordinary items by the budgeted profit. Refer to the "Company Payout Table" to determine the bonus achieved for Company portion of the incentive. The bonus achieved is multiplied by the percentage weighting for the respective position (see "Determining Incentive") and then multiplied by the individual's base salary to determine the company portion of

the payout.

COMPANY PAYOUT TABLE

ACTUAL PROFIT ACHIEVED	% OF BONUS ACHIEVED
Less than 90 %	0 %
90 %	75.0%
91 %	77.5%
92 %	80.0%
93 %	82.5%
94 %	85.0%
95 %	87.5%
96 %	90.0%
97 %	92.5%
98 %	95.0%
99 %	97.5%
100 %	100.0%
101 %	105.0%
102 %	110.0%
103 %	115.0%
104 %	120.0%
105 %	125.0%
106 %	130.0%
107 %	135.0%
108 %	140.0%
109 %	145.0%
110 %	150.0%
111 %	155.0%
112 %	160.0%
113 %	165.0%
114 % or more	170.0%

INDIVIDUAL BUSINESS OBJECTIVES

Annually, each eligible participant in the plan sets individual business objectives in conjunction with his or her immediate supervisor in December of each year. During this process challenging, measurable objectives that significantly impact the Company business objectives are to be mutually determined.

After the fiscal year, a percentage of Achievement is then established by the immediate supervisor and approved by the CEO. This percentage of Achievement is multiplied by the percentage weighting for the respective position (see "Determining Incentive") and then multiplied by the individual's base salary to determine the individual portion of the payout.

In addition to the calculated individual portion of the incentive, an award may be granted at the discretion of the President to individuals exceeding expected levels of performance.

PAYMENT DISTRIBUTION

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Incentive payouts will be distributed as soon as possible following the closing of the fiscal year. Payouts will be paid in a separate check from the regular payroll check, and is subject to normal withholding deductions.

PLAN ADMINISTRATION

The Executive Incentive plan is administered by the IHOP Human Resources Department. This Plan Document and its provisions regulate all plan guidelines and participant eligibility. Any special circumstances must be submitted in writing to the Human Resources Department and approved by the President at the time of the exception.

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INCENTIVE CALCULATION SCENARIOS

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EXAMPLE #1: LOW INDIVIDUAL ACHIEVER & LOW COMPANY

Assume a Vice President has a Base Salary of \$170,000.

INDIVIDUAL COMPONENT

The Individual Performance was reviewed and found 1 out of 4 goals were achieved. Assuming each goal was weighted equally, the Individual Component is 25%. Assume the EPS growth for the fiscal year was 11%.

COMPANY COMPONENT

Profit Before Taxes and Extraordinary Items for the year is 95% of the Target Amount. Therefore, the Bonus Achieved is 87.5% for the Company Component (see "Company Payout Table" on page 4 of the Plan) .

Step # 1 - Target Payout

Base Salary * Target Payout % = Target Payout

\$170,000 * (35%) = \$59,500

Step # 2 - Individual Payout

Individual * Weighted as 40% = Individual Payout
Component of Target Payout

25% * (40% * \$59,500) = \$5,950

Step # 3 - Company Payout

- -----
Company * Weighted as 60% = Company Target
Component of Target

87.5% * (60% * \$59,500) = \$31,237.50

Step # 4 - Incentive Payout

- -----
Individual Payout + Company Payout = Incentive Payout

\$5,950 + \$31,237.50 = \$37,187.50

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EXAMPLE #2: HIGH INDIVIDUAL ACHIEVER & HIGH COMPANY

Assume a Vice President has a Base Salary of \$170,000.

INDIVIDUAL COMPONENT

- -----
The Individual Performance was reviewed and found 4 out of 4 goals were achieved. Assuming each goal was weighted equally, the Individual Component is 100%. Assume the EPS growth for the fiscal year was 17%.

COMPANY COMPONENT

- -----
Profit Before Taxes and Extraordinary Items for the year is 108% of the Target Amount. Therefore, the Bonus Achieved is 140% for the Company Component (see "Company Payout Table" on page 4 of the Plan).

Step # 1 - Target Payout

- -----
Base Salary * Target Payout % = Target Payout

\$170,000 * (35%) = \$59,500

Step # 2 - Individual Payout

- -----
Individual * Weighted as 40% = Individual Payout
Component of Target Payout

100% * (40% * \$59,500) = \$23,800

Step # 3 - Company Payout

- -----
Company * Weighted as 60% = Company Target
Component of Target

140% * (60% * \$59,500) = \$49,980

Step # 4 - Incentive Payout

- -----
Individual Payout + Company Payout = Incentive Payout

\$23,800 + \$49,980 = \$73,780

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EXHIBIT 10.2

IHOP CORP.

1991 STOCK INCENTIVE PLAN
AS AMENDED AND RESTATED FEBRUARY 23, 1994

SECTION 1. General Purpose of Plan; Definitions.

The name of this plan is the IHOP Corp. 1991 Stock Incentive Plan (the "Plan"). The Plan was adopted by the Board on June 17, 1991, subject to the approval of IHOP Corp. (the "Company") stockholders, which stockholder approval was obtained on June 17, 1991. The Plan was amended by the Board on February 23, 1994, subject to stockholder approval, which approval was obtained on May 11, 1994. The purpose of the Plan is to enable the Company and its Subsidiaries to obtain and retain competent personnel who will contribute to the Company's success by their ability, ingenuity and industry and to provide incentives to the participating officers and other key employees that are linked directly to increases in stockholder value and will therefore inure to the benefit of all stockholders of the Company.

For purposes of the Plan, the following terms shall be defined as set forth below:

- (a) "Administrator" means the Board, or if the Board does not administer the Plan, the Committee in accordance with Section 2.
- (b) "Board" means the Board of Directors of the Company.
- (c) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.
- (d) "Committee" means the Compensation Committee of the Board plus such additional individuals as the Board shall designate in order to fulfill the Disinterested Persons requirement of Rule 16b-3 as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, and as such Rule may be amended from time to time, or any successor definition adopted by the Commission, or any other Committee the Board may subsequently appoint to administer the Plan. The Committee shall be composed entirely of members who meet the qualifications referred to in Rule 16b-3. If at any time the Board shall not administer the Plan, then the functions of the Board specified in the Plan shall be exercised by the Committee.
- (e) "Company" means IHOP Corp., a corporation organized under the laws of the State of Delaware (or any successor corporation).
- (f) "Deferred Stock" means an award made pursuant to Section 7 below of the right to receive Stock at the end of a specified deferral period.
- (g) "Disability" means permanent and total disability as determined under the Company's disability program or policy.
- (h) "Disinterested Person" shall have the meaning set forth in Rule 16b-3, and as such Rule may be amended from time to time, or any successor definition adopted by the Commission.
- (i) "Effective Date" shall mean the date provided pursuant to Section 12.
- (j) "Eligible Employee" means an employee of the Company or any Subsidiary eligible to participate in the Plan pursuant to Section 4.
- (k) "Fair Market Value" means, as of any given date, with respect to

any awards granted here under, at the discretion of the Administrator and subject to such limitations as the Administrator may impose, (A) the closing sale price of the Stock on such date as reported in the Western Edition of the Wall Street Journal Composite Tape or (B) the average on such date of the closing price of the Stock on each day on which the Stock is traded over a period of up to twenty trading days immediately prior to such date.

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(l) "Incentive Stock Option" means any Stock Option intended to be designated as an "incentive stock option" within the meaning of Section 422 of the Code.

(m) "Limited Stock Appreciation Right" means a Stock Appreciation Right that can be exercised only in the event of a "Change of Control" (as defined in Section 10 below).

(n) "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option, including any Stock Option that provides (as of the time such option is granted) that it will not be treated as an Incentive Stock Option.

(o) "Parent Corporation" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the combined voting power of all classes of stock in one of the other corporations in the chain.

(p) "Participant" means any Eligible Employee selected by the Administrator, pursuant to the Administrator's authority in Section 2 below, to receive grants of Stock Options, Stock Appreciation Rights, Limited Stock Appreciation Rights, Restricted Stock awards, Deferred Stock awards, Performance Shares or any combination of the foregoing.

(q) "Performance Share" means an award of shares of Stock pursuant to Section 7 that is subject to restrictions based upon the attainment of performance objectives.

(r) "Restricted Stock" means an award of shares of Stock that is subject to restrictions under Section 7 that will lapse with the passage of time.

(s) "Stock" means the common stock, \$.01 par value, of the Company.

(t) "Stock Appreciation Right" means the right pursuant to an award granted under Section 6 below to receive an amount equal to the difference between (i) the Fair Market Value, as of the date such Stock Appreciation Right or portion thereof is surrendered, of the shares of Stock covered by such right or such portion thereof and (ii) the aggregate exercise price of such right or such portion thereof.

(u) "Stock Option" means any option (including Substitute Stock Options) to purchase shares of Stock granted pursuant to Section 5.

(v) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

(w) "Substitute Stock Option" means any option to purchase shares of Stock granted in substitution for stock appreciation rights ("Units") that were granted under the IHOP Corp. Incentive Appreciation Plan, established effective as of January 2, 1989.

SECTION 2. Administration.

The Plan shall be administered by the Board in accordance with the requirements of Rule 16b-3, or by a Committee which shall be appointed by the Board and which shall serve at the pleasure of the Board.

The Administrator shall have the power and authority to grant to Eligible Employees, pursuant to the terms of the Plan: (a) Stock Options, (b) Stock Appreciation Rights or Limited Stock Appreciation Rights, (c) Restricted Stock, (d) Performance Shares, (e) Deferred Stock or (f) any combination of the foregoing.

In particular, the Administrator shall have the authority:

- (i) to select those employees of the Company or any Subsidiary who are Eligible Employees;
- (ii) to determine whether and to what extent Stock Options, Stock Appreciations Rights, Limited Stock Appreciation Rights, Restricted Stock, Deferred Stock, Performance Shares or a combination of the foregoing, are to be granted to Eligible Employees hereunder;

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(iii) to determine the number of shares to be covered by each such award granted hereunder;

(iv) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder (including, but not limited to, (x) the restricted period applicable to Restricted or Deferred Stock awards and the date or dates on which restrictions applicable to such Restricted or Deferred Stock shall lapse during such period and (y) the performance goals and periods applicable to the award of Performance Shares); and

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, which shall govern all written instruments evidencing the Stock Options (including Substitute Stock Options), Stock Appreciation Rights, Limited Stock Appreciation Rights, Restricted Stock, Deferred Stock, Performance Shares or any combination of the foregoing.

The Administrator shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable; to interpret the terms and provisions of the Plan and any award issued under the Plan or the terms of any Substitute Stock Option (and any agreements relating thereto); and to otherwise supervise the administration of the Plan.

All decisions made by the Administrator pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company, any Subsidiaries and the Participants.

SECTION 3. Stock Subject to Plan.

The total number of shares of Stock reserved and available for issuance under the Plan shall be 1,380,000 (including the number of shares of Stock issuable pursuant to Substitute Stock Option grants). Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares.

To the extent that (i) a Stock Option expires or is otherwise terminated without being exercised or (ii) any shares of Stock subject to any Restricted Stock, Deferred Stock or Performance Share award granted hereunder are forfeited, such shares shall again be available for issuance in connection with future awards under the Plan. If any shares of Stock have been pledged as collateral for indebtedness incurred by a Participant in connection with the exercise of a Stock Option and such shares are returned to the Company in satisfaction of such indebtedness, such shares shall again be available for issuance in connection with future awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, Stock dividend, or other change in corporate structure affecting the Stock, a substitution or adjustment shall be made in (i) the aggregate number of shares reserved for issuance under the Plan, and (ii) the kind, number and option price of shares subject to outstanding Stock Options granted under the Plan as may be determined by the Administrator, in its sole discretion, provided that the number of shares subject to any award shall always be a whole number. Such other substitutions or adjustments shall be made as may be determined by the Administrator, in its sole discretion. An adjusted option price shall also be used to determine the amount payable by the Company upon the exercise of any Stock Appreciation Right or Limited Stock Appreciation Right associated with any Stock Option.

SECTION 4. Eligibility.

Officers and other key employees of the Company or Subsidiaries who are responsible for or contribute to the management, growth and/or profitability of the business of the Company or its Subsidiaries shall be eligible to be granted Stock Options, Stock Appreciation Rights, Limited Stock Appreciation Rights, Restricted Stock awards, Deferred Stock awards or Performance Shares hereunder. The Participants under the Plan shall be selected from time to time by the Administrator, in its sole discretion, from among Eligible Employees recommended by the senior management of the Company, and the Administrator shall determine, in its sole discretion, the number of shares covered by each award.

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SECTION 5. Stock Options.

Stock Options may be granted alone or in addition to other awards under the Plan. Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve, and the provisions of Stock Option awards need not be the same with respect to each optionee. Recipients of Stock Options shall enter into a stock option agreement with the Company, in such form as the Administrator shall determine, which agreement shall set forth, among other things, the exercise price of the option, the term of the option and provisions regarding exercisability of the option granted thereunder.

The Stock Options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Non-Qualified Stock Options.

The Administrator shall have the authority to grant any optionee Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options (in each case with or without Stock Appreciation Rights or Limited Stock Appreciation Rights). To the extent that any Stock Option does not qualify as an Incentive Stock Option, it shall constitute a separate Non-Qualified Stock Option. More than one option may be granted to the same optionee and be outstanding concurrently hereunder; provided, however, that the aggregate number of shares of Stock for which options may be granted to any individual during any calendar year may not, subject to adjustment as provided in Section 3 hereof, exceed 25% of the shares of Stock reserved for the purposes of the Plan in accordance with the provisions of Section 3 hereof.

Stock Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable:

- (a) Option Price. The option price per share of Stock purchasable under a Stock Option shall be determined by the Administrator at the time of grant but shall be not less than 100% of the Fair Market Value of the

Stock on such date; provided, however, that the option price per share of Stock purchasable under a Substitute Stock Option shall not be less than 50% of the Fair Market Value of the Stock at the time of grant. If an employee owns or is deemed to own (by reason of the attribution rules applicable under Section 425(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any Parent Corporation or Subsidiary and an Incentive Stock Option is granted to such employee, the option price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value of the Stock on the date such Incentive Stock Option is granted.

(b) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than ten years after the date such Stock Option is granted; provided, however, that if an employee owns or is deemed to own (by reason of the attribution rules of Section 425(d) of the Code) more than 10% of the combined voting powers of all classes of stock of the Company or any Parent Corporation or Subsidiary and an Incentive Stock Option is granted to such employee, the term of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no more than five years from the date of grant; and provided, further, that in the case of Substitute Stock Options, the term shall expire on December 31, 1998.

(c) Exercisability. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator at or after grant; provided, however, that, except as provided herein or unless otherwise determined by the Administrator at or after grant, Stock Options shall be exercisable one year following the date of grant of the option. If the Administrator provides, in its discretion, that any Stock Option is exercisable only in installments, the Administrator may waive such installment exercise provisions at any time in whole or in part based on such factors as the Administrator may determine in its sole discretion.

(d) Method of Exercise. Subject to Section 5(c) above, Stock Options may be exercised in whole or in part at any time during the option period, by giving written notice of exercise to the Company specifying the number of shares to be purchased, accompanied by payment in full of the purchase price in cash or its equivalent as determined by the Administrator. As determined by the Administrator, in its sole

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discretion, payment in whole or in part may also be made in the form of unrestricted Stock already owned by the optionee, or, in the case of the exercise of a Non-Qualified Stock Option, Restricted Stock or Performance Shares subject to an award hereunder (based, in each case, on the Fair Market Value of the Stock on the date the option is exercised); provided, however, that in the case of an Incentive Stock Option, the right to make payment in the form of already owned shares may be authorized only at the time of grant. If payment of the option exercise price of a Non-Qualified Stock Option is made in whole or in part in the form of Restricted Stock or Performance Shares, the shares received upon the exercise of such Stock Option (to the extent of the number of shares of Restricted Stock or Performance Shares surrendered upon exercise of such Stock Option) shall be restricted in accordance with the original terms of the Restricted Stock or Performance Share award in question except that the Administrator may direct that such restrictions shall apply only to that number of shares equal to the number of shares surrendered upon the exercise of such option. An optionee shall generally have the rights to dividends and other rights of a stockholder with respect to shares subject to the option only after the optionee has given written notice of exercise, has paid in full for such shares, and, if requested, has given the representation described in paragraph (a) of Section 11.

The Administrator may require the voluntary surrender of all or a portion of any Stock Option granted under the Plan as a condition precedent to a grant

of a new Stock Option. Subject to the provisions of the Plan, such new Stock Option shall be exercisable at the price, during such period and on such other terms and conditions as are specified by the Administrator at the time the new Stock Option is granted; provided, however, should the Administrator so require, the number of shares subject to such new Stock Option shall not be greater than the number of shares subject to the surrendered Stock Option. Upon their surrender, the Stock Options shall be canceled and the shares previously subject to such canceled Stock Options shall again be available for the grants of Stock Options and other awards hereunder.

(e) Loans. The Company may make loans available to Stock Option holders as the Administrator, in its discretion, may determine in connection with the exercise of outstanding options granted under the Plan. Such loans shall (i) be evidenced by promissory notes entered into by the holders in favor of the Company, (ii) be subject to the terms and conditions set forth in this Section 5(e) and such other terms and conditions, not inconsistent with the Plan, as the Administrator shall determine, (iii) bear interest, if any, at such rate as the Administrator shall determine and (iv) be subject to Board approval. In no event may the principal amount of any such loan exceed the sum of (x) the exercise price less the par value of the shares of Stock covered by the option, or portion thereof, exercised by the holder and (y) any Federal, state, local income tax attributable to such exercise. The initial term of the loan, the schedule of payments of principal and interest under the loan, the extent to which the loan is to be with or without recourse against the holder with respect to principal or interest and the conditions upon which the loan will become payable in the event of the holder's termination of employment shall be determined by the Administrator; provided, however, that the term of the loan, including extensions, shall not exceed seven years. Unless the Administrator determines otherwise, when a loan shall have been made, shares of Common Stock having a Fair Market Value at least equal to the principal amount of the loan shall be pledged by the holder to the Company as security for payment of the unpaid balance of the loan, and such pledge shall be evidenced by a pledge agreement, the terms of which shall be determined by the Administrator, in its discretion; provided, however, that each loan shall comply with all applicable laws, regulations and rules of the Board of Governors of the Federal Reserve System and any other governmental agency having jurisdiction.

(f) Non-transferability of Options. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution or pursuant to a "qualified domestic relations order," as such term is defined in the Employee Retirement Income Security Act of 1974, as amended, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee or in accordance with the terms of a qualified domestic relations order.

(g) Termination by Death. If an optionee's employment with the Company and any Subsidiary terminates by reason of death, the Stock Option may thereafter be immediately exercised, to the extent

then exercisable (or on such accelerated basis as the Administrator shall determine at or after grant), by the legal representative of the estate or by the legatee of the optionee under the will the optionee, for a period of twelve months (or such shorter period as the Administrator shall specify at grant) from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is shorter.

(h) Termination by Reason of Disability. If an optionee's employment with the Company or any Subsidiary terminates by reason of Disability, any Stock Option held by such optionee may thereafter be exercised, to the extent it was exercisable at the time of such termination (or on such accelerated basis as the Administrator shall determine at the time of grant), for a period of twelve months (or such shorter period as the Administrator shall specify at grant) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is shorter; provided, however, that, if the optionee dies

within such twelve-month period (or such shorter period as the Administrator shall specify at grant) and prior to the expiration of the stated term of such Stock Option, any unexercised Stock Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of twelve months (or such shorter period as the Administrator shall specify at grant) from the time of death or until the expiration of the stated term of such Stock Option, whichever period is shorter. In the event of a termination of employment by reason of Disability, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(i) Other Termination. Except as otherwise provided in this paragraph or otherwise determined by the Administrator, if an optionee's employment with the Company, or any Subsidiary terminates for any reason other than death or Disability, the Stock Option may be exercised until the earlier to occur of (A) three months from the date of such termination or (B) the expiration of such Stock Option's term.

(j) Annual Limit on Incentive Stock Options. To the extent that the aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and all other option plans of the Company, its Parent Corporation and any Subsidiary become exercisable for the first time by an Optionee during any calendar year exceed \$100,000, such options shall be treated as Non-Qualified Stock Options.

SECTION 6. Stock Appreciation Rights and Limited Stock Appreciation Rights.

(a) Grant and Exercise. Stock Appreciation Rights and Limited Stock Appreciation Rights may be granted either alone ("Free Standing Rights") or in conjunction with all or part of any Stock Option granted under the Plan ("Related Rights"). In the case of a Non-Qualified Stock Option, Related Rights may be granted either at or after the time of the grant of such Stock Option. In the case of an Incentive Stock Option, Related Rights may be granted only at the time of the grant of the Incentive Stock Option.

A Related Right or applicable portion thereof granted with respect to a given Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, except that, unless otherwise provided by the Administrator at the time of grant, a Related Right granted with respect to less than the full number of shares covered by a related Stock Option shall only be reduced if and to the extent that the number of shares covered by the exercise or termination of the related Stock Option exceeds the number of shares not covered by the Stock Appreciation Right.

A Related Right may be exercised by an optionee, in accordance with paragraph (b) of this Section 6, by surrendering the applicable portion of the related Stock Option. Upon such exercise and surrender, the optionee shall be entitled to receive an amount determined in the manner prescribed in paragraph (b) of this Section 6. Stock Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent the Related Rights have been exercised.

(b) Terms and Conditions. Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Administrator, including the following:

(i) Stock Appreciation Rights that are Related Rights ("Related Stock

Appreciation Rights") shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate shall be exercisable in accordance with the provisions of Section 5 and this Section 6 of the Plan; provided, however, that any Related Stock Appreciation Right shall not be exercisable during the first six months of the term of the Related Stock Appreciation Right, except that this additional limitation shall not apply in the event of death or Disability of the optionee prior to the expiration of the six-month period.

(ii) Upon the exercise of a Related Stock Appreciation Right, an optionee shall be entitled to receive up to, but not more than, an amount in cash or that number of shares of Stock (or in some combination of cash and shares of Stock) equal in value to the excess of the Fair Market Value of one share of Stock over the option price per share specified in the related Stock Option multiplied by the number of shares in respect of which the Related Stock Appreciation Right shall have been exercised, with the Administrator having the right to determine the form of payment.

(iii) Related Stock Appreciation Rights shall be transferable only when and to the extent that the underlying Stock Option would be transferable under paragraph (f) of Section 5 of the Plan.

(iv) Upon the exercise of a Related Stock Appreciation Right, the Stock Option or part thereof to which such Related Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Section 3 of the Plan on the number of shares of Stock to be issued under the Plan, but only to the extent of the number of shares issued under the Related Stock Appreciation Right.

(v) A Related Stock Appreciation Right granted in connection with an Incentive Stock Option may be exercised only if and when the market price of the Stock subject to an Incentive Stock Option exceeds the exercise price of such Stock Option.

(vi) Stock Appreciation Rights that are Free Standing Rights ("Free Standing Stock Appreciation Rights") shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator at or after grant; provided, however, that Free Standing Stock Appreciation Rights shall not be exercisable during the first six months of the term of the Free Standing Stock Appreciation Right, except that this limitation shall not apply in the event of death or Disability of the recipient of the Free Standing Stock Appreciation Right prior to the expiration of the six-month period.

(vii) The term of each Free Standing Stock Appreciation Right shall be fixed by the Administrator, but no Free Standing Stock Appreciation Right shall be exercisable more than ten years after the date such right is granted.

(viii) Upon the exercise of a Free Standing Stock Appreciation Right, a recipient shall be entitled to receive up to, but not more than, an amount in cash or that number of shares of Stock (or any combination of cash or shares of Stock) equal in value to the excess of the Fair Market Value of one share of Stock over the price per share specified in the Free Standing Stock Appreciation Right (which shall be no less than 100% of the Fair Market Value of the Stock on the date of grant) multiplied by the number of shares in respect to which the right is being exercised, with the Administrator having the right to determine the form of payment.

(ix) No Free Standing Stock Appreciation Right shall be transferable by the recipient otherwise than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order, and all such rights shall be exercisable, during the recipient's lifetime, only by the recipient or in accordance with the terms of a qualified domestic relations order.

(x) In the event of the termination of an employee who has received Free Standing Stock Appreciation Rights, such rights shall be exercisable to the same extent that a Stock Option would have been exercisable in the event of the termination of the optionee.

(xi) Limited Stock Appreciation Rights can only be exercised within the 30-day period following a "Change of Control" (as defined in Section 10 below) and with respect to Limited Stock Appreciation Rights that are Related Rights ("Related Limited Stock Appreciation Rights") only to the extent that the Stock Options to which they relate shall be exercisable in accordance with the provisions of Section 5 and this Section 6 of the Plan; provided, however, that any Related Limited Stock Appreciation Right shall not be exercisable during the first six months of the term of the Related Limited Stock Appreciation Right, except that this additional limitation shall not apply in the event of death or Disability of the optionee prior to the expiration of the six-month period.

(xii) Upon the exercise of a Limited Stock Appreciation Right, the recipient shall be entitled to receive an amount in cash equal in value to the excess of the "Change of Control Price" (as defined in Section 10 below) of one share of Stock on the date of exercise over (A) the option price per share specified in the related Stock Option, or (B) in the case of a Limited Stock Appreciation Right which is a Free Standing Stock Appreciation Right, the price per share specified in the Free Standing Stock Appreciation Right, such excess to be multiplied by the number of shares in respect of which the Limited Stock Appreciation Right shall have been exercised.

SECTION 7. Restricted Stock, Deferred Stock and Performance Shares.

(a) General. Restricted Stock, Deferred Stock or Performance Share awards may be issued either alone or in addition to other awards granted under the Plan. The Administrator shall determine the Eligible Employees to whom, and the time or times at which, grants of Restricted Stock, Deferred Stock or Performance Share awards will be made; the number of shares to be awarded; the price, if any, to be paid by the recipient of Restricted Stock, Deferred Stock or Performance Share awards; the Restricted Period (as defined in paragraph (c) hereof) applicable to Restricted Stock or Deferred Stock awards; the performance objective applicable to Performance Share or Deferred Stock awards; the date or dates on which restrictions applicable to such Restricted Stock or Deferred Stock awards shall lapse during such Restricted Period; and all other conditions of the Restricted Stock, Deferred Stock and Performance Share awards. The Administrator may also condition the grant of Restricted Stock, Deferred Stock awards or Performance Shares upon the exercise of Stock Options, or upon such other criteria as the Administrator may determine, in its sole discretion. The provisions of Restricted Stock, Deferred Stock awards or Performance Share awards need not be the same with respect to each recipient.

(b) Awards and Certificates. The prospective recipient of a Restricted Stock, Deferred Stock or Performance Share award shall not have any rights with respect to such award, unless and until such recipient has executed an agreement evidencing the award (a "Restricted Stock Award Agreement," "Deferred Stock Award Agreement," or "Performance Share Award Agreement," as appropriate) and has delivered a fully executed copy thereof to the Company, within a period of sixty days (or such other period as the Administrator may specify after the award date). Except as otherwise provided below in this Section 7(b), (i) each Participant who is awarded Restricted Stock or Performance Shares shall be issued a stock certificate in respect of such shares of Restricted Stock or Performance Shares; and (ii) such certificate shall be registered in the name of the Participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such award, substantially in the following form:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the IHOP Corp. 1991 Stock Incentive Plan and a Restricted Stock Award Agreement or Performance Share Award Agreement entered into

between the registered owner and IHOP Corp. Copies of such Plan and Agreement are on file in the offices of IHOP Corp."

The Company shall require that the stock certificates evidencing such shares be held in the custody of the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Restricted Stock

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award of Performance Share award, the Participant shall have delivered a stock power, endorsed in blank, relating to the Stock covered by such award.

With respect to Deferred Stock awards, at the expiration of the Restricted Period, stock certificates in respect to such shares of Deferred Stock shall be delivered to the participant, or his legal representative, in a number equal to the shares of Stock covered by the Deferred Stock award.

(c) Restrictions and Conditions. The Restricted Stock, Deferred Stock and Performance Share awards granted pursuant to this Section 7 shall be subject to the following restrictions and conditions:

(i) Subject to the provisions of the Plan and the Restricted Stock, Deferred Stock or Performance Share award agreements, during such period as may be set by the Administrator commencing on the grant date (the "Restricted Period"), the Participant shall not be permitted to sell, transfer, pledge or assign shares of Restricted Stock, Performance Shares or Deferred Stock awarded under the Plan. Within these limits, the Administrator may, in its sole discretion, provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part based on such factors and such circumstances as the Administrator may determine, in its sole discretion, including, but not limited to, the attainment of certain performance related goals, the Participant's termination, death or Disability or the occurrence of a "Change of Control" as defined in Section 10 below.

(ii) Except as provided in paragraph (c)(i) of this Section 7, the Participant shall have, with respect to the shares of Restricted Stock or Performance Shares, all of the rights of a stockholder of the Company, including the right to vote the shares, and the right to receive any dividends thereon during the Restricted Period. With respect to Deferred Stock awards, the Participant shall generally not have the rights of a shareholder of the Company, including the right to vote the shares during the Restricted Period; provided, however, that dividends declared during the Restricted Period with respect to the number of shares covered by a Deferred Stock award shall be paid to the Participant. Certificates for shares of unrestricted Stock shall be delivered to the Participant promptly after, and only after, the Restricted Period shall expire without forfeiture in respect of such shares of Restricted Stock, Performance Shares or Deferred Stock, except as the Administrator shall otherwise determine.

(iii) Subject to the provisions of the Restricted Stock, Deferred Stock or Performance Share award agreement and this Section 7, upon termination of employment for any reason during the Restricted Period, all shares still subject to restriction shall be forfeited by the Participant, and the Participant shall only receive the amount, if any, paid by the Participant for such Restricted Stock or Performance Shares, plus simple interest at 8% per year.

SECTION 8. Amendment and Termination.

The Board may amend, alter or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made that would impair the rights of the

Participant under any award theretofore granted without such Participant's consent, or that without the approval of the stockholders (as described below) would:

- (a) except as provided in Section 3, increase the total number of shares of Stock reserved for the purpose of the Plan;
- (b) except as provided in this Plan, decrease the option price of any Stock Option to less than 100% of the Fair Market Value on the date of grant of the option;
- (c) change the employees or class of employees eligible to participate in the Plan; or
- (d) extend the maximum option period under paragraph (b) of Section 5 of the Plan.

Notwithstanding the foregoing, stockholder approval under this Section 8 shall only be required at such time as Rule 16b-3, as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, and as such Rule may be amended from time to time, shall require the approval of the stockholders of a company of any material amendment to any employee benefit plan of such company.

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The Administrator may amend the terms of any award theretofore granted, prospectively or retroactively, but, subject to Section 3 above, no such amendment shall impair the rights of any holder without his or her consent.

SECTION 9. Unfunded Status of Plan.

The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant or optionee by the Company, nothing contained herein shall give any such Participant or optionee any rights that are greater than those of a general creditor of the Company.

SECTION 10. Change of Control.

The following acceleration and valuation provisions shall apply in the event of a "Change of Control" as defined in paragraph (b) of this Section 10:

(a) In the event of a "Change of Control," unless otherwise determined by the Administrator of the Board in writing at or after grant (including under any individual agreement), but prior to the occurrence of such Change of Control:

(i) any Stock Appreciation Rights outstanding for at least six months and any Stock Options awarded under the Plan not previously exercisable and vested shall become fully exercisable and vested;

(ii) the restrictions applicable to any Restricted Stock, Deferred Stock or Performance Share awards under the Plan shall lapse, and such shares and awards shall be deemed fully vested;

(iii) any indebtedness incurred pursuant to Section 5(e) above shall be forgiven and the collateral pledged in connection with any such loan shall be released; and

(iv) the value of all outstanding Stock Options, Stock Appreciation Rights, Limited Stock Appreciation Rights, and Restricted Stock, Deferred Stock and Performance Share awards shall, to the extent determined by the Administrator at or after grant, be cashed out on the basis of the "Change of Control Price" (as defined in paragraph (c) of this Section 10) as of the date the Change of Control

occurs or such other date as the Administrator may determine prior to the Change of Control.

(b) For purposes of paragraph (a) of this Section 10, a "Change of Control" shall be deemed to have occurred if:

(i) any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (other than the Company; any trustee or other fiduciary holding securities under an employee benefit plan of the Company; or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Stock of the Company) is or becomes after the Effective Date the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates) representing 25% or more of the combined voting power of the Company's then outstanding securities; or

(ii) during any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (i), (iii) or (iv) of this Section 10(b)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof,

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(iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 75% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person acquires more than 50% of the combined voting power of the Company's then outstanding securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(c) For purposes of this Section 10, "Change of Control Price" means the higher of (i) the highest price per share paid or offered in any transaction related to a Change of Control of the Company or (ii) the highest price per share paid in any transaction reported on the exchange or national market system on which the Stock is listed, at any time during the preceding sixty day period as determined by the Administrator, except that, in the case of Incentive Stock Options and Stock Appreciation Rights or Limited Stock Appreciation Rights relating to Incentive Stock Options, such price shall be based only on transactions reported for the date on which the Administrator decides to cash out such options.

SECTION 11. General Provisions.

(a) The Administrator may require each person purchasing shares pursuant to a Stock Option to represent to and agree with the Company in writing that such

person is acquiring the shares without a view to distribution thereof. The certificates for such shares may include any legend which the Administrator deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Administrator may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable Federal or state securities law, and the Administrator may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of the Plan shall not confer upon any employee of the Company or any Subsidiary any right to continued employment with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or a Subsidiary to terminate the employment of any of its employees at any time.

(c) Each Participant shall, no later than the date as of which the value of an award first becomes includable in the gross income of the Participant for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to the award. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company (and, where applicable, its Subsidiaries) shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant.

(d) No member of the Board or the Administrator, nor any officer or employee of the Company acting on behalf of the Board or the Administrator, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Administrator and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

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SECTION 12. Effective Date of Plan.

The Plan became effective (the "Effective Date") on June 17, 1991, the date the Company's stockholders formally approved the Plan.

SECTION 13. Term of Plan.

No Stock Option, Stock Appreciation Right, Limited Stock Appreciation Right, Restricted Stock, Deferred Stock or Performance Share award shall be granted pursuant to the Plan on or after the tenth anniversary of the Effective Date, but awards theretofore granted may extend beyond that date.

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IHOP CORP.
1994 STOCK OPTION PLAN
FOR NON-EMPLOYEE DIRECTORS

SECTION 1. General Purpose of the Plan; Definitions.

The name of this plan is the IHOP Corp. 1994 Stock Option Plan for Non-Employee Directors (the "Plan"). The Plan was adopted by the Board on February 23, 1994, subject to the approval of the Company's shareholders, which approval was obtained on May 11, 1994. The purpose of the Plan is to enhance the Company's ability to attract and retain the services of experienced, able and knowledgeable persons to serve as directors by providing present and prospective directors who are not employed by the Company with the opportunity to obtain equity ownership interests in the Company through the exercise of stock options to purchase shares of the Company's Common Stock.

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

(c) "Committee" means the Non-Employee Directors Stock Option Plan Committee of the Board, or any other committee the Board may subsequently appoint to administer the Plan. The Committee shall be composed entirely of directors selected in accordance with Section 2 of the Plan. If no Committee shall be in office, then the functions of the Committee specified in the Plan shall be exercised by the Board.

(d) "Company" means IHOP Corp., a corporation organized under the laws of the State of Delaware (or any successor corporation).

(e) "Fair Market Value" means, as of any given date, with respect to any awards granted hereunder, at the discretion of the Committee and subject to such limitations as the Committee may impose, (i) the closing sale price of the Stock on such date as reported in the Western Edition of the Wall Street Journal Composite Tape, or (ii) the average of the closing price of the Stock on each day on which the Stock was traded over a period of up to twenty trading days immediately prior to such date.

(f) "Nonqualified Stock Option" means any Stock Option that is not an "incentive stock option" within the meaning of Section 422 of the Code.

(g) "Stock" means the common stock, \$0.01 par value, of the Company.

(h) "Stock Option" means any option to purchase shares of Stock granted pursuant to Section 5.

SECTION 2. Administration.

The Plan shall be administered by a Committee of not less than two persons, who shall be appointed by the Board and who shall serve at the pleasure of the Board.

The Committee shall have the authority, in its discretion, to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable; to interpret the terms and

provisions of the Plan and any award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan.

All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and all recipients of Stock Options hereunder.

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SECTION 3. Stock Subject to the Plan.

The total number of shares of Stock reserved and available for issuance under the Plan shall be 200,000. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares.

In the event of any merger, reorganization, consolidation, recapitalization, Stock dividend, or other change in corporate structure affecting the Stock, a substitution or adjustment shall be made in (i) the aggregate number of shares reserved for issuance under the Plan and (ii) the kind, number and option price of shares subject to outstanding Stock Options granted under the Plan as may be determined by the Committee, provided that the number of shares subject to any award shall always be a whole number.

SECTION 4. Eligibility.

Each non-employee member of the Board shall receive Nonqualified Stock Options in accordance with the provisions of Section 5.

SECTION 5. Stock Options.

Recipients of Stock Options shall enter into a stock option agreement with the Company, which agreement shall set forth, among other things, the exercise price of the option, the term of the option and provisions regarding exercisability of the option granted thereunder.

The Stock Options granted under the Plan are Nonqualified Stock Options and shall be subject to the following terms and conditions:

(a) Initial Option Grants. (i) On February 23, 1994, each non-employee member of the Board shall be granted a Nonqualified Stock Option to purchase 7,500 shares of Stock; (ii) upon first being elected to the Board of Directors, each new Non-Employee Director shall be granted a Non-Qualified Stock Option to purchase 7,500 shares of Stock (subject to substitution or adjustment as provided in Section 3 of the Plan).

(b) Bi-Annual Grants. (i) On the first day after the 1996 Annual Shareholders Meeting and on the first day after every second annual shareholders meeting thereafter, each non-employee member of the Board shall be granted a Nonqualified Stock Option to purchase 2,500 shares of Stock.

(c) Exercise of Options. The option price per share of Stock purchasable under a Stock Option shall be 100% of the Fair Market Value of the Stock on the date of grant. Each option granted under the Plan shall vest and become exercisable as follows: one-third of the total shares subject to the option on the first anniversary of the date of grant, one-third of the total shares subject to the option on the second anniversary of the date of grant, and one-third of the total shares subject to the option on the third anniversary of the date of grant. Once vested, options shall be exercisable up to the amount of the vested portion, in whole or in part, by giving written notice to the Company specifying the number of shares to be purchased, accompanied by payment in full of the purchase price in cash.

(d) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten years after the date such Stock Option is granted.

(e) Non-transferability of Options. No Stock Option shall be

transferable by the optionee otherwise than by will or by the laws of descent and distribution or pursuant to a "qualified domestic relations order," as such term is defined in the Employee Retirement Income Security Act of 1974, as amended, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee or in accordance with the terms of a qualified domestic relations order.

SECTION 6. Amendment and Termination.

The Board may not amend, alter, or discontinue the Plan without the approval of the shareholders more than once every six (6) months, other than to comport with changes in the Code, the Employment Retirement Income Security Act of 1974, as amended, or the rules thereunder.

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SECTION 7. Unfunded Status of the Plan.

The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to any optionee by the Company, nothing contained herein shall give any such optionee any rights that are greater than those of a general creditor of the Company.

SECTION 8. General Provisions.

(a) Each person purchasing shares pursuant to a Stock Option must represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof. The certificates for such shares shall include such legends as are appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock delivered under the Plan shall be subject to such stock-transfer orders and other restrictions under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable federal or state securities law, and a legend or legends shall be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of the Plan shall not confer upon any member of the Board any right to continued membership on the Board.

(c) Each recipient of Stock Options shall, no later than the date as of which the value of an award first becomes includible in the gross income of the recipient for federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any federal, state, or local taxes of any kind required by law to be withheld with respect to the award. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the recipient.

(d) No member of the Board or the Committee, nor any officer or employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

SECTION 9. Effective Date of Plan.

The Plan shall be effective as of February 23, 1994, the date it was adopted by the Board (the "Effective Date"), subject to approval by the

Company's shareholders.

SECTION 10. Term of Plan.

No Stock Option shall be granted pursuant to the Plan on or after the tenth anniversary of the Effective Date, but awards theretofore granted may extend beyond that date.

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of the 28th day of April, 1997 (the "Effective Date"), between IHOP CORP., a Delaware corporation (the "Company"), and John Jordan (the "Employee").

Whereas, the Board of Directors of the Company (the "Board") has approved and authorized the entry into this Agreement with the Employee; and

Whereas, the parties desire to enter into this Agreement setting forth the terms and conditions for the employment relationship of the Employee with the Company.

Now, Therefore, in consideration of the promises and mutual covenants and agreements herein contained and intending to be legally bound hereby, the Company and the Employee hereby agree as follows:

1. Employment. The Employee is employed as Division Vice President of the Company from the Effective Date through the Term of this Agreement (as defined in Section 2 hereof). In this capacity, the Employee shall have such duties and responsibilities as may be designated to him by the Board from time to time and as are not inconsistent with the Employee's position with the Company, including the performance of duties with respect to any subsidiaries of the Company, as may be designated by the Board. During the Employee's period of employment hereunder, the Employee shall be based in the principal offices of the Company in the Atlanta, Georgia area, and shall not be required to relocate outside of the Atlanta, Georgia area to perform services hereunder, except for travel as reasonably required in the performance of his duties hereunder.

2. Term. The "initial term" of this Agreement shall be for the period commencing on the Effective Date and ending on the first anniversary of the Effective Date; provided, however, that on the first anniversary of the Effective Date, and on each subsequent anniversary date thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than 90 days prior to such applicable anniversary date, the Company or the Employee shall give notice not to extend this Agreement; and provided further, however, that, if a Change in Control (as defined in Section 11(g)) occurs prior to the expiration of the Term of this Agreement, this Agreement shall remain in full force and effect and shall not expire prior to the last day of the 24th month following the date of such Change in Control. The "Term of this Agreement" or "Term" shall mean, for purposes of this Agreement, both the "initial term" (as hereinbefore described) and any additional term (created by extension, as

described above), and the Term of this Agreement shall not be affected by the Employee's termination of employment.

3. Salary. Subject to the further provisions of this Agreement, the Company shall pay the Employee during the Term of this Agreement a salary at an annual rate equal to \$170,000, with such salary to be increased at such times, if any, and in such amounts as determined by the Board, which increases shall be consistent with the historical business practices of the Company and the salary adjustments for other senior executives of the Company. Such salary shall be payable by the Company to the Employee not less frequently than monthly and shall not be decreased at any time during the Term of this Agreement. Participation in deferred compensation, discretionary bonus, retirement, and other employee benefit plans and in fringe benefits shall not reduce the salary payable to the Employee under this Section.

4. Participation in Bonus, Retirement and Employee Benefit Plans. The

Employee shall be entitled to participate equitably with other senior executives in any plan of the Company relating to bonuses, stock options, stock purchases, pension, thrift, profit sharing, life insurance, medical coverage, education, or other retirement or employee benefits that the Company has adopted or may adopt for the benefit of its senior executives. For purposes of the Company's Executive Incentive Plan, Employee's target bonus will be 35% of his base pay.

5. Hiring Incentives.

(a). Upon the Effective Date, or as soon as practicable thereafter, Employee shall receive a sign on bonus equal to \$15,000 less all applicable withholdings and taxes.

(b). Upon the Effective Date, or as soon as practicable thereafter, Employee shall receive an option to purchase a total of 20,000 shares of IHOP Corp. common stock. Such stock option shall be subject to the terms of the IHOP Corp. 1991 Stock Incentive Plan, as amended, and a Stock Option Agreement setting forth, among other things, the option exercise vesting schedule and option exercise price.

(c) The Company agrees to reimburse Employee for any loss on the sale of his current residence in Scottsdale, Arizona, up to a maximum of \$30,000, plus the amount of any income taxes associated with such reimbursement. Employee shall furnish the Company with documentation establishing his actual cost basis in the residence,

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including any improvements, and data on comparable home sales in the vicinity of his residence.

(d) The Employee shall be entitled to certain Relocation Benefits, in accordance with the Company's Corporate Relocation Policy, as summarized on Exhibit "A" hereto.

6. Fringe Benefits; Automobile. The Employee shall be entitled to receive all other fringe benefits which are now or may be provided to the Company's senior executives. In addition, the Company shall provide the Employee during the Term of this Agreement with a car allowance of \$700 per month, plus reimbursement of all automobile expenses such as gasoline, maintenance, insurance and vehicle registration, in accordance with the Company's general policy on providing cars to senior executives. Notwithstanding the foregoing, the benefits provided under this Section 6 shall cease upon the Employee's Date of Termination (as defined in Section 11(d)).

7. Vacations. The Employee shall be entitled to an annual paid vacation of three (3) weeks during the initial term of this Agreement and four (4) weeks per year during any renewal term of this Agreement.

8. Business Expenses. During such time as the Employee is rendering services hereunder, the Employee shall be entitled to incur and be reimbursed for all reasonable business expenses and be provided allowances as are furnished to the Company's most senior executives under the Company's then current policies. The Company agrees that it will reimburse the Employee for all such expenses upon the presentation by the Employee, from time to time, of an itemized account of such expenditures, setting forth the date, the purposes for which incurred, and the amounts thereof, together with such receipts showing payments in conformity with the Company's established policies. Reimbursement shall be made within a reasonable period after the Employee's submission of an itemized account.

9. Insurance and Indemnity. The Employee shall be added as an additional named insured under all appropriate insurance policies now in force or hereafter obtained covering any officers or directors of the Company. The Company shall indemnify and hold the Employee harmless from any cost, expense or liability arising out of or relating to any acts or decisions made by the Employee on behalf of or in the course of performing services for the Company to the same

extent the Company indemnifies and holds harmless other senior executive officers and directors of the Company and in accordance with the Company's established policies.

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10. Legal and Accounting Advice. The Employee shall be entitled to reimbursement by the Company for expenses incurred by him for personal legal, accounting, investment or estate planning services in an amount to be determined by the Board, but in no event greater than \$5,000 annually (or a pro rata portion of such amount for any period of employment less than a full year); provided, however, that no reimbursement shall be made for any such expenses incurred by the Employee after such Employee's Date of Termination.

11. Termination.

(a) Disability. If, as a result of the Employee's incapacity due to physical or mental illness, he shall have been absent from the full-time performance of his duties with the Company for 90 consecutive days or 180 days within any 12-month period, his employment may be terminated by the Company for "Disability."

(b) Cause. Subject to the notice provisions set forth below, the Company may terminate the Employee's employment for "Cause" at any time. "Cause" shall mean termination upon: (1) the willful failure by the Employee to substantially perform his duties with the Company (other than any such failure resulting from his incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to him by the Board, which demand specifically identifies the manner in which the Board believes that he has not substantially performed his duties; (2) the Employee's willful misconduct that is demonstrably and materially injurious to the Company, monetarily or otherwise; or (3) the Employee's commission of such acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude as would prevent the effective performance of his duties. For purposes of this subsection (b), no act, or failure to act, on the Employee's part shall be deemed "willful" unless done, or omitted to be done, by him not in good faith and without the reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of a majority of the non-employee members of the Board at a meeting of such members (after reasonable notice to him and an opportunity for him, together with his counsel, to be heard before such members of the Board), finding that he has engaged in the conduct set forth above in this subsection (b) and specifying the particulars thereof in detail.

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(c) Notice of Termination. Any termination of the Employee's employment by the Company or by the Employee shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 15. "Notice of Termination" shall mean a notice that indicates the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for the termination of the Employee's employment under the provision so indicated.

(d) Date of Termination. "Date of Termination" shall mean: (1) if the Employee's employment is terminated by his death, the date of his death; (2) if the Employee's employment is terminated for Disability, 30 days after Notice of Termination is given; and (3) if the Employee's employment is terminated for any other reason, the date specified in the Notice of Termination.

(e) Dispute Concerning Termination. If within the later of (i)

fifteen (15) days after Notice of Termination is given, or (ii) fifteen (15) days prior to the Date of Termination (as determined without regard to this Section 11(e)), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning a termination by the Employee for Good Reason (as defined in Section 11(h)) following a Change in Control (as defined in Section 11(g)), the Date of Termination shall be the earlier of the expiration date of the Agreement, or the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence.

(f) Compensation During Dispute. If a purported termination by the Employee for Good Reason occurs following a Change in Control and during the Term of this Agreement, and such termination is disputed in accordance with Section 11(e) hereof, the Company shall continue to pay the Employee the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Employee as a participant in all compensation, benefit and insurance plans in which the Employee was participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with Section 11(e) hereof or, if earlier, the expiration date of

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the Agreement. Amounts paid under this Section 11(f) are in addition to all other amounts due under this Agreement (other than those due under Section 12(b) hereof) and shall not be offset against or reduce any other amounts payable under this Agreement.

(g) Change in Control. A "Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(i) any "person" (as such term is used in Sections 14(d) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (other than the Company; any trustee or other fiduciary holding securities under an employee benefit plan of the Company; or any Company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the stock of the Company) is or becomes after the Effective Date the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates) representing 25% or more of the combined voting power of the Company's then outstanding securities; or

(ii) during any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in subparagraph (i), (iii) or (iv) of this Section 11(g)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3 of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting

securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary

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holding securities under an employee benefit plan of the Company, at least 75% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person acquires more than 50% of the combined voting power of the Company's then outstanding securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets.

(h) Good Reason. At any time following a Change in Control, the Employee may terminate his employment hereunder for "Good Reason." "Good Reason" shall mean the occurrence (without the Employee's express written consent) of any material breach of this Agreement, including, without limitation, any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in subsections (i), (iv), (v), (vi) or (vii) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(i) the assignment to the Employee of any duties inconsistent with the Employee's status as a senior executive of the Company or a substantially adverse alteration in the nature or status of the Employee's responsibilities from those in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Employee's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(iii) the relocation of the Company's principal offices to a location outside Southern California (or, if different, the metropolitan area in which such offices are located immediately prior to the Change in Control) or the Company's requiring the Employee to be based anywhere other than the Company's principal executive offices, except for required travel on the Company's business to an extent substantially consistent with the Employee's present business travel obligations;

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(iv) the failure by the Company to pay to the Employee any portion of the Employee's current compensation, or to pay to the Employee any portion of an installment of deferred compensation under any deferred compensation program of the Company, within seven days of the date such compensation is due;

(v) the failure by the Company to continue in effect any compensation plan in which the Employee participates immediately prior to the Change in Control which is material to the Employee's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Employee's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Employee's participation relative to other participants, as existed immediately prior to the Change in Control;

(vi) the failure by the Company to continue to provide the Employee with benefits substantially similar to those enjoyed by the Employee under any of the Company's pension, life insurance, medical, health and accident, or disability plans in which the Employee was participating immediately prior to the Change in Control; or the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Employee of any material fringe benefit enjoyed by the Employee immediately prior to the Change in Control;

(vii) any purported termination of the Employee's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of this Agreement; for purposes of this Agreement, no such purported termination shall be effective; or

(viii) any failure by the Company to comply with and satisfy Section 13(b) of this Agreement.

The Employee's right to terminate the Employee's employment for Good Reason shall not be affected by the Employee's incapacity due to physical or mental illness. The Employee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

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(i) Voluntary Termination. The Employee may terminate his employment hereunder ("Voluntary Termination") upon a material breach of this Agreement by the Company, unless the Company shall fully correct such breach within 30 days of the Employee's Notice of Termination given in respect thereof.

12. Compensation Upon Termination or During Disability. The Employee shall be entitled to the following benefits during a period of disability, or upon termination of his employment, as the case may be, provided that such period or termination occurs during the Term of this Agreement:

(a) During any period that the Employee fails to perform his full-time duties with the Company as a result of incapacity due to physical or mental illness, he shall continue to receive his base salary at the rate in effect at the commencement of any such period, together with all compensation payable to him under the Company's disability plan or program or other similar plan during such period, until his employment is terminated pursuant to Section 11 hereof. Thereafter, or in the event the Employee's employment shall be terminated by reason of his death, his benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs.

(b) If at any time the Employee's employment shall be terminated: (i) by the Company for Cause or Disability or (ii) by him for any reason (other than in a Voluntary Termination or for Good Reason following the occurrence of a Change in Control), the Company shall pay him his full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which he is entitled through the Date of Termination under any compensation plan of the Company at the time such payments are due, and the Company shall have no further obligations to him under this Agreement.

(c) If the Employee's employment should be terminated: (1) by reason of his death, (2) by the Company other than for Cause or Disability or (3) by the Employee in a Voluntary Termination, he shall be entitled to the benefits provided below:

(i) the Company shall pay to the Employee or the appropriate payee (as determined in accordance with Section 13(c)) (A) his full

base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given; plus (B)(x) in the case of death or a Voluntary Termination all salary and bonus payments that would have been payable to the Employee pursuant to this Agreement for the remaining Term of this Agreement, or (y) in all other cases, all salary and bonus payments that would have been payable to the Employee had the Employee continued to be employed for a period of 12 months, assuming for the purpose of such payments that his salary for such remaining period is equal to his salary at the Date of Termination and that his annual bonus for such remaining Term is equal to the average of the annual bonuses paid to him by the Company with respect to the three fiscal years ended immediately prior to the fiscal year in which the Date of termination occurs; plus (C) all other amounts to which he is entitled under any compensation plan of the Company, in cash in a lump sum no later than the 15th day following the Date of Termination;

(ii) for a 12-month period after the Date of Termination, the Company shall arrange to provide the Employee with life, disability, accident and health insurance benefits substantially similar to those which the Employee and his covered family members are receiving immediately prior to the Notice of Termination (without giving effect to any reduction in such benefits subsequent to a Change in Control); provided, however, that such continued benefits shall be reduced to the extent comparable benefits are actually received by or made available to the Employee without cost during the 12-month period following the Employee's termination of employment (and the Employee agrees that he shall promptly report any such benefits actually received to the Company); and

(iii) the Company shall continue in effect for the benefit of the Employee all insurance or other provisions for indemnification and defense of officers or directors of the Company which are in effect on the date the Notice of Termination is sent to the Employee with respect to all of his acts and omissions while an officer or director as fully and completely as if such termination had not occurred, and until the final expiration or running of all periods of limitation against actions which may be applicable to such acts or omissions.

(d) If the Employee's employment should be terminated by the Employee for Good Reason following a Change in Control, he shall be entitled to the benefits provided below:

(i) the Company shall pay to the Employee or the appropriate payee (as determined in accordance with Section 13(c)) (A) his full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given; plus (B)(x) in the case of death or a Voluntary Termination all salary and bonus payments that would have been payable to the Employee pursuant to this Agreement for the remaining Term of this Agreement, or (y) in all other cases, all salary and bonus payments that would have been payable to the Employee had the Employee continued to be employed for a period of 24 months, assuming for the purpose of such payments that his salary for such remaining period is equal to his salary at the Date of Termination and that his annual bonus for such remaining Term is equal to the average of the annual bonuses paid to him by the Company with respect to the three fiscal years ended immediately prior to the fiscal year in which the Date of termination occurs; plus (C) all other amounts to which he is entitled under any compensation plan of the Company, in cash in a lump sum no later than the 15th day following the Date of Termination;

(ii) for a 24-month period after the Date of Termination, the Company

shall arrange to provide the Employee with life, disability, accident and health insurance benefits substantially similar to those which the Employee and his covered family members are receiving immediately prior to the Notice of Termination (without giving effect to any reduction in such benefits subsequent to a Change in Control); provided, however, that such continued benefits shall be reduced to the extent comparable benefits are actually received by or made available to the Employee without cost during the 24-month period following the Employee's termination of employment (and the Employee agrees that he shall promptly report any such benefits actually received to the Company); and

(iii) the Company shall continue in effect for the benefit of the Employee all insurance or other provisions for indemnification and defense of officers or directors of the Company which are in effect on the date the Notice of Termination is sent to the Employee with respect to all of his acts and omissions while an officer or director as

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fully and completely as if such termination had not occurred, and until the final expiration or running of all periods of limitation against actions which may be applicable to such acts or omissions.

(e) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Employee in connection with the termination of the Employee's employment (whether such benefit is pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, and all such payments and benefits being hereinafter called "Total Payments") would not be deductible (in whole or part), by the Company as a result of the application of Section 280G of the Internal Revenue Code of 1986, as amended ("Code"), then, to the extent necessary to make the nondeductible portion of the Total Payments deductible, (i) the cash payments under this Agreement shall first be reduced (if necessary, to zero), and (ii) all other non-cash payments under this Agreement shall next be reduced (if necessary, to zero).

(f) If it is established as described in the preceding subsection (d) that the aggregate benefits paid to or for the Employee's benefit are in an amount that would result in any portion of such "parachute payments" not being deductible by reason of Section 280G of the Code, then the Employee shall have an obligation to pay the Company upon demand an amount equal to the sum of: (i) the excess of the aggregate "parachute payments" paid to or for the Employee's benefit over the aggregate "parachute payments" that could have been paid to or for the Employee's benefit without any portion of such "parachute payments" not being deductible by reason of Section 280G of the Code; and (ii) interest on the amount set forth in clause (i) of this sentence at the rate provided in Section 1274(b)(2)(B) of the Code from the date of the Employee's receipt of such excess until the date of such payment.

(g) The Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise.

(h) If the employment of the Employee is terminated by the Company without Cause or the Employee's employment is terminated by the Employee under conditions entitling him to payment hereunder and the Company fails to make timely payment of the amounts then owed to the Employee under this Agreement, the Employee shall be entitled to interest on such amounts at the rate of 1% above the prime rate (defined

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as the base rate on corporate loans at large U.S. money center commercial banks as published by the Wall Street Journal), compounded monthly, for the period from the date such amounts were otherwise due until payment is made to the Employee (which interest shall be in addition to all rights which the Employee is otherwise entitled to under this Agreement).

13. Assignment.

(a) This Agreement is personal to each of the parties hereto. No party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto, except that this Agreement shall be binding upon and inure to the benefit of any successor corporation to the Company.

(b) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes this Agreement by operation of law, or otherwise.

(c) This Agreement shall inure to the benefit of and be enforceable by the Employee and his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or, if there is no such designee, to his estate.

14. (a) Confidential Information. During the Term of this Agreement and thereafter, the Employee shall not, except as may be required to perform his duties hereunder or as required by applicable law, disclose to others for use, whether directly or indirectly, any Confidential Information regarding the Company. "Confidential Information" shall mean information about the Company, its subsidiaries and affiliates, and their respective clients and customers that is not available to the general public and that was learned by the Employee in the course of his employment by the Company, including (without limitation) any data,

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formulae, information, proprietary knowledge, trade secrets and client and customer lists and all papers, resumes, records and the documents containing such Confidential Information. The Employee acknowledges that such Confidential Information is specialized, unique in nature and of great value to the Company, and that such information gives the Company a competitive advantage. Upon the termination of his employment, the Employee will promptly deliver to the Company all documents (and all copies thereof) containing any Confidential Information.

(b) Noncompetition. The Employee agrees that during the Term of this Agreement, and for a period of one year thereafter, he will not, directly or indirectly, without the prior written consent of the Company, provide consultative service with or without pay, own, manage, operate, join, control, participate in, or be connected as a stockholder, partner, or otherwise with any business, individual, partner, firm, corporation, or other entity which is then in competition with the Company or any present affiliate of the Company; provided, however, that the "beneficial ownership" by the Employee, either individually or as a member of a "group," as such terms are used in Rule 13d of the General Rules and Regulations under the Exchange Act, of not more than 1% of the voting stock of any publicly held corporation shall not be a violation of this Agreement. It is further expressly agreed that the Company will or would

suffer irreparable injury if the Employee were to compete with the Company or any subsidiary or affiliate of the Company in violation of this Agreement and that the Company would by reason of such competition be entitled to injunctive relief in a court of appropriate jurisdiction, and the Employee further consents and stipulates to the entry of such injunctive relief in such a court prohibiting the Employee from competing with the Company or any subsidiary or affiliate of the Company in violation of this Agreement.

(c) Right to Company Materials. The Employee agrees that all styles, designs, recipes, lists, materials, books, files, reports, correspondence, records, and other documents ("Company Material") used, prepared, or made available to the Employee, shall be and shall remain the property of the Company. Upon the termination of his employment or the expiration of this Agreement, all Company Materials shall be returned immediately to the Company, and Employee shall not make or retain any copies thereof.

(d) Antisolicitation. The Employee promises and agrees that during the Term of this Agreement, and for a period of one year thereafter,

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he will not influence or attempt to influence customers, franchisees, landlords, or suppliers of the Company or any of its present or future subsidiaries or affiliates, either directly or indirectly, to divert their business to any individual, partnership, firm, corporation or other entity then in competition with the business of the Company, or any subsidiary or affiliate of the Company.

15. Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other addresses as either party may have furnished to the other in writing in accordance herewith, except that notice of a change of address shall be effective only upon actual receipt:

Company: IHOP Corp.
525 North Brand Blvd.
Glendale, California 91203-1903
to the attention of the Board;
with a copy to: the Secretary of the Company

Employee: John Jordan
525 North Brand Boulevard
Glendale California 91203.

16. Amendments or Additions. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties hereto.

17. Section Headings. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

18. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but both of which together will constitute one and the same instrument.

20. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration,

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conducted before a panel of three arbitrators in Los Angeles, California, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that the Employee shall be entitled to seek specific performance of his right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

21. Attorneys' Fees. The Company shall pay to the Employee all out-of-pocket expenses, including attorneys' fees, incurred by the Employee in connection with any claim, legal action or proceeding involving this Agreement in which the Employee prevails in whole or in part, whether brought by the Employee or by or on behalf of the Company or by another party. The Company shall pay prejudgment interest on any money judgment obtained by the Employee calculated at 3% above the prime rate (defined as the base rate on corporate loans at large U.S. money center commercial banks as published by the Wall Street Journal), from the date that payment(s) to the Employee should have been made under this Agreement.

22. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Employee and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement and this agreement shall supersede any prior understanding or agreement either written or oral, will respect to the subject matter hereto. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California without regard to its conflicts of law principles. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections.

Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law. The obligations of the

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Company under Section 12 and Section 20 and the obligations of the Employee under Section 14 and Section 20 shall survive the expiration of the Term of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement on the date first indicated above.

ATTEST:

IHOP CORP.

/s/ Mark D. Weisberger

Mark D. Weisberger
Secretary

By:/s/ Richard K. Herzer

Richard K. Herzer
President

EMPLOYEE:

/s/ John Jordan

John Jordan

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John Jordan
Relocation Assistance

- . House Hunting Trip - IHOP will reimburse reasonable expenses for a maximum of two (2) five day advance trips for househunting at the new location.
- . IHOP will reimburse reasonable interim living expenses for you and your family at the new location while awaiting permanent housing, not to exceed sixty (60) days.
- . An additional allowance for miscellaneous relocation expenses in the amount of \$6,538 will also be provided.
- . Temporary Living - The company will pay the costs for reasonable temporary living expense for a maximum period of ninety (90) days.
- . Return Visits Home - IHOP will cover the cost of airfare for trips home for a maximum period of ninety (90) days.
- . Sale of Residence at Old Location - IHOP will reimburse reasonable expenses for the sale, such as real estate commissions, legal fees, mortgage penalties, transfer tax payments and other miscellaneous closing costs not to exceed 7% of the gross sales price of the home being sold.
- . Household Goods - IHOP will pay reasonable charges for packing and transportation costs for one (1) pick-up at origin and one (1) delivery at destination, plus insurance coverage at \$2.00 per pound and normal appliance servicing.
- . Automobiles - IHOP will reimburse expenses to ship/transport your two cars to Atlanta, GA.
- . Travel Expenses - IHOP will reimburse reasonable expenses transporting you and your family to the new location. Reimbursement will be based on the most direct route.
- . Purchase of New Residence - Reimbursement up to a maximum of three (3%) of the purchase price of the new home.
- . In the event you voluntarily terminate prior to two years following relocation, you agree to repay IHOP for all your relocation expenses.

EXHIBIT "A"

AREA FRANCHISE AGREEMENT

This Agreement by and between INTERNATIONAL HOUSE OF PANCAKES, INC., a Delaware corporation, successor in interest to THE INTERNATIONAL HOUSE OF PANCAKES COMMISSARY, (hereinafter referred to as "Franchisor") and FMS MANAGEMENT SYSTEMS, INC., a Florida corporation, successor in interest to ABE FINKEL and CORINNE FINKEL, A.J.A. CORPORATION, (hereinafter referred to as "Franchisee") is made with reference to the following facts:

A. Franchisor has developed and is continuing to develop certain unique systems, products, methods, techniques and other trade secrets (hereinafter referred to as the "Systems") for operating restaurants selling pancakes and various other food products under the names "The International House of Pancakes" and "International House of Pancakes Restaurant" (hereinafter referred to as "IHOP"). The System, conducted in accordance with the provisions of this Agreement and Franchisor's Operations Manual, Operations Bulletins, and all notices, amendments and supplements relating thereto (collectively referred to herein as "Operations Bulletins") will enable such businesses to compete more effectively in their respective marketplaces;

B. Franchisor now owns and hereafter will develop or purchase valuable trademarks, service marks, trade names, logotypes and other commercial symbols used to identify the System (hereinafter referred to as the "Trademarks"); and

C. Franchisor or its predecessor in interest has granted to Franchisee or its predecessor in interest an exclusive franchise and license to operate and/or subfranchise International House of Pancakes restaurants within the area hereinafter described pursuant to an Area Franchise Agreement dated July 1, 1960, (hereinafter referred to as "Old Agreement"); and

D. The parties now desire to modify the terms of the Old Agreement by terminating same and entering into a new agreement (hereinafter "Agreement") to use the System and Trademarks associated therewith in connection with the operation and/or subfranchising of IHOP restaurants within the area hereinafter described under the names "The International House of Pancakes" and "International House of Pancakes Restaurants" and Franchisor is willing to grant said Area Franchise under the terms and subject to the conditions hereinafter set forth.

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WHEREFORE, IT IS AGREED for and in consideration of Ten Dollars (\$10.00) each to the other in hand paid, and for the mutual covenants and promises contained herein to the following:

I

GRANT OF FRANCHISE

1.01 Franchised Area. Franchisor hereby grants to Franchisee, and

Franchisee hereby accepts, in accordance with the provisions of this Agreement and any ancillary documents pertaining hereto, an exclusive franchise and license to operate and/or to subfranchise the operation of International House of Pancakes restaurants within the following area of the United States:

All Counties of the State of Florida and the Counties of Glynn, Wayne, Camden, Charlton, Decatur, Grady, Miller, Seminole, Thomas, Berrien, Brooks, Cook, Echols, Lanier, Lowndes, Appling, Atkinson, Bacon, Branskey, Clinch, Coffee, Jeff Davis, Pierce, and Ware, Georgia.

1.02 Exclusive Territory. So long as Franchisee faithfully

performs and observes each and all of the obligations and conditions to be performed and observed by Franchisee under or in connection with this Agreement, Franchisor, during the term of this Agreement, shall not own, operate, franchise or license any "International House of Pancakes" restaurant within that area described above (hereinafter "Franchised Area"). Franchisee acknowledges and agrees that Franchisor, or its direct or indirect parent, subsidiary, or affiliated corporations, may now or hereafter own, operate, franchise and license both within and without the Franchised Area other restaurants under different trademarks, and trade names, or service marks, including without limitation, Copper Penny Family Coffee Shop, and that such other restaurants offer products similar to those which are or may be offered by the Franchised Restaurants.

1.03 Use of System. The franchise granted hereby is a license to use

and/or license others to use Franchisor's trade name, goodwill, and trade secrets in the operation of pancake specialty restaurants solely within the area specified herein and in strict compliance with the terms hereof. Nothing herein contained shall be construed so as to require Franchisor to divulge any secret processes, formulas, or ingredients, except pursuant to this Agreement. It is expressly agreed that the ownership of all right, title and interest in and to

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said trade name, goodwill, and trade secrets is and shall remain vested solely in Franchisor.

II

TERM OF FRANCHISE

2.01 Term. The term of this Agreement shall commence on the date

hereof and shall terminate on June 30, 2010, unless otherwise terminated pursuant to the provisions of this Agreement, but shall be subject to extension or reduction of the term as provided in Section IV hereinbelow.

III

SERVICES OF FRANCHISOR

3.01 Disclosure of Procedures. Franchisor will disclose to

Franchisee its standard operating procedures and, in connection therewith, will furnish copies of all manuals, bulletins, instruction sheets, forms, etc.

3.02 Training. Franchisee acknowledges that it has previously

undergone training conducted by Franchisor for the operation of an IHOP restaurant. If Franchisee shall require additional training for any of its personnel, Franchisor shall provide said training to be given at an IHOP restaurant or a training center designated from time to time by Franchisor. Franchisor will pay no compensation for any services performed by trainee during such training period and all expenses incurred by Franchisee or said trainee in connection with such training, including, but not limited to, air fare and other transportation costs, meals, lodging and other living expenses, shall be at the sole expense of the Franchisee, and Franchisee shall also pay Franchisor's then applicable training fee, which as of this date is Five Thousand Dollars (\$5,000.00).

3.03 Additional Assistance. In addition to the foregoing,

Franchisor shall provide Franchisee with additional assistance from the staff of Franchisor or its corporate affiliates upon Franchisee's request and subject

to staff availability, at the then prevailing price per person, per day, as shall be specified from time to time in the Operations Bulletins, plus reasonable transportation and living expenses.

3.04 Sale of Food Products and Supplies. Franchisor shall either

sell to Franchisee or make available to Franchisee through an authorized supplier, at standard prices and terms which shall be no higher nor more onerous

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than the prices and terms granted to any other area franchisee, for authorized distributor (but subject to Section 5.07 (a) below) all dry pancake mixes, and IHOP logo items including but not limited to imprinted paper goods, and custom patterned china, that Franchisee shall need for use in its own operations and for resale to or use by subfranchisees.

3.05 Improvements. All improvements made by Franchisor in its

products, procedures or designs will be made available to Franchisee.

3.06 Indemnification. In the event that any third party makes any

claim, by suit or otherwise, against the Franchisee because of the Franchisee's use in accordance with this Agreement of the Trademarks, the Franchisee shall immediately notify the Franchisor in writing. After receipt of said notice, Franchisor shall promptly take such action as may be necessary to protect and defend Franchisee against any such claim, suit or demand, and Franchisor shall protect, indemnify and save Franchisee harmless from any loss, costs or expenses arising out of or relating to any such claim, demand, or suit. Franchisee shall have no right to settle, compromise, or litigate any such claim except in strict compliance with any specific directives provided by Franchisor relating to such specific claim. Franchisor shall have the right to defend, compromise or settle any such claim at Franchisor's sole cost and expense, using attorneys of its own choosing, and Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any such claim.

IV

FEES AND EXTENSIONS OR REDUCTIONS OF TERM

4.01 Continuing Royalty. For and in consideration of Franchisor's

execution and performance of this Agreement, Franchisee shall pay in United States Dollars to Franchisor a Continuing Royalty equal to one percent (1%) of all Franchisee's monthly Gross Sales as hereinafter defined. Should the annual Continuing Royalty paid to Franchisor by Franchisee under this Agreement in respect of any fiscal year of Franchisee (commencing with Franchisee's fiscal year beginning October 1, 1987) be less than Three Hundred Thousand Dollars (\$300,000.00) ("minimum Continuing Royalty") in respect of eighty-eight (88) International House of Pancakes Restaurants operated or subfranchised by Franchisee as of December 31, 1987, ("existing units"), Franchisee will lose one (1) year of any extension of the term hereof earned by Franchisee pursuant to

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Section 4.06 below; provided, however:

(a) Franchisee can avoid any such loss of extension(s) earned pursuant to Section 4.06 below by paying to Franchisor within ninety (90) days of the end of its fiscal year the difference between Three Hundred Thousand Dollars (\$300,000.00) and the amount of Continuing Royalty actually paid in respect of such fiscal year; and

(b) the Three Hundred Thousand Dollar (\$300,000.00) per annum

minimum Continuing Royalty as stated above shall be reduced by the amount of the last full year's royalty paid in respect of any existing unit(s) lost as a result of condemnation, eminent domain, any government action, or unforeseeable "Acts of God;" and

(c) there shall be no minimum Continuing Royalty whatsoever from and after October 1, 1997.

4.02 Advertising Fee. In addition to Franchisee's obligation to

pay a Continuing Royalty as set forth above, Franchisee shall pay to Franchisor, for national advertising and for the preservation, promotion and enhancement of the value of all franchises and goodwill attached thereto, a sum equal to one-quarter of one percent (.25%) of Franchisee's monthly Gross Sales as hereinafter defined.

4.03 Payments. Payments of said Continuing Royalty and the

Advertising Fee for each monthly period shall be due no later than forty-five (45) days after the day ending the month in which such Gross Sales were earned. All such payments shall be accompanied by a statement in such form and detail as shall be from time to time required by Franchisor from its Franchisees, showing how such Continuing Royalty was computed for such month, and accompanied by a copy of Franchisee's monthly sales tax reports. All payments measured by Gross Sales shall be accompanied above by a statement of Gross Sales, itemized by restaurant location, certified to be correct by Franchisee.

4.04 Definition of Gross Sales. The term "Gross Sales," as used in

this Agreement, shall mean the total revenues derived by Franchisee in and from all IHOP restaurants in the Franchised Area, operated by virtue of this Agreement whether operated by Franchisee or a subfranchisee (which restaurants are hereinafter referred to as "Franchised Restaurants"), whether for cash sales of food and other merchandise or otherwise (whether or not payment is received

therefor), or charge sales thereof, or revenues from any source arising out of the operation of the Franchised Restaurants, deducting therefrom: (a) all refunds and allowances, if any; (b) any sales or excise taxes which are separately stated and which the Franchisee or its subfranchisees collects from customers and pays to any federal, state or local taxing authority; and (c) any amounts deposited in any vending machines or pay telephones which are located in or about the Franchised Restaurants.

4.05 Records.

(a) Franchisee or its subfranchisees shall record all sales on individual machine serial numbered guest checks and shall keep and maintain accurate records thereof. Franchisee shall cause all such sales to be registered upon a nonresettable cash register of the type specified by Franchisor, having a lock-in running total, and shall, at any time, at Franchisor's sole discretion, provide to Franchisor or its authorized representatives, a key to permit reading of the running total of the cash register.

(b) Franchisee shall keep and preserve for a period of not less than thirty-six (36) months after the end of each calendar year or any longer period as may be required by applicable law, all business records, including, but not limited to, cash register tape readings, standardized numbered guest checks, sales tax or other tax returns, bank books, and other evidence of Gross Sales and business transactions for such year. Franchisor shall have the right at any time, notwithstanding the terms contained in Paragraph 5.04, to enter Franchisee's or its subfranchisees' premises to inspect, audit and make or request copies of books of account, bank statements, documents, records, tax returns, papers and files of Franchisee relating to Gross Sales and business transacted and, upon request by Franchisor, Franchisee shall make any such

materials available for inspection at Franchisee's premises. If Franchisor should cause an audit to be made and the Gross Sales and business transacted as shown by Franchisee's statements should be found to be understated by any amount, Franchisee shall immediately pay to Franchisor the additional amount payable as shown by such audit, plus interest thereon at the highest rate of interest allowed by law, and if they are found to be understated by two percent (2%) or more, Franchisee shall also immediately pay to Franchisor the cost of such audit; otherwise, the cost of the audit shall be paid by Franchisor. If

Franchisee should at any time cause an audit of Franchisee's business or any IHOP restaurant operated by Franchisee or any subfranchisee of Franchisee to be made by a public accountant, Franchisee shall furnish the Franchisor with a copy of said audit, without any cost or expense to the Franchisor.

(c) Franchisee agrees to allow Franchisor access to the state, federal and local income tax returns of the Franchisee and Franchisee hereby waives any privilege pertaining thereto.

(d) Within forty-five (45) days after the expiration of each three (3) month period, franchisee shall furnish Franchisor with Franchisee's unaudited profit and loss statement for such quarter and within one hundred eighty (180) days after the end of each fiscal year, Franchisee shall furnish Franchisor with an audited profit and loss statement and balance sheet of Franchisee for such fiscal year. All such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") consistently applied from applicable period to period and shall be certified by Franchisee's Chief Executive Officer or Chief Financial Officer, as being true and correct, and as being prepared in accordance with GAAP consistently applied from applicable period to period. All such financial statements shall all comply with any specific requirements as Franchisor may from time to time designate. Franchisee hereby irrevocably consents to Franchisor's use of said financial statements, at Franchisor's election, in Franchisor's offering circular for the offer and sale of franchises.

4.06 Extensions of Term: For each International House of Pancakes

Restaurant (in excess of the eighty-eight (88) International House of Pancakes Restaurants operated or subfranchised by Franchisee as of December 31, 1987,) opened for operation, directly or through a subfranchisee, by Franchisee from and after the date of execution hereof through June 30, 1993, two (2) years shall be added to the term hereof. For each such restaurant opened for operation, directly by Franchisee or through a subfranchisee, by Franchisee for the period beginning July 1, 1993, and ending June 30, 2003, a period of one (1) year shall be added to the term hereof. For each such unit opened for operation, directly or through a subfranchisee, by Franchisee from and after July 1, 2003, a period of six (6) months shall be added to the term hereof. Additionally, in respect of a net of five (5) units which were added to the

International House of Pancakes Restaurants operated or subfranchised by Franchisee for the period from January 1, 1987, through December 31, 1987, a period of five (5) years shall be and is hereby added to the term hereof.

DUTIES OF FRANCHISEE

5.01 Compliance with Laws and Operations Bulletins. Franchisee

shall, and shall cause its subfranchisees to, operate the Franchised Restaurants in strict compliance with all applicable laws, rules and regulations of duly constituted governmental authorities and in strict compliance with the standard

procedures, policies, rules and regulations established by Franchisor and incorporated herein, or in Franchisor's Operations Bulletins. Such standard procedures, policies, rules and regulations established by Franchisor may be revised from time to time as circumstances warrant, and may exist from time to time as though they were specifically set forth in this Agreement, and when incorporated in Franchisor's Operations Bulletins, the same shall be deemed incorporated herein by reference. By way of illustration and without limitation, such standard procedures, policies, rules and regulations may or will specify accounting records and information, payment procedures, specifications for required supplies and purchases, including Trademarked Products, hours of operation (which may vary from location to location), advertising and promotion, cooperative programs, specifications regarding required insurance, minimum standards and qualifications for employees, design and color of uniforms, menu items, methods of production and food presentation, including the size and serving thereof, standards of sanitation, maintenance and repair requirements, specifications of furniture, fixtures and equipment, flue cleaning, and fire prevention service, appearance and cleanliness of premises, accounting and inventory methods and controls, forms and reports, and in general will govern all matters that, in Franchisor's judgment, require standardization and uniformity in all IHOP restaurants. Franchisor will furnish Franchisee with Franchisor's current Operations Bulletins upon the execution of this Agreement. Said Operations Bulletins and all notices, amendments and supplements relating thereto shall at all times remain the property of Franchisor. Upon termination or expiration of this Agreement, Franchisee shall deliver all copies of said Operations Bulletins to Franchisor. Franchisee further acknowledges that said

Operations Bulletins contain trade secrets of Franchisor and Franchisee shall, and shall cause its subfranchisees to, at all times maintain as confidential the contents of said Operations Bulletins. Franchisee shall not, and shall not permit subfranchisees to, vary any of such standard procedures without Franchisor's prior written consent. If a variance is required, on account of local conditions or otherwise, such consent will not be unreasonably withheld.

5.02 Subfranchisees. From and after the date of execution hereof, all

agreements between Franchisee and its subfranchisees shall be made expressly subject to the provisions of this Agreement, including the right of Franchisor to terminate for cause. Franchisee shall deliver to Franchisor a true copy of each such agreements when it is executed. In addition, Franchisee shall deliver to Franchisor a true copy of each Franchise Offering Circular prepared by Franchisee for its prospective subfranchisees.

5.03 Location. Franchisee shall keep Franchisor currently informed as

to the location of each restaurant operated or subfranchised.

5.04 Inspection. Franchisee expressly authorizes Franchisor and its

authorized agents and representatives to enter any IHOP restaurant in the Franchised Area, to inspect the premises, fixtures, furnishings, equipment, books, and records of any restaurant operated by Franchisee or any of its subfranchisees at any time said restaurant is open for business, without notice, and to examine and inspect the operations in all respects to determine compliance with this Agreement and with Franchisor's Standard Operating Procedures, rules, policies, and regulations. All records, including cash register readings, relating to Gross Sales shall be preserved for at least three (3) years.

Franchisee shall inspect the operations of its subfranchisees at frequent intervals, and shall take such action, including legal proceedings, as may be necessary to correct any breach or nonconformity with Franchisor's standard procedures, policies, rules or regulations.

5.05 Indemnification of Franchisor. Franchisee shall indemnify

Franchisor and hold it harmless from any claims, demands, causes of action, costs or expenses of any kind arising out of any act or omission of Franchisee or of any of its subfranchisees.

5.06 Sales and Service of Food Products. Franchisee and its

subfranchisees shall sell, serve and dispense only those items and products as

shall be designated by Franchisor in the Operations Bulletins. In connection therewith, the parties agree that Franchisor may, from time to time, recommend or suggest the prices to be charged by Franchisee or its subfranchisees for each menu item sold or offered at IHOP restaurants; and, for purposes of economy and cost saving to those Franchisees who elect to follow such recommendations, may cause the production of prepriced menus and standardized numbered guest checks which Franchisor shall offer for sale to Franchisee. Such recommended or suggested prices are not binding in any respect upon Franchisee or its subfranchisees, and Franchisee and its subfranchisees are and shall be at all times, free to charge prices entirely of its or their own choosing, regardless of whether the same do or do not conform to the recommended or suggested prices. Franchisee and its subfranchisees shall not be required to use or to purchase any prepriced menus or prepriced standardized number guest checks, and shall be entirely free to procure menus and standardized numbered guest checks with prices of its or their own choosing; provided, however, that such menus and standardized numbered guest checks shall, in all respects except as to prices, strictly comply with the specifications therefor contained in the Operations Bulletins.

5.07 Required Purchases of Proprietary Products.

(a) Franchisee and its subfranchisees shall purchase only from Franchisor (if offered directly to Franchisees by Franchisor) or from Franchisor approved distributors who have purchased such products from Franchisor, all of their requirements for buckwheat flour, waffle mix, egg batter, buttermilk mix, and such other future products as may then be required by Franchisor, all of which embody and shall embody secret formulas owned by the Franchisor (collectively referred to as "Required Products"). Franchisor shall not charge Franchisee a price (exclusive of freight charges) in excess of that charged approved distributors for required products, provided that geographic price differences cannot be invoked to reduce Franchisor's net profit in respect of required products.

(b) For purposes of insuring consistency and uniformity of product, Franchisee and its subfranchisees shall purchase only from Franchisor (if offered directly to Franchisees by Franchisor) or from Franchisor designated suppliers, all of their requirements for coffee. Further, Franchisee or its

subfranchisees shall purchase only such blends of coffee as Franchisor shall from time to time designate.

(c) Except as provided in Paragraphs 5.07(a) and (b), Franchisee and its subfranchisees shall purchase for use in the operation of the Franchised Restaurants certain products which bear IHOP Trademarks that may include, as provided in the Operations Bulletins, dishware, silverware, napkins, placemats, coasters and other items (herein referred to as "Trademarked Products"). All such required Trademarked Products shall comply with the specifications set forth in the Operations Bulletins. Franchisee or its subfranchisees may purchase Trademarked Products from Franchisor, if made available by Franchisor, suppliers designated by Franchisor, or suppliers chosen by Franchisee as provided in Paragraph 5.08 below, provided such suppliers execute a royalty free trademark license in a form reasonably satisfactory to the Franchisor.

5.08 Compliance with Franchisor's Specifications.

(a) All food products, services, supplies, equipment, and materials, including standardized numbered guest checks and menus, permitted or required to be used in the operation of the Franchised Restaurants shall be in full compliance with the specifications set forth in the Operations Bulletins and, excepting only those items referred to in Paragraphs 5.07 (a) and (b), shall be purchased and procured by Franchisee and its subfranchisees from Franchisor (if offered by Franchisor), or from suppliers designated by Franchisor, or from suppliers selected by Franchisee and not disapproved in writing by Franchisor. With respect to each supplier designated by Franchisor, such suppliers shall only be those who have demonstrated, to the reasonable satisfaction of Franchisor, (i) the ability to supply a product meeting the specifications of Franchisor, (ii) reliability with respect to the quality of product or service, and (iii) willingness and agreement to permit Franchisor to make periodic inspections, reasonable in respect of frequency, time and manner of inspection, to assure continued conformity to specifications.

(b) In the event that Franchisee or any of its subfranchisees should desire to procure any food product other than those described in Paragraphs 5.07(a) and (b), service, supply, equipment, or material from any supplier other than Franchisor or a supplier designated by Franchisor, Franchisor shall, upon request of Franchisee, furnish to Franchisee specifications, by established brand name wherever possible, for all such times. Franchisee shall deliver

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written notice to Franchisor of its desire to do so, which notice shall identify the name and address of such supplier and the items desired to be purchased from such supplier. Should Franchisor not deliver to Franchisee, within ten (10) days after its receipt of such notice, a written statement of disapproval with respect to such supplier, it shall be deemed that such supplier is approved by Franchisor as a supplier of the goods described in the notice until such time as Franchisor may subsequently withdraw such approval. Franchisor shall be entitled to disapprove or to subsequently withdraw its approval of any supplier selected by Franchisee only upon the ground that such supplier has failed to meet one or more of the requirements hereinabove set forth. Once Franchisee has delivered a notice of its desire to purchase the specified items from any such supplier, it shall be entitled to purchase same from such supplier until it shall have received a timely statement of disapproval from Franchisor; provided, however, that should Franchisee designate a supplier in any such notice who shall previously have been disapproved by Franchisor, it shall not be permitted to purchase from such supplier unless and until the ten (10) day period from delivery of such notice shall have expired without delivery from Franchisor of a statement of disapproval.

(c) In some instances, the Franchisor's specifications may be such that only a single supplier or a limited number of suppliers can meet such specifications. With respect to such products, Franchisee shall purchase such products only from the source or sources designated by Franchisor.

5.09 Insurance.

(a) Franchisee agrees to procure and maintain at Franchisee's or its subfranchisees' expense during the term hereof, policies of liability insurance meeting minimum standards, coverages, and limits and insuring Franchisee or its subfranchisees against the insurable risks prescribed in Franchisor's Operations Bulletins. All such policies of liability insurance shall name Franchisor and such other nominees of Franchisor as it may designate as additional insureds, as their interests may appear.

(b) If Franchisee fails or refuses to purchase insurance conforming to the requirements prescribed by the Operations Bulletins, Franchisor may but shall not be obligated to obtain, through agents and insurance companies of its

own choosing, such insurance as is necessary to meet

such requirements. Payments for such insurance shall be borne by Franchisee. Nothing herein shall be construed or deemed to impose any duty or obligation on Franchisor to obtain such insurance or as an undertaking or representation by Franchisor that such insurance as may be obtained by Franchisee or by Franchisor for Franchisee will insure Franchisee against any or all insurable risks of loss which may or can arise out of, or in connection with the Franchised Restaurants. Franchisee may obtain such other or additional insurance as Franchisee deems proper in connection with the operation of its business.

5.10 Taxes. Franchisee agrees to pay and to cause its subfranchisees

to pay in full any and all city, county, state and federal taxes arising in connection with or levied or assessed by any of said governmental bodies in connection with all or any part of this Agreement, or the operation of any IHOP restaurant in the Franchised Area, or all or any of the merchandise and assets being sold hereunder, promptly when due, and prior to any delinquency.

VI

TRADEMARKS

6.01 Nature of Grant. Franchisor hereby grants to Franchisee and its
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subfranchisees, and Franchisee hereby accepts, the right, during the term hereof, upon the terms and conditions contained herein, to use and display IHOP service marks, Trademarks, trade names and insignia and the labels and designs pertaining thereto (herein called the "Trademarks"), and to use Franchisor's trade secrets, formulae, processes, methods of operation and goodwill, but only in connection with the retail sale at IHOP restaurants in the Franchised Area of those items contained on the standard menu of IHOP restaurants as established in the Operations Bulletins from time to time. Nothing herein shall give Franchisee or its subfranchisees any right, title or interest in or to said service marks, Trademarks, trade names, insignia, labels or designs, trade secrets, formulae, processes, methods of operation or goodwill, or any of the same except a mere privilege and license, during the term hereof, to display and use the same according to the foregoing limitations and upon the terms, covenants and conditions contained herein. Upon the expiration or termination of this Agreement for any reason, Franchisee and its subfranchisees shall deliver and surrender up to Franchisor each and all manuals, bulletins, instruction sheets, forms, marks, devices, and Trademarks, and shall not

thereafter use any of the same or any such trade secrets, formulae, processes, methods of operation, goodwill, or any of them; provided Franchisor shall purchase from Franchisee and its subfranchisees at a price equal to Franchisee's book value, consisting of Franchisee's cost therefor less depreciation computed in accordance with GAAP, paper goods, dishes, and other similar, small items of personal property purchased by Franchisee and its subfranchisees in the ordinary course of their business which are, in Franchisor's reasonable judgment, in good, usable condition, and which bear any Trademarks of Franchisor. Franchisee acknowledges that the material and information now and hereafter provided or revealed to it pursuant to this Agreement are revealed in confidence and Franchisee expressly agrees to keep and respect the confidence so reposed. Nothing herein contained shall be construed so as to require Franchisor to divulge any secret processes, formulae or ingredients. Franchisor expressly reserves all rights with respect to IHOP's goods, products, Trademarks, trade secrets, formulae, processes, ingredients and methods of operation, except as may be expressly granted to Franchisee herein.

6.02 Acts in Derogation of Franchisor's Trademark.

(a) Franchisee agrees that, as between Franchisor and Franchisee, the Trademarks of Franchisor are the sole and exclusive property of Franchisor and Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's licensed use thereof. Franchisee agrees that it will not do or permit any act or thing to be done in derogation of any of the Franchisor's rights in connection with the same, either during the term of this Agreement or thereafter, and that it will use same only for the uses and in the manner licensed hereunder and as herein provided.

(b) From and after the date of execution hereof, Franchisee shall not use, or permit the use by subfranchisees, as part of the name of any Franchisee or subfranchisee corporation, the phrases "IHOP," "International House of Pancakes," "House of Pancakes," or any phrase or combination of words confusingly similar thereto.

6.03 Prohibition Against Disputing Franchisor's Rights. Franchisee

agrees that it will not, during or after the term of this Agreement, in any way, dispute or impugn the validity of the Trademarks licensed hereunder, or the rights of Franchisor thereto, or the right of Franchisor and other franchisees

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of Franchisor to use the same both during the term of this Agreement and thereafter.

6.04 Use of Franchisor's Name. Franchisee agrees that the

restaurants herein franchised shall be named the "International House of Pancakes" or "International House of Pancakes Restaurant," as specified by Franchisor, without any suffix or prefix attached thereto and all signs, advertising and slogans will only bear the name "International House of Pancakes," or "International House of Pancakes Restaurant," or such other Trademarks as Franchisor may hereafter specify in its Operations Bulletins. Franchisee shall and shall cause its subfranchisees to use Franchisee's or its subfranchisees' correct name on all invoices, orders, vouchers, checks, letterheads, and other similar materials, identifying the franchise as being a franchise of Franchisor which is independently owned and operated by Franchisee or its subfranchisee(s).

6.05 Relationship of Franchisee to Franchisor. It is expressly

agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of Franchisor and Franchisee, and that it is not the intention of either party to undertake a joint venture or to make Franchisee or any of its subfranchisees in any sense an agent, partner, employee or affiliate of Franchisor. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever.

VII

ASSIGNMENT

7.01 Assignment by Franchisee. Franchisee shall have the right to

assign this Agreement, entirely or partially, to any party only with the prior written consent of Franchisor, which shall not be unreasonably withheld. Any sale, assignment or other transfer in the aggregate of more than forty-nine percent (49%) of the stock of Franchisee shall be deemed an assignment hereunder, except that transfers among CORINNE FINKEL, LESLIE FREEDMAN, NATHAN FINKEL and MARTIN B. FREEDMAN and their children shall not be prohibited.

VIII

REMEDIES FOR BREACH

8.01 Strict Performance. Franchisee acknowledges that strict

performance of all of the terms of this Agreement is necessary not only for the protection of Franchisor but also for the protection of all operators of International House of Pancakes Restaurants. It is therefore agreed that strict and exact performance by Franchisee of each of its promises, covenants, and obligations hereunder is a condition precedent to the continuance of this franchise.

8.02 Right of Termination After Notice of Default. If Franchisee

shall be in default in the performance of any of the terms of this Agreement, and such default shall not be cured within thirty (30) days after it shall be determined that there is a default as hereinafter provided, or if bankruptcy, debtor, or insolvency proceedings are commenced by or against Franchisee, or if Franchisee makes an assignment for benefit of creditors, or if a receiver is appointed to take possession of the business of Franchisee, or if Franchisee transfers a substantial part of its business voluntarily without Franchisor's consent or involuntarily, then in any such event, in addition to all other remedies it may have at law or in equity, Franchisor may terminate this Agreement.

8.03 Franchisee's Obligations Upon Termination. Upon termination of

this Agreement, whether by lapse of time, default, or other cause, Franchisee shall immediately discontinue all use of Franchisor's trade name, trade secrets, and procedures, shall assign to Franchisor all rights (excluding those in equipment, tangible personal property and real estate holdings) it may have in or to its Agreements with its subfranchisees, shall remove from its own restaurants, at its sole cost and expense, all signs, decor and decoration characteristic of Franchisor's operations, and shall not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that it is dispensing, selling, or serving any of Franchisor's products, or that it is operating a restaurant similar to an "International House of Pancakes." Franchisee expressly recognizes and acknowledges the right of Franchisor at its election and in addition to all other remedies, to obtain a permanent injunction to enforce the foregoing

provisions.

Expiration or termination of this Agreement shall be without prejudice to the rights of Franchisor against Franchisee, nor shall such expiration or termination relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination.

8.04 Form of Notice. A default by Franchisee shall be determined in

the following manner: Franchisor shall give notice, in writing, to Franchisee of any claimed default in the performance of this Agreement. Franchisee shall perform the work required or otherwise comply with Franchisor's demands within thirty (30) days after the mailing of such written notice. If the default shall be other than in the payment of money, and if it shall be of such a nature that it cannot reasonably be cured within said thirty (30) day period, then Franchisee shall commence to cure said default within said thirty (30) day period and shall diligently proceed to do such acts as may be necessary to cure said default. If Franchisee shall in good faith believe that it is not in

default as claimed by Franchisor, it shall within said thirty (30) day period proceed to initiate an arbitration proceeding as provided in Article IX hereof. If Franchisee shall neither cure the default nor initiate arbitration within the period aforementioned, then the existence of the default shall be deemed conclusively determined. If Franchisee shall initiate arbitration, the default shall not be deemed determined until the arbitration shall have been completed and the Franchisee shall have failed to perform the arbitrator's award in the time specified by the arbitrator.

8.05 Conformity With Laws. If any law or regulation by any competent

authority with jurisdiction over this Agreement shall limit Franchisor's rights of termination or require a longer or different notice than that specified in this Article VIII, same shall be deemed amended to conform with the minimum requirements of such law or regulation.

IX

ARBITRATION AND REMEDIES

9.01 Arbitration. Any controversy or claim arising out of or

relating to this Agreement, or any agreement relating thereto, or any breach of this Agreement including without limitation any claim that this Agreement or any portion thereof is invalid, illegal or otherwise voidable, shall be submitted to

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arbitration before and in accordance with the rules of the American Arbitration Association provided that the jurisdiction of the arbitrators shall be limited to a decision rendered pursuant to California common and statutory law and judgment upon the award may be entered in any court having jurisdiction thereof; provided, however, that this clause shall not limit Franchisor's right to obtain any provisional remedy, including without limitation injunctive relief or similar relief, from any court of competent jurisdiction, as Franchisor deems to be necessary or appropriate in Franchisor's sole subjective judgment, to compel Franchisee to comply, or to prohibit Franchisee's noncompliance, with its obligations hereunder, or to protect the Trademarks or other property rights of Franchisor. Franchisor may, as part of such action or proceeding, seek damages, costs and expenses caused to or incurred by it by reason of the act or action or nonaction of Franchisee which caused Franchisor to institute such action or proceeding. The institution of any such action or proceeding by Franchisor shall not be deemed a waiver on its part to institution of an arbitration proceeding pursuant to the provisions of this Article.

X

RIGHT TO CURE DEFAULTS

10.01 General. In addition to all other remedies herein granted, if

Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Franchisor may, at its election, immediately or at anytime thereafter, without waiving any claim for breach hereunder and without notice to Franchisee cure such default for the account and on behalf of Franchisee, and the cost to Franchisor thereof shall be due and payable on demand and shall be deemed to be additional compensation due to Franchisor hereunder and shall be added to the amount of compensation next accruing hereunder, at the election of Franchisor.

XI

SERVICE OF PROCESS

11.01 General. Franchisee, by the execution and delivery hereof,

hereby irrevocably authorizes and confers power on The Prentice Hall Corporation System, Inc., at Los Angeles, California, to accept in the name and on behalf of Franchisee service of process issued in any action or proceeding instituted

against Franchisee by Franchisor pertaining directly or indirectly to this Agreement or any matter arising therefrom. A copy of any such process shall be mailed to Franchisee by registered mail. Time to answer shall be according to California law.

XII

OBLIGATIONS UPON TERMINATION

12.01 General. In the event of the termination or expiration of this

Agreement for whatever reason, the Franchisee and its subfranchisees shall forthwith discontinue the use of the Franchisor's Trademarks and shall not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that they are either directly or indirectly associated, affiliated, franchised or licensed by or related to, the IHOP restaurant system, and shall not, either directly or indirectly, use any name, logotype, symbol or format confusing similar to the IHOP Trademarks or formats. In addition, since Franchisor's restaurants have a distinctive color scheme, Franchisee shall promptly upon demand by Franchisor repaint or cause its subfranchisees to repaint the IHOP restaurants, if Franchisee retains control thereof, in a different color scheme. Further, upon such expiration or termination, the Franchisee and its subfranchisees shall not, either directly or indirectly, for any purpose whatsoever, use any of the Franchisor's trade secrets, procedures, techniques, or materials acquired by the Franchisee by virtue of the relationship created by this Franchise Agreement, including, but without limitation, (a) recipes, formulae and descriptions of food products; (b) the Operations Bulletins and all manuals, bulletins, instruction sheets, and supplements thereto; (c) all forms, advertising matter, marks, devises, insignias, slogans and designs used from time to time in connection with IHOP restaurants; and (d) all copyrights, Trademarks and patents now or hereafter applied for or granted in connection with the operation of IHOP restaurants.

XIII

NON-COMPETITION

13.01 General. Franchisee shall not during the term of this

Agreement, or any extension or renewal thereof, directly or indirectly, own, operate, control or have any financial interest in any pancake house or coffee shop with more than three (3) varieties of pancakes and shall devote its best efforts to the International House of Pancakes restaurant system. The foregoing prohibition

shall not apply to ownership by Franchisee of less than three percent (3%) of the issued and outstanding stock of any company whose shares are listed for trading over any public exchange or over-the-counter market and whose business includes the owning, operating, or franchising of pancake houses, or coffee shops, with more than three (3) varieties of pancakes, provided Franchisee does not control any such company. Franchisee also agrees that it will not at any time communicate, divulge, or use for the benefit of itself or any other person or entity, other than in the course of conduct of the restaurant franchised

hereunder, any information or knowledge which it may have acquired in connection with the operation of the Franchised Restaurants, and that it will not do any act prejudicial or injurious to the business or goodwill of Franchisor, or any other IHOP franchisee.

XIV

INDEMNITY BY FRANCHISEE

14.01 General. Franchisee agrees to defend, indemnify and hold

Franchisor harmless from and against any and all claims, demands, losses, damages, costs, liabilities and expenses (including, but not limited to, attorneys' fees and costs of suit) of whatever kind or character, on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with the operation of the Franchised Restaurants.

XV

ENTIRE AGREEMENT

15.01 General. This Agreement contains all of the terms and

conditions agreed upon by the parties hereto with reference to the specific subject matter hereof; provided, however, that for purposes of default, with respect to any other agreements relating hereto, which were entered into prior to, contemporaneously with, or subsequent to the date hereof between Franchisee and Franchisor, or between Franchisee and third parties, any material default thereof shall also be a material breach of this Agreement. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or

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promise. This Agreement cannot be modified or changed except by written instrument expressly referring to this Agreement, signed by all of the parties hereto.

XV

SEVERABILITY

16.01 General. Nothing contained in this Agreement shall be construed

as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Operations Bulletins and any present or future statute, law, ordinance, regulation, or judicial decision, contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provision of this Agreement or the Operations Bulletins thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, Article, paragraph, sentence or clause of this Agreement or the Operations Bulletins shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of the Agreement shall continue in full force and effect, unless said provision pertains to the payment of fees, pursuant to Article IV hereof, in which case this Agreement shall, at Franchisor's option, terminate.

XVII

WAIVER AND DELAY

17.01 General. No waiver by Franchisor of any breach or series of

breaches or defaults in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Operations Bulletins, shall constitute a waiver of the provisions of this Agreement or the Operations Bulletins with respect to any prior, concurrent or subsequent breach thereof or a waiver by Franchisor of its rights at any time thereafter to require exact and strict compliance with the provisions thereof.

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XVIII

SURVIVAL OF COVENANTS

18.01 General. The covenants contained in this Agreement which by

their terms require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

XIX

SUCCESSORS AND ASSIGNS

19.01 General. This Agreement shall be binding upon and inure to the

benefit of the successors and assigns of the Franchisor and shall be binding upon and inure to the benefit of the Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on assignment contained herein.

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JOINT AND SEVERAL LIABILITY

20.01 General. If the Franchisee consists of more than one person or

entity, or a combination thereof, the obligations and liabilities of each such person or entity to the Franchisor are joint and several.

XXI

GOVERNING LAW

21.01 General. This Agreement and the legal relations among the

parties hereto shall be governed by and construed in accordance with the laws of the State of California without giving effect to conflict of laws.

XXII

COUNTERPARTS

22.01 General. This Agreement may be executed in any number of

counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

XXIII

FEES AND EXPENSES

23.01 General. Should any party hereto commence any action or

proceeding for the purpose of enforcing, or preventing the breach of, any

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provision hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, or commence any appeal therefrom, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection herewith, including, but not limited to, reasonable attorneys' fees for the services rendered to such prevailing party.

XXIV

NOTICES

24.01 General. All notices which Franchisor is required or may desire

to give to Franchisee under or in connection with this Agreement may be delivered to Franchisee or may be sent by certified or registered mail, postage prepaid, addressed to Franchisee at 2655 N. E. 189th Street, North Miami Beach, Florida 33180, Attention: Chief Operating Officer.

All notices which Franchisee is required or may desire to give to Franchisor under or in connection with this Agreement, must be sent by certified or registered mail, postage prepaid, addressed to Franchisor as follows:

General Counsel
International House of Pancakes, Inc.
6837 Lankershim Boulevard
North Hollywood, California 91605

The addresses herein given for notice may be changed at any time by either party by written notice given to the other party as herein provided. Notices shall be deemed effective five (5) days after deposit in the United States mails.

XXV

SUBMISSION OF AGREEMENT

25.01 General. The submission of this Agreement does not constitute

an offer, and this Agreement shall become effective only upon the execution thereof by the Franchisor and the Franchisee. THIS AGREEMENT SHALL NOT BE BINDING ON THE FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE FRANCHISOR. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS THE FRANCHISEE SHALL HAVE RECEIVED A FRANCHISE OFFERING CIRCULAR IN SUCH FORM AND MANNER AS MAY BE REQUIRED UNDER OR PURSUANT

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TO APPLICABLE LAW.

IN WITNESS WHEREOF, the Franchisor and the Franchisee have caused this Agreement to be executed as of the day and year written below.

WITNESSES:

/s/ Catherine P. Celano

FRANCHISOR

INTERNATIONAL HOUSE OF PANCAKES, INC.
a Delaware corporation

- -----
/s/ Joseph J. London

BY: /s/ Richard K. Herzer

RICHARD K. HERZER

Its: President Date: 4-27-88

ATTEST: /s/ Larry Kay

LARRY KAY, SECRETARY

(CORPORATE SEAL)

I HEREBY ACKNOWLEDGE THAT AT MY FIRST PERSONAL MEETING WITH FRANCHISOR, AT LEAST TEN (10) BUSINESS DAYS PRIOR TO THE DATE THAT I HAVE EXECUTED THIS AGREEMENT, OR HAVE PAID ANY CONSIDERATION THEREFOR, I RECEIVED, AND HAVE SINCE READ, THE FRANCHISOR'S UNIFORM FRANCHISE OFFERING CIRCULAR; I HEREBY ALSO ACKNOWLEDGE THAT I RECEIVED A COMPLETELY PREPARED COPY OF THIS AGREEMENT MORE THAN FIVE (5) BUSINESS DAYS PRIOR TO THE DATE I HAVE EXECUTED SAME.

WITNESSES:

FRANCHISEE

FMS MANAGEMENT SYSTEMS, INC.

/s/ Charlene A. Kirsch

BY: /s/ Nathan Finkel

NATHAN FINKEL

/s/ Valerie A. Slaughter

Its: Vice President Date: May 5, 1988

(As to NATHAN FINKEL)

BY: /s/ Martin B. Freedman

MARTIN B. FREEDMAN

Its: Vice President Date: May 5, 1988

/s/ Charlene A. Kirsch

ATTEST: /s/ Mary DeJesus

MARY DEJESUS, Assistant Secretary

(CORPORATE SEAL)

INTERNATIONAL HOUSE OF PANCAKES

EMPLOYEE STOCK OWNERSHIP PLAN

As Amended and Restated as of July 12, 1991

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INTERNATIONAL HOUSE OF PANCAKES

EMPLOYEE STOCK OWNERSHIP PLAN

Section 1. Nature of the Plan.

The purpose of this Plan is to enable participating Employees to share in the growth and prosperity of IHOP Corp. ("IHOP") and to provide Participants with an opportunity to accumulate capital for their future economic security. The primary purpose of the Plan is to enable Participants to acquire stock ownership interests in IHOP. Therefore, the Plan is designed to invest primarily in IHOP Stock.

The Plan, originally adopted effective as of May 7, 1987, is hereby amended and restated, in connection with the initial public offering of IHOP Stock, effective as of July 12, 1991. The Plan is a stock bonus plan under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code") and is also an employee stock ownership plan under Section 4975(e) (7) of the Code.

All Trust Assets held under the Plan will be administered, distributed, forfeited and otherwise governed by the provisions of this Plan and the related Trust Agreement. The Plan is administered by an Administrative Committee for the exclusive benefit of Participants (and their Beneficiaries).

Section 2. Definitions.

In this Plan, whenever the context so indicates, the singular or plural number and the masculine, feminine or neuter gender

shall be deemed to include the other, the terms "he," "his" and "him" shall refer to a Participant, and the capitalized terms shall have the following meanings:

Account..... One of two accounts maintained to record the

Allocation Date.....	interest of a Participant under the Plan. See Section 6.
Approved Absence.....	The Sunday closest to December 31st of each year (the last day of each Plan Year).
Beneficiary.....	A leave of absence (without pay) granted to an Employee by IHOP under its established leave policy. See Section 3(c).
Board of Directors.....	The person (or persons) entitled to receive any benefit under the Plan in the event of a Participant's death. See Section 14(b).
Break in Service.....	The Board of Directors of IHOP Corp.
Capital Accumulation.....	A period of time commencing with the date on which an Employee's Service terminates and ending on the date he resumes Service. See Section 11(b).
Code.....	A Participant's vested, nonforfeitable interest in his Accounts under the Plan. Each Participant's Capital Accumulation shall be determined in accordance with the provisions of Section 10 and distributed as provided in Sections 12, 13 and 14.
Committee.....	The Internal Revenue Code of 1986, as amended.
Compensation.....	The Administrative Committee appointed by the Board of Directors to administer the Plan. See Section 17.
Credited Service.....	The compensation of a Participant received from IHOP during the calendar year ending on or about the end of the Plan Year, as reported on the Participant's Wage and Tax Statement (Form W-2), including amounts paid in cash as salary, wages, bonuses, overtime pay, tips and taxable fringe benefits, but excluding any amount in excess of \$222,220 (as adjusted after 1991 for increases in the cost of living pursuant to Section 401(a)(17) of the Code). For purposes of applying this \$222,220 limit, the Compensation of a 5% owner or of a Highly Compensated Employee who is one of the ten most highly compensated Highly Compensated Employees shall be aggregated with the Compensation of his spouse and his lineal descendants who are under age 19.
Disability.....	The elapsed period of an Employee's Service, excluding Service prior to January 1, 1987. See Section 11(a).
	The incapability of an Employee to perform his duties as an Employee as a result of a medically determinable physical or mental impairment that may be expected to result in death or to be of long, continued duration, determined by the Committee based upon the opinion of a physician approved by the Committee. The decision of the Committee made in good faith shall be final.

Employee.....	Any common-law employee of IHOP. A leased employee, as described in Section 414(n) of the Code, is not an Employee for purposes of this Plan.
Employer Contributions.....	Payments made to the Trust by IHOP. See Section 4.
ERISA.....	The Employee Retirement Income Security Act of 1974, as amended.
Fair Market Value.....	The fair market value of IHOP Stock, determined by the Committee by reference to prevailing market
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	prices on the National Association of Securities Dealers Automated Quotation System, National Market System; provided, that, if IHOP Stock is traded on a national securities exchange which is registered under Section 6 of the Securities Exchange Act of 1934, fair market value shall be determined by reference to prevailing market prices on such exchange.
Forfeiture.....	A Participant's Accounts which do not become his Capital Accumulation and which are forfeited under Section 10(b).
Highly Compensated Employee.....	An Employee who (1) is a 5% owner, (2) has Compensation in excess of \$90,803, (3) has Compensation in excess of \$60,535 and is in the top-paid 20% group of Employees, or (4) is an officer of IHOP and has Compensation in excess of 50% of the dollar amount in effect under Section 415(b)(1)(A) of the Code for the Plan Year, as determined in accordance with Section 414(q) of the Code. The \$90,803 and \$60,535 amounts shall be adjusted after 1991 for increases in the cost of living pursuant to Section 414(q)(1) of the Code.
Hour of Service.....	Each hour of Service for which an Employee is credited under the Plan, as described in Section 3(d).
IHOP.....	IHOP Corp., a Delaware corporation, and International House of Pancakes, Inc., a Delaware corporation which is a wholly-owned subsidiary of IHOP Corp.
IHOP Stock.....	Shares of Common Stock, par value \$.01 per share, issued by IHOP Corp.
IHOP Stock Account.....	The Account which reflects each Participant's interest in IHOP Stock held under the Plan. See Section 6.
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Other Investments Account.....	The Account which reflects each Participant's interest under the Plan attributable to Trust

	Assets other than IHOP Stock. See Section 6.
Participant.....	Any Employee or former Employee who has met the applicable eligibility requirements of Section 3(a) and who has not yet received a complete distribution of his Capital Accumulation.
Plan.....	The International House of Pancakes Employee Stock Ownership Plan, which includes this Plan and the Trust Agreement.
Plan Year.....	The 52- or 53-week period ending on each Allocation Date (and coinciding with each fiscal year of IHOP), which period shall also be the "limitation year" for purposes of Section 415 of the Code.
Retirement.....	Termination of Service after attaining age 65.
Service.....	Employment with IHOP.
Statutory Compensation.....	The total remuneration paid to an Employee by IHOP during the Plan Year for personal services rendered, excluding employer contributions to a plan of deferred compensation, amounts realized in connection with stock options and amounts which receive special tax benefits.
Statutory Dollar Amount.....	For any Plan Year, \$30,000, as may be increased pursuant to Section 415(c)(1)(A) of the Code.
Trust.....	The International House of Pancakes Employee Stock Ownership Trust, maintained pursuant to the Trust Agreement entered into between IHOP Corp. and the Trustee.
Trust Agreement.....	The Agreement between IHOP and the Trustee specifying the duties of the Trustee.
Trust Assets.....	The IHOP Stock (and other assets) held in the Trust for the benefit of Participants. See Section 5.
Trustee.....	The Trustee (and any successor Trustee) appointed by the Board of Directors to hold the Trust Assets.

Section 3. Eligibility and Participation.

(a) Each Participant on July 12, 1991, shall continue as a Participant in the Plan. Each other Employee shall become a Participant in the Plan on the first Entry Date coinciding with or next following the date on which he has completed one full year of Service (in which he is credited with at least 1000 Hours of Service). For purposes of this Section 3(a), Entry Date shall mean the first day of each Plan Year and the date six months after the first day of each Plan Year. For this purpose, the eligibility computation period for determining the one year of Service shall initially be the period of 12 consecutive months beginning on the Employee's initial date of Service and thereafter shall be the period of 12 consecutive months beginning on each anniversary of his initial date of Service.

An Employee whose terms of Service are covered by a collective bargaining agreement shall not be eligible to participate in the Plan unless the terms of

such agreement specifically provide for coverage under the Plan.

(b) A Participant is entitled to share in the allocations of Employer Contributions and Forfeitures under Section 6(a) for each Plan Year in which he is credited with more than 500 Hours of Service (regardless of whether he is an Employee on the

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Allocation Date). A Participant is also entitled to share in the allocations of Employer Contributions and Forfeitures for the Plan Year of his Retirement, Disability or death.

(c) A former Participant who is reemployed by IHOP shall become a Participant as of the date of his reemployment if he is then in the class of Employees eligible to participate in the Plan. An Employee who is on an Approved Absence shall not become a Participant until the end of his Approved Absence, but a Participant who is on an Approved Absence shall continue as a Participant during the period of his Approved Absence.

(d) Hours of Service - For purposes of determining the Hours of Service to

be credited to an Employee under the Plan, the following rules shall be applied:

- (1) Hours of Service shall include each hour of Service for which an Employee is paid (or entitled to payment) for the performance of duties; each hour of Service for which an Employee is paid (or entitled to payment) for a period during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or paid leave of absence; and each additional hour of Service for which back pay is either awarded or agreed to (irrespective of mitigation of damages); provided, however, that not more than 501 Hours of Service shall be credited for a single continuous period during which an Employee does not perform any duties.
- (2) The crediting of Hours of Service shall be determined in accordance with the rules set forth in paragraphs (b) and (c) of Section 2530.200b-2 of the regulations prescribed by the Department of Labor, which rules shall be consistently applied with respect to all Employees within the same job classification.
- (3) Hours of Service shall not be credited to an Employee for a period during which no duties are performed if payment is made or due under a plan

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maintained solely for the purpose of complying with applicable worker's compensation, unemployment compensation or disability insurance laws, and Hours of Service shall not be credited on account of any payment made or due an Employee solely in reimbursement of medical or medically-related expenses.

Section 4. Employer Contributions.

(a) Employer Contributions shall be paid to the Trustee for each Plan Year in such amounts (or under such formula) as may be determined by the Board of Directors; provided, however, that Employer Contributions shall not be made for any Plan Year in amounts which can be allocated to no Participant's Accounts by reason of the allocation limitation described in Section 7 or in amounts which are not deductible under Section 404(a) of the Code.

(b) Employer Contributions for each Plan Year shall be paid to the Trustee not later than the due date (including extensions) for filing IHOP's Federal income tax return for the Plan Year. Employer Contributions may be paid in cash and/or in shares of IHOP Stock, as determined by the Board of Directors.

(c) Any Employer Contributions which are not deductible under Section 404(a) of the Code may be returned to IHOP by the Trustee (upon the direction of IHOP) within one year after the deduction is disallowed or after it is determined that the deduction is not available. In the event that Employer Contributions are paid to the Trust by reason of a mistake of fact, such Employer Contributions may be returned to IHOP by the Trustee

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(upon the direction of IHOP) within one year after the payment to the Trust.

(d) No Participant shall be required or permitted to make contributions to the Trust.

Section 5. Investment of Trust Assets.

(a) In General - Trust Assets will be invested by the Trustee primarily

(or exclusively) in IHOP Stock in accordance with directions from the Committee. Employer Contributions (and other Trust Assets) may be used to acquire shares of IHOP Stock from any IHOP stockholder (through open-market purchases or privately-negotiated transactions) or from IHOP. The Trustee may also invest Trust Assets in such other prudent investments as the Committee deems to be desirable for the Trust, or Trust Assets may be held temporarily in cash. All purchases of IHOP Stock by the Trustee shall be made only as directed by the Committee and only at prices which do not exceed Fair Market Value. The Committee may direct the Trustee to invest and hold up to 100% of the Trust Assets in IHOP Stock.

(b) Sales of IHOP Stock - Subject to the approval of the Board of

Directors, the Committee may direct the Trustee to sell shares of IHOP Stock to any person (including IHOP); provided that any such sale must be made at a price not less than Fair Market Value as of the date of the sale; provided, further that any such sale shall comply with all applicable Federal and state securities laws. Any decision by the Committee to direct the Trustee to sell IHOP Stock under this Section 5(b) or under

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Section 15(c) must comply with the fiduciary duties applicable under Section 404(a)(1) of ERISA. Any sale of IHOP Stock pursuant to a tender or exchange offer shall be subject to the provisions of Section 8(b).

Section 6. Allocations to Participants' Accounts.

An IHOP Stock Account and an Other Investments Account shall be maintained to reflect the interest of each Participant under the Plan.

IHOP Stock Account - The IHOP Stock Account maintained for each Participant

will be credited annually with his allocable share of IHOP Stock (including fractional shares) purchased and paid for by the Trust or contributed in kind to the Trust as an Employer Contribution, with any Forfeitures from IHOP Stock Accounts and with any stock dividends on IHOP Stock allocated to his IHOP Stock Account.

Other Investments Account - The Other Investments Account maintained for

each Participant will be credited annually with his allocable share of Employer Contributions that are not in the form of IHOP Stock, with any Forfeitures from Other Investments Accounts, with any cash dividends on IHOP Stock allocated to his IHOP Stock Account (other than currently distributed dividends) and any net income (or loss) of the Trust. Such Account will be debited for the Participant's share of any cash payments made by the Trustee for the acquisition of IHOP Stock.

The allocations to Participants' Accounts for each Plan Year will be made as follows:

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(a) Employer Contributions and Forfeitures - Employer Contributions under

Section 4(a) and Forfeitures under Section 10(b) for each Plan Year will be allocated as of the Allocation Date among the Accounts of Participants so entitled under Section 3(b) in the ratio that the Compensation of each such Participant bears to the total Compensation of all such Participants, subject to the allocation limitation described in Section 7.

(b) Net Income (or Loss) of the Trust - The net income (or loss) of the

Trust for each Plan Year will be determined as of the Allocation Date. Prior to the allocation of Employer Contributions and Forfeitures for the Plan Year, each Participant's share of any net income (or loss) will be allocated to his Other Investments Account in the ratio that the total balance of both his Accounts on the preceding Allocation Date (reduced by any distribution of Capital Accumulation from such Account during the Plan Year) bears to the sum of such Account balances for all Participants as of that date. The net income (or loss) of the Trust includes the increase (or decrease) in the fair market value of Trust Assets (other than IHOP Stock), interest income, dividends and other income and gains (or losses) attributable to Trust Assets (other than any dividends on allocated IHOP Stock) since the preceding Allocation Date, reduced by any expenses charged to the Trust Assets for that Plan Year.

(c) Dividends on IHOP Stock - Any cash dividends received on shares of

IHOP Stock allocated to Participants' IHOP Stock Accounts will be allocated to the respective Other Investments

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Accounts of such Participants. Any cash dividends received on unallocated shares of IHOP Stock shall be included in the computation of the net income (or loss) of the Trust. Any stock dividends received on IHOP Stock shall be credited to the Accounts to which such IHOP Stock was allocated. Any cash dividends which are currently distributed to Participants (or their Beneficiaries) under Section 13(a) shall not be credited to their Other Investments Accounts.

(d) Accounting for Allocations - The Committee shall establish accounting

procedures for the purpose of making the allocations to Participants' Accounts provided for in this Section 6. The Committee shall maintain adequate records of the aggregate cost basis of IHOP Stock allocated to each Participant's IHOP Stock Account. From time to time, the Committee may modify the accounting procedures for the purposes of achieving equitable and nondiscriminatory allocations among the Accounts of Participants in accordance with the general concepts of the Plan, the provisions of this Section 6 and the requirements of the Code and ERISA.

The Annual Additions for each Plan Year with respect to any Participant may not exceed the lesser of:

- (1) 25% of his Statutory Compensation; or
- (2) the Statutory Dollar Amount.

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For this purpose, "Annual Additions" shall be the total of the Employer Contributions and Forfeitures (including any income attributable to Forfeitures) allocated to the Accounts of a Participant for the Plan Year. In determining such Annual Additions, Forfeitures of IHOP Stock shall be included at the Fair Market Value as of the Allocation Date.

Any Forfeitures which can be allocated to no Participant's Accounts by reason of this limitation shall be credited to a "Forfeiture Suspense Account" and allocated as Forfeitures under Section 6(a) for the next succeeding Plan Year (prior to the allocation of Employer Contributions for such succeeding Plan Year).

Section 8. Voting IHOP Stock; Tender Offers.

- (a) Voting Rights - All IHOP Stock in the Trust shall be voted by the

Trustee only as directed in accordance with the provisions of this Section 8(a). Each Participant (or Beneficiary) will be entitled to instruct the Trustee as to the manner in which shares of IHOP Stock then allocated to his IHOP Stock Account are to be voted. Each Participant (or Beneficiary) shall be provided with the proxy statement and other materials provided to IHOP's stockholders in connection with each stockholder meeting, together with a form upon which confidential voting instructions may be given to the Trustee. The Trustee shall not disclose the voting instructions of any individual Participant (or Beneficiary) to IHOP or the Committee. Any allocated shares of IHOP Stock with respect to which voting

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instructions are not received from Participants (or Beneficiaries) and any shares of IHOP Stock which are not then allocated to Participants' Accounts shall be voted by the Trustee in the same proportions as the shares with respect to which instructions are received from Participants (or Beneficiaries).

- (b) Tender Offer - In the event that there should be a tender or exchange

offer for IHOP Stock, the response to such an offer with respect to shares held in the Trust shall be determined as provided in this Section 8(b). Each Participant (or Beneficiary) will be entitled to instruct the Trustee as to the manner in which to respond to any such offer with respect to shares of IHOP Stock then allocated to his IHOP Stock Account, as well as a proportionate number of any shares of IHOP Stock which are not then allocated to Participants' IHOP Stock Accounts. Each Participant (or Beneficiary) shall be provided with the tender or exchange offer materials provided to IHOP's stockholders in connection with the tender or exchange offer, together with a form upon which confidential instructions relating to the tender or exchange offer may be given to the Trustee. The Trustee shall not disclose the instructions of any individual Participant (or Beneficiary) to IHOP or the Committee. Any shares of IHOP Stock with respect to which Participants (or Beneficiaries) do not provide instructions will not be tendered.

Section 9. Disclosure to Participants.

(a) Summary Plan Description - Each Participant shall be furnished with the

summary plan description of the Plan required

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by Sections 102(a)(1) and 104(b)(1) of ERISA. Such summary plan description
shall be updated from time to time as required under ERISA and Department of
Labor regulations thereunder.

(b) Summary Annual Report - Within nine months after each Allocation Date,

each Participant shall be furnished with the summary annual report of the Plan
required by Section 104(b)(3) of ERISA, in the form prescribed in regulations
of the Department of Labor.

(c) Annual Statement - Following each Allocation Date, each Participant

shall be furnished with a statement reflecting the following information:

- (1) The balances (if any) in his Accounts as of the beginning of the
Plan Year.
- (2) The amount of Employer Contributions and Forfeitures allocated to
his Accounts for that Plan Year.
- (3) The adjustments to his Accounts to reflect his share of dividends
(if any) on IHOP Stock and any net income (or loss) of the Trust
for that Plan Year.
- (4) The new balances in his Accounts, including the number of shares
of IHOP Stock allocated to his IHOP Stock Account and the Fair
Market Value as of that Allocation Date.
- (5) His number of years of Credited Service and his vested percentage
in his Account balances (under Sections 10 and 11) as of that
Allocation Date.

(d) Additional Disclosure - IHOP shall make available for examination by

any Participant copies of the Plan, the Trust Agreement and the latest annual
report of the Plan filed (on Form 5500) with the Internal Revenue Service. Upon
written request of any Participant, IHOP shall furnish copies of such

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documents and may make a reasonable charge to cover the cost of furnishing such
copies, as provided in regulations of the Department of Labor.

Section 10. Vesting and Forfeitures.

(a) Vesting - A Participant's interest in his Accounts shall become 100%

vested and nonforfeitable if he (1) is employed by IHOP on or after his 65th
birthday, (2) incurs a Disability while employed by IHOP, (3) dies while
employed by IHOP, or (4) completes five years of Credited Service (after 1986).

(b) Forfeitures - If a Participant is not vested in the final balances in

his Accounts, his Account balances will become a Forfeiture upon his termination

of Service. All Forfeitures will be reallocated to the Accounts of remaining Participants, as provided in Section 6(a), as of the Allocation Date coinciding with or next following a Participant's termination of Service.

(c) Restoration of Forfeited Amounts - If a Participant is reemployed prior

to the occurrence of a five-consecutive-year Break in Service, the balance of his Accounts (attributable to the prior period of Service) that was forfeited shall be restored as if there had been no Forfeiture. Such restoration shall be made out of Forfeitures occurring in the Plan Year of reemployment (prior to allocation under Section 6(a)). To the extent such Forfeitures are not sufficient, IHOP shall make a special contribution to the Participant's restored Accounts. Any amount so restored to a Participant shall not constitute an Annual Addition under Section 7.

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Section 11. Credited Service and Break in Service.

(a) General Rule - An Employee's Credited Service shall include each period

of his Service, computed (in full years and days) from the date he is first credited with an Hour of Service until the date on which his Service terminates; provided, however, that Credited Service shall not include Service with IHOP prior to January 1, 1987. An Employee's Credited Service shall be determined by aggregating all the periods required to be taken into account under this Section 11. A Break in Service that does not exceed one year and the first year of an Approved Absence shall be included in an Employee's Credited Service.

(b) Break in Service - A one-year Break in Service shall occur one year

after the date of an Employee's termination of Service. A five-year Break in Service shall occur five years after the date of an Employee's termination of Service. A Break in Service shall end in the event of an Employee's reemployment. For purposes of determining the period of an Employee's Break in Service, the period of a maternity/paternity absence (beginning after January 1, 1985) not exceeding one year, described in Section 411(a)(6)(E)(i) of the Code, shall not be treated as a Break in Service. An Approval Absence shall not be a Break in Service.

(c) Reemployment - If a former Employee is reemployed after a one-year

Break in Service, his Credited Service will include his Credited Service accumulated prior to the Break in Service after he completes one year of Credited Service following reemployment. In the case of an Employee who is reemployed after a five-year Break in Service and who has not attained a vested

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interest under the Plan, Service prior to the Break in Service shall not be included in determining his Credited Service.

Section 12. When Capital Accumulation Will Be Distributed.

(a) Except as otherwise provided in Sections 12(c) and 13, a Participant's Capital Accumulation will be distributed following his termination of Service, but only at the time and in the manner determined by the Committee. If the value of a Participant's Capital Accumulation exceeds \$3,500, or exceeded that amount at the time of a prior distribution, no portion of his Capital Accumulation may be distributed to him before he attains age 65 without his written consent.

(b) In the event of a Participant's Retirement, Disability or death, distribution of his Capital Accumulation shall be made in a lump sum no later

than the Allocation Date of the Plan Year following the Plan Year in which his Retirement, Disability or death occurs. If a Participant's Service terminates for any other reason, distribution of his Capital Accumulation shall be made in a lump sum no later than the Allocation Date of the sixth Plan Year following the Plan Year in which his Service terminates (unless he is reemployed by IHOP).

(c) Unless the Committee permits a Participant to elect otherwise, distribution of his Capital Accumulation shall commence not later than 60 days after the Allocation Date coinciding with or next following his 65th birthday (or his termination of Service, if later). The distribution of the Capital Accumulation of any Participant who attains age 70 1/2 in a calendar year must

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commence not later than April 1st of the next calendar year (even if he has not terminated Service) and must be made in accordance with the regulations under Section 401(a)(9) of the Code, including Section 1.401(a)(9)-2. If the amount of a Participant's Capital Accumulation cannot be determined (by the Committee) by the date on which a distribution is to commence, or if the Participant cannot be located, distribution of his Capital Accumulation shall commence within 60 days after the date on which his Capital Accumulation can be determined or after the date on which the Committee locates the Participant.

(d) If any part of a Participant's Capital Accumulation is retained in the Trust after his Service ends, his Accounts will continue to be treated as described in Section 6. However, except as otherwise provided in Section 3(b), such Accounts shall not be credited with any additional Employer Contributions and Forfeitures. If a Participant whose Capital Accumulation exceeds \$3,500 fails to consent to a distribution before he attains age 65, his entire Capital Accumulation may be segregated and invested in assets other than IHOP Stock (as determined by the Committee).

Section 13. In-Service Distributions.

(a) Cash Dividends - If so determined by the Board of Directors, any cash dividends payable on IHOP Stock allocated to the IHOP Stock Accounts of Participants may be paid currently (or within 90 days after the end of the Plan Year in which the dividends are paid to the Trust) in cash by the Trustee to such

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Participants (or their Beneficiaries) on a nondiscriminatory basis, or IHOP may pay such dividends directly to the Participants (or Beneficiaries). Such distribution (if any) of cash dividends may be limited to Participants who are vested and/or who are still Employees, or may be applicable to cash dividends on shares allocated to all Participants' IHOP Stock Accounts.

(b) Diversification Withdrawals - Effective as of January 1, 1997, a Participant who has attained age 55 and completed at least ten years of participation in the Plan shall be notified of his right to elect to receive a distribution of a portion of the balance in his IHOP Stock Account, as provided in Section 401(a)(28)(B) of the Code. An election must be made on the prescribed form and filed with the Committee within the 90-day period immediately following the Allocation Date of a Plan Year in the Election Period. For purposes of this Section 13(b), the "Election Period" means the period of six consecutive Plan Years beginning with the Plan Year in which the Participant first becomes eligible to make an election.

For each of the first five Plan Years in the Election Period, the Participant may elect to receive a distribution of up to 25% of the number of shares of IHOP Stock allocated to his IHOP Stock Account since the inception of

the Plan, less the number of shares (if any) which have previously been distributed under this Section 13(b). In the case of the sixth Plan Year in the Election Period, the Participant may elect to receive a distribution of up to 50% of the number of shares of IHOP Stock allocated to his IHOP Stock Account since the inception of the

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Plan, less the number of shares (if any) which have previously been distributed under this Section 13(b). No election shall be permitted if the balance in a Participant's IHOP Stock Account as of the Allocation Date of the first Plan Year in the Election Period has a Fair Market Value of \$500 or less, unless and until the balance in his IHOP Stock Account as of a subsequent Allocation Date in the Election Period exceeds \$500. Any distribution of IHOP Stock under this Section 13(b) shall be made only from shares which have been allocated to the electing Participant's IHOP Stock Account for more than six months.

Any distribution of IHOP Stock under this Section 13(b) shall occur within 90 days after the 90-day period in which the election may be made and shall be subject to the provisions of Section 14(c).

Section 14. How Capital Accumulation Will Be Distributed.

(a) The Trustee will make distributions from the Trust only as directed by the Committee. Distribution of a Participant's Capital Accumulation will be made in whole shares of IHOP Stock, cash or a combination of both, as determined by the Committee; provided, however, that the Committee shall notify the Participant of his right to demand distribution of his Capital Accumulation entirely in whole shares of IHOP Stock (with only the value of any fractional share paid in cash). Shares of IHOP Stock distributed by the Trustee shall be readily tradable on an established securities market.

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(b) Distribution of a Participant's Capital Accumulation will be made to the Participant if living, and if not, to his Beneficiary. In the event of a Participant's death, his Beneficiary shall be his surviving spouse, or if none, his estate. A Participant (with the written consent of his spouse, if any, acknowledging the effect of the consent and witnessed by a notary public) may designate a different Beneficiary or Beneficiaries from time to time by filing a written designation with the Committee. A Participant may also designate a contingent Beneficiary by filing a written designation with the Committee. A deceased Participant's entire Capital Accumulation shall be distributed to his Beneficiary within five years after his death, except to the extent that distribution has previously commenced in accordance with Section 12(b) (2).

(c) IHOP shall furnish the recipient of a distribution with the tax consequences explanation required by Section 402(f) of the Code and shall comply with the withholding requirements of Section 3405 of the Code and of any applicable state law with respect to distributions from the Trust (other than any dividend distributions under Section 13(a)).

(d) Shares of IHOP Stock held or distributed by the Trustee may include such legend restrictions on transferability as IHOP may reasonably require in order to assure compliance with applicable Federal and state securities law. No shares of IHOP Stock held or distributed by the Trustee may be subject to a put, call or other option, or buy-sell or similar arrangement. The provisions of this Section 14(d) shall continue to be applicable

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to IHOP Stock held by the Trustee even if the Plan ceases to be an employee stock ownership plan under Section 4975(e)(7) of the Code.

Section 15. Leveraging Provisions.

(a) The Plan is designed to be available as a technique of corporate finance to IHOP. Accordingly, it may be used to receive loans or other extensions of credit ("Acquisition Loans") to finance the acquisition of IHOP Stock ("Financed Shares"), with such loans to be repaid by Employer Contributions to the Trust and dividends received on Financed Shares. The provisions of this Section 15 shall become applicable if the Plan incurs an Acquisition Loan.

(b) Acquisition Loans - The Committee may direct the Trustee to incur

Acquisition Loans from time to time to finance the acquisition of Financed Shares or to repay a prior Acquisition Loan. An installment obligation incurred in connection with the purchase of IHOP Stock shall be treated as an Acquisition Loan, and all indebtedness incurred to acquire IHOP Stock in a single transaction shall be treated as one Acquisition Loan. An Acquisition Loan shall be for a specific term, shall bear a reasonable rate of interest and shall not be payable on demand except in the event of default. An Acquisition Loan may be secured by a pledge of the Financed Shares so acquired (or acquired with the proceeds of a prior Acquisition Loan which is being refinanced). No other Trust Assets may be pledged as collateral for an Acquisition Loan, and no lender shall have

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recourse against Trust Assets other than any Financed Shares remaining subject to pledge. Any pledge of Financed Shares must provide for the release of the shares so pledged as payments on the Acquisition Loan are made by the Trustee and such Financed Shares are allocated to Participants' IHOP Stock Accounts under Section 15(d). If the lender is a party in interest (as defined in ERISA), the Acquisition Loan must provide for a transfer of Trust Assets to the lender on default only upon and to the extent of the failure of the Trust to meet the payment schedule of the Acquisition Loan.

(c) Acquisition Loan Payments - Payments of principal and/or interest on

any Acquisition Loan shall be made by the Trustee (as directed by the Committee) only from Employer Contributions paid in cash to enable the Trust to repay such Acquisition Loan, from earnings attributable to such Employer Contributions and from any cash dividends received by the Trust on the Financed Shares (whether allocated or unallocated) purchased with the proceeds of such Acquisition Loan; and the payments made with respect to an Acquisition Loan for a Plan Year must not exceed the sum of such Employer Contributions, earnings and dividends for that Plan Year (and prior Plan Years), less the amount of such payments for prior Plan Years. If IHOP is the lender with respect to an Acquisition Loan, Employer Contributions may be paid in the form of cancellation of indebtedness under the Acquisition Loan. If IHOP is not the lender with respect to an Acquisition Loan, IHOP may elect to make payments

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on the Acquisition Loan directly to the lender and to treat such payments as Employer Contributions.

Notwithstanding the other provisions of this Section 15(c), the Committee may direct the Trustee to apply the proceeds from the sale of unallocated Financed Shares to repay the Acquisition Loan (incurred to finance the purchase of such Financed Shares) in the event of the sale of IHOP or the termination of the Plan or if the Plan ceases to be an employee stock ownership plan under Section 4975(e)(7) of the Code. If the Trustee is unable to make payments of principal and/or interest on an Acquisition Loan when due, the Committee may direct the Trustee either to sell (with the approval of the Board of Directors)

any Financed Shares that have not yet been allocated to Participants' IHOP Stock Accounts or to obtain a new Acquisition Loan in an amount sufficient to make such payments.

(d) Allocation of Financed Shares - Any Financed Shares acquired by the

Trust shall initially be credited to a "Loan Suspense Account" and will be allocated to the IHOP Stock Accounts of Participants only as payments on the Acquisition Loan are made by the Trustee. The number of Financed Shares to be released from the Loan Suspense Account for allocation to Participants' IHOP Stock Accounts for each Plan Year shall be determined by the Committee (as of each Allocation Date) as follows:

(1) Principal/Interest Method - The number of Financed Shares held in

the Loan Suspense Account immediately before the release for the current Plan Year shall be multiplied by a frac-

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tion. The numerator of the fraction shall be the amount of principal and/or interest paid on the Acquisition Loan for that Plan Year. The denominator of the fraction shall be the sum of the numerator plus the total payments of principal and interest on that Acquisition Loan projected to be paid for all future Plan Years. For this purpose, the interest to be paid in future years is to be computed by using the interest rate in effect as of the current Allocation Date.

(2) Principal Only Method - The Committee may elect (as to each

Acquisition Loan) or the provisions of the Acquisition Loan may provide for the release of Financed Shares from the Loan Suspense Account based solely on the ratio that the payments of principal for each Plan Year bear to the total principal amount of the Acquisition Loan. This method may be used only to the extent that: (A) the Acquisition Loan provides for annual payments of principal and interest at a cumulative rate that is not less rapid at any time than level annual payments of such amounts for ten years; (B) interest included in any payment on the Acquisition Loan is disregarded only to the extent that it would be determined to be interest under standard loan amortization tables; and (C) the entire duration of the Acquisition Loan repayment period does not exceed ten years, even in the event of a renewal, extension or refinancing of the Acquisition Loan.

In each Plan Year in which Trust Assets are applied to make payments on an Acquisition Loan, the Financed Shares released from the Loan Suspense Account in accordance with the provisions of this Section 15(d) shall be allocated among the IHOP Stock

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Accounts of Participants in the manner determined by the Committee based upon the source of funds (Employer Contributions, earnings attributable to such Employer Contributions and cash dividends on Financed Shares allocated to Participants' IHOP Stock Accounts or cash dividends on Financed Shares credited to the Loan Suspense Account) used to make the payments on the Acquisition Loan. If cash dividends on Financed Shares allocated to a Participant's IHOP Stock Account are used to make payments on an Acquisition Loan, Financed Shares (representing that portion of such payments and whose Fair Market Value is at least equal to the amount of such dividends) released from the Loan Suspense Account shall be allocated to that Participant's IHOP Stock Account.

(e) Net Income (or Loss) and Dividends - The determination of the net

income (or loss) of the Trust shall not take into account any interest paid by the Trust under an Acquisition Loan. Any cash dividends received on any Financed Shares credited to the Loan Suspense Account shall be included in the

computation of the net income (or loss) of the Trust. Any stock dividends received on IHOP Stock in the Loan Suspense Account shall be credited to the Loan Suspense Account. The Committee shall keep separate records of Financed Shares and of Employer Contributions (and any earnings thereon) made for the purpose of enabling the Trust to repay any Acquisition Loan.

(f) Allocation Limitation - Any Employer Contributions which are used by

the Trust (not later than the due date, including extensions, for filing IHOP's Federal income tax return

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for that Plan Year) to pay interest on an Acquisition Loan, and any Financed Shares which are allocated as Forfeitures, shall not be included as Annual Additions under Section 7; provided, however, that the provisions of this Section 15(f) shall be applicable for any Plan Year only if not more than one-third of the Employer Contributions applied to pay principal and/or interest on an Acquisition Loan are allocated to Participants who are Highly Compensated Employees; and the Committee shall reallocate such Employer Contributions to the extent needed to satisfy this special rule.

(g) Distributions - For purposes of Section 12(b) and except as otherwise

provided in Section 12(c), if a Participant's Capital Accumulation includes Financed Shares, the Committee may elect to defer the distribution of that portion of his Capital Accumulation attributable to such Financed Shares until the Allocation Date of the Plan Year in which the Acquisition Loan (incurred to acquire such Financed Shares) has been fully repaid.

Section 16. No Assignment of Benefits.

A Participant's Capital Accumulation may not be anticipated, assigned (either at law or in equity), alienated or subject to attachment, garnishment, levy, execution or other legal or equitable process, except in accordance with a "qualified domestic relations order" (as defined in Section 414(p) of the Code).

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Section 17. Administration.

(a) Administrative Committee - The Plan will be administered by an

Administrative Committee composed of one or more individuals appointed by the Board of Directors to serve at its pleasure and without compensation. The members of the Committee shall be the named fiduciaries with authority to control and manage the operation and administration of the Plan. Members of the Committee need not be Employees or Participants. Any Committee member may resign by giving notice, in writing, to the Board of Directors.

(b) Committee Action - Committee action will be by vote of a majority of

the members at a meeting or in writing without a meeting. A Committee member who is a Participant shall not vote on any question relating specifically to himself.

The Committee shall choose from its members a Chairman and a Secretary. The Chairman or the Secretary of the Committee shall be authorized to execute any certificate or other written direction on behalf of the Committee. The Secretary shall keep a record of the Committee's proceedings and of all dates, records and documents pertaining to the administration of the Plan.

(c) Powers and Duties of the Committee - The Committee shall have all

powers necessary to enable it to administer the Plan and the Trust Agreement in accordance with their provisions, including without limitation the following:

- (1) resolving all questions relating to the eligibility of Employees to become Participants;
 - (2) determining the appropriate allocations to Participants' Accounts pursuant to Sections 6 and 15;
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- (3) determining the amount of benefits payable to a Participant (or Beneficiary), and the time and manner in which such benefits are to be paid;
 - (4) authorizing and directing all disbursements of Trust Assets by the Trustee;
 - (5) establishing procedures in accordance with Section 414(p) of the Code to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders;
 - (6) engaging any administrative, legal, accounting, clerical or other services that it may deem appropriate;
 - (7) construing and interpreting the Plan and the Trust Agreement and adopting rules for administration of the Plan that are consistent with the terms of the Plan documents and of ERISA and the Code;
 - (8) compiling and maintaining all records it determines to be necessary, appropriate or convenient in connection with the administration of the Plan;
 - (9) reviewing the performance of the Trustee with respect to the Trustee's administrative duties, responsibilities and obligations under the Plan and Trust Agreement; and
 - (10) executing agreements and other documents on behalf of the Plan and Trust.

The Committee shall be responsible for directing the Trustee as to the investment of Trust Assets. The Committee may delegate to the Trustee the responsibility for investing Trust Assets other than IHOP Stock. The Committee shall establish a funding policy and method for directing the Trustee to acquire IHOP Stock (and for otherwise investing the Trust Assets) in a manner that is consistent with the objectives of the Plan and the requirements of ERISA.

The Committee shall perform its duties under the Plan and the Trust Agreement solely in the interests of the Participants

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(and their Beneficiaries) . Any discretion granted to the Committee under any of the provisions of the Plan or the Trust Agreement shall be exercised only in accordance with rules and policies established by the Committee which shall be applicable on a nondiscriminatory basis.

(d) Expenses - All reasonable expenses of administering the Plan and Trust

shall be charged to and paid out of the Trust Assets. IHOP may, however, pay all or any portion of such expenses directly, and payment of expenses by IHOP shall not be deemed to be Employer Contributions.

(e) Information to be Submitted to the Committee - To enable the Committee

to perform its functions, IHOP shall supply full and timely information to the Committee on all matters as the Committee may require, and shall maintain such other records as the Committee may determine are necessary or appropriate in order to determine the benefits due or which may become due to Participants (or Beneficiaries) under the Plan.

(f) Delegation of Fiduciary Responsibility - The Committee from time to

time may allocate to one or more of its members and/or may delegate to any other persons or organizations any of its rights, powers, duties and responsibilities with respect to the operation and administration of the Plan that are permitted to be so delegated under ERISA; provided, however, that responsibility for investment of the Trust Assets may not be allocated or delegated other than as provided in Section 17(c). Any such allocation or delegation shall be made in writing, shall be reviewed periodically by the Committee and shall be terminable

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upon such notice as the Committee in its discretion deems reasonable and proper under the circumstances.

(g) Bonding, Insurance and Indemnity - To the extent required under

Section 412 of ERISA, IHOP shall secure fidelity bonding for the fiduciaries of the Plan.

IHOP (in its discretion) or the Trustee (as directed by the Committee) may obtain a policy or policies of insurance for the Committee (and other fiduciaries of the Plan) to cover liability or loss occurring by reason of the act or omission of a fiduciary. If such insurance is purchased with Trust Assets, the policy must permit recourse by the insurer against the fiduciary in the case of a breach of a fiduciary obligation by such fiduciary. IHOP hereby indemnifies each member of the Committee (to the extent permitted by law) against any personal liability or expense resulting from his service on the Committee, except such liability or expense as may result from his own willful misconduct.

(h) Notices, Statements and Reports - IHOP Corp. shall be the "Plan

Administrator" (as defined in Section 3(16)(A) of ERISA and Section 414(g) of the Code) for purposes of the reporting and disclosure requirements of ERISA and the Code. The Committee shall assist IHOP Corp., as requested, in complying with such reporting and disclosure requirements. The Committee shall be the designated agent of the Plan for the service of legal process.

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Section 18. Claims Procedure.

A Participant (or Beneficiary) who does not receive a distribution of benefits to which he believes he is entitled may present a claim to the Committee. The claim for benefits must be in writing and addressed to the Committee or to IHOP. If the claim for benefits is denied, the Committee shall notify the Participant (or Beneficiary) in writing within 90 days after the Committee initially received the benefit claim. Any notice of a denial of benefits shall advise the Participant (or Beneficiary) of the basis for the denial, any additional material or information necessary for the Participant (or Beneficiary) to perfect his claim and the steps which the Participant (or Beneficiary) must take to have his claim for benefits reviewed.

Each Participant (or Beneficiary) whose claim for benefits has been denied may file a written request for a review of his claim by the Committee. The request for review must be filed by the Participant (or Beneficiary) within 60

days after he receives the written notice denying his claim. The decision of the Committee will be made within 60 days after receipt of a request for review and shall be communicated in writing to the claimant. Such written notice shall set forth the basis for the Committee's decision. If there are special circumstances (such as the need to hold a hearing) which require an extension of time for completing the review, the Committee's decision shall be rendered not later than 120 days after receipt of a request for review.

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Section 19. Limitation on Participants' Rights.

A Participant's Capital Accumulation will be based solely upon his vested interest in his Accounts and will be paid only from the Trust Assets. IHOP, the Committee and the Trustee shall have no duty or liability to furnish the Trust with any funds, securities or other assets, except as expressly provided in the Plan.

The adoption and maintenance of the Plan shall not be deemed to constitute a contract of employment or otherwise between IHOP and any Employee, or to be a consideration for, or an inducement or condition of, any employment. Nothing contained in this Plan shall be deemed to give an Employee the right to be retained in the Service of IHOP or to interfere with the right of IHOP to discharge, with or without cause, any Employee at any time.

Section 20. Future of the Plan.

IHOP reserves the right to amend or terminate the Plan (in whole or in part) and the Trust Agreement at any time, by action of the Board of Directors; provided, however, that the provisions of the Plan relating to the allocation of IHOP Stock to the Accounts of Participants may not be amended more than once every six months (other than as may be required to comply with changes in the Code, ERISA or the rules thereunder). Neither amendment nor termination of the Plan shall retroactively reduce the vested rights of Participants or permit any part of the Trust Assets to be diverted to or used for any purpose other than for the exclusive benefit of the Participants (and their Beneficiaries).

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IHOP specifically reserves the right to amend the Plan and the Trust Agreement retroactively in order to satisfy any applicable requirements of the Code and ERISA.

If the Plan is terminated (or partially terminated), participation of Participants affected by the termination will end. If Employer Contributions are not replaced by contributions to a comparable plan which satisfies the requirements of Section 401(a) of the Code, the Accounts of only those Participants who are Employees on the effective date of the termination will become nonforfeitable as of that date. A complete discontinuance of Employer Contributions shall be deemed to be a termination of the Plan for this purpose. The Capital Accumulations of those Participants whose Service terminated prior to the effective date of Plan termination will continue to be determined pursuant to Section 10(a); and, to the extent that such Participants are not vested, the balances in their Accounts will become Forfeitures to be reallocated as of the effective date of Plan termination.

After termination of the Plan, the Trust will be maintained until the Capital Accumulations of all Participants have been distributed. Capital Accumulations may be distributed following termination of the Plan or distributions may be deferred as provided in Section 12, as IHOP shall determine. In the event that IHOP Stock is sold in connection with the termination of the Plan or the amendment of the Plan to become a qualified employee plan that is not a stock bonus plan, all Capital Accumulations will be

distributed in cash.

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In the event of the merger or consolidation of this Plan with another plan, or the transfer of Trust Assets (or liabilities) to another plan, the Account balances of each Participant immediately after such merger, consolidation or transfer must be at least as great as immediately before such merger, consolidation or transfer (as if the Plan had then terminated).

Section 21. "Top-Heavy" Contingency Provisions.

(a) The provisions of this Section 21 are included in the Plan pursuant to Section 401(a)(10)(B)(ii) of the Code and shall become applicable only if the Plan becomes a "top-heavy plan" under Section 416(g) of the Code for any Plan Year.

(b) The determination as to whether the Plan becomes "top-heavy" for any Plan Year shall be made as of the Allocation Date of the immediately preceding Plan Year. The Plan shall be "top-heavy" only if the total Account balances for "key employees" as of the determination date exceeds 60% of the total Account balances for all Participants. For such purpose, Account balances shall be computed and adjusted pursuant to Section 416(g) of the Code. "Key employees" shall be certain Participants (who are officers or stockholders of IHOP) and Beneficiaries described in Section 416(i)(1) or (5) of the Code.

In determining whether the Plan is "top-heavy," the Plan shall be aggregated with any other qualified plan (including terminated plans) maintained by IHOP in which a key employee participates in the Plan Year containing the relevant Allocation Date, or any of the four preceding Plan Years, and each other

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qualified plan maintained by IHOP which, during this period, enables any plan in which a key employee participates to meet the requirements of Section 401(a) (4) or 410 of the Code.

(c) For any Plan Year in which the Plan is "top-heavy," each Participant who is an Employee on the Allocation Date (and who is not a "key employee") shall receive a minimum allocation of Employer Contributions and Forfeitures which is equal to the lesser of:

- (1) 3% of his Statutory Compensation; or
- (2) the same percentage of his Statutory Compensation as the allocation to the "key employee" for whom the percentage is the highest for that Plan Year.

(d) As of the first day of any Plan Year in which the Plan has become "top-heavy," the five-year vesting provision in Section 10 (a) (4) shall be applied (with respect to any Employee who is credited with at least one Hour of Service after the Plan has become "top-heavy") by providing for vesting after three years of Credited Service.

If the Plan ceases to be "top-heavy," the Capital Accumulation of a Participant who, at that time, has less than three years of Service shall thereafter be determined under the five-year vesting provision of Section 10 (a) (4), instead of the three-year vesting provision in this Section 21(d). If the Plan ceases to be "top-heavy," the Capital Accumulation of a Participant who, at that time, has three or more years of Service shall continue to be determined under the three-year vesting provision of this Section 21(d).

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Section 22. Governing Law.

The provisions of this Plan and the Trust Agreement shall be construed, administered and enforced in accordance with the laws of the State of Delaware, to the extent such laws are not superseded by ERISA.

Section 23. Execution.

To record the amendment and restatement of the Plan, IHOP has caused this document to be executed on this 12th day of December, 1991.

IHOP CORP.

By /s/ Richard K. Herzer

Richard K. Herzer
President

By /s/ Larry Alan Kay

Larry Alan Kay
Executive Vice-President

INTERNATIONAL HOUSE OF PANCAKES, INC.

By /s/ Richard K. Herzer

Richard K. Herzer
President

By /s/ Larry Alan Kay

Larry Alan Kay
Executive Vice-President

INTERNATIONAL HOUSE OF PANCAKES

EMPLOYEE STOCK OWNERSHIP PLAN

As Amended and Restated as of July 12, 1991

Amendment No. 1 to ESOP

WHEREAS, IHOP Corp. (the "Company") maintains the International House of Pancakes Employee Stock Ownership Plan (the "ESOP"), as amended and restated effective as of July 12, 1991, for the benefit of its employees;

WHEREAS, the Company wishes to modify the allocation of forfeiture rules contained in the ESOP;

NOW, THEREFORE, the ESOP is hereby amended by restating Section 10(b) to read as follows, effective for Plan Years ending on and after December 30, 1990:

"(b) Forfeitures - If a Participant is not vested in the final

balances in his Accounts, his Account balances will become a Forfeiture as of the date on which he incurs a one-year Break in Service. All Forfeitures will be reallocated to the Accounts of remaining Participants, as provided in Section 6(a), as of the Allocation Date coinciding with or next following the date the Forfeitures occurred."

To record the adoption of this Amendment No. 1 to the ESOP, the Company has caused it to be executed this 12th day of December, 1991.

IHOP CORP.

By /s/ RICHARD K. HERZER

RICHARD K. HERZER
PRESIDENT

By /s/ LARRY ALAN KAY

LARRY ALAN KAY
EXECUTIVE VICE PRESIDENT

INTERNATIONAL HOUSE OF PANCAKES

EMPLOYEE STOCK OWNERSHIP PLAN

As Amended and Restated as of July 12, 1991

Amendment No. 2 to ESOP

WHEREAS, IHOP Corp. ("Company") maintains the International House of Pancakes Employee Stock Ownership Plan ("ESOP"), as amended and restated effective as of July 12, 1991, for the benefit of its employees; and

WHEREAS, it is desirable to amend the ESOP in order to permit participation in the ESOP by the eligible employees of designated affiliates of the Company and to make additional changes required by the Internal Revenue Service as a condition to the issuance of a favorable determination letter:

NOW, THEREFORE, the ESOP is hereby amended as follows:

1. The second paragraph of Section 1 is modified by adding the following, effective January 1, 1989:

"Notwithstanding the foregoing, the amendment and restatement of the Plan shall be effective as of January 1, 1989, to the extent required to conform to the requirements of the Tax Reform Act of 1986, and the regulations, rulings and announcements published by the Internal Revenue Service in connection therewith. "

2. The definitions of "Compensation," "IHOP" and "Service" in Section 2 of the ESOP are hereby restated to read as follows, and a new defined term, "Affiliate," is added, effective as of January 3, 1994:

"Affiliate..... Any corporation which is a member of a controlled group of corporations (within the meaning of Section 414(b) of the Code) or a group of trades or businesses (whether or not incorporated) that are under common control (within the meaning of Section 414(c) of the Code) of which IHOP Corp. is also a member.

Compensation..... The compensation of a Participant received from IHOP during the calendar year ending on or about the end of the Plan Year, as reported on the Participant's Wage and Tax Statement (Form W-2), including amounts paid in cash as salary, wages, bonuses, overtime pay, tips and taxable fringe benefits, but excluding any amount in excess of \$222,220 (as adjusted after 1991 for increases in the cost of living pursuant to Section 401(a)(17) of the Code) and excluding any amount in excess of \$150,000 (as adjusted after 1994 for increases in the cost of living) for Plan Years beginning after December 31, 1993. For purposes of applying these limitations, the Compensation of a 5%

owner or of a Highly Compensated Employee who is one of the ten most Highly Compensated Employees shall be aggregated with the Compensation of his spouse and his lineal descendants who are under age 19.

IHOP.....

IHOP Corp., a Delaware corporation, International House of Pancakes, Inc., a Delaware corporation, and any other affiliate which is desig-

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nated by the Board of Directors and which adopts the Plan for the benefit of its Employees.

Service.....

Employment with IHOP or an Affiliate."

3. The second sentence of Section 3(a) is modified, effective January 1, 1989, by replacing the words "...one full year of Service..." with the words "...one year of Service...."

4. The fourth sentence of Section 3(a) is restated to read as follows, effective as of January 1, 1989:

"For this purpose, the eligibility computation period for determining the one year of Service shall initially be the period of 12 consecutive months beginning with the Employee's initial Hour of Service and thereafter shall be the period of 12 consecutive months beginning on each anniversary of his completion of his initial hour of Service."

5. Section 10(a) is restated in its entirety to read as follows, effective as of January 3, 1994:

"(a) Vesting - A Participant's interest in his Accounts shall become 100% vested and nonforfeitable if he (1) is employed by IHOP or an Affiliate on or after his 65th birthday, (2) incurs a Disability while employed by IHOP or an Affiliate, (3) dies while employed by IHOP or an Affiliate

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or (4) completes five years of Credited Service (after 1986)."

6. Section 10(b) is modified by adding the following:

"For this purpose, a Participant who is not vested in the final balances in his Accounts will be deemed to have received a complete distribution of his Account balances as of the date on which he incurs a one-year Break in Service."

7. Section 11(a) is modified by deleting the words "...with IHOP..." from the first sentence thereof, effective as of January 3, 1994.

8. Section 14(c) is modified by adding the following, effective as of January 1, 1993:

"A distribution may commence less than 30 days after the notice required under section 1.411(a)-11(c) of the regulations under the Code is given provided that the Participant is informed that he has a right to a period of at least 30 days after receiving the notice to consider whether or not to consent to a distribution (or a particular distribution option) and the Participant affirmatively elects to receive a distribution after receiving the notice."

9. Section 14 of the ESOP is modified by adding the following thereto, effective as of January 1, 1993:

"(e) If a distribution of a Participant's Capital Accumulation occurs after December 31, 1992, and is neither one of a series of annual installments over a period of ten years (or more) nor the minimum amount required to be distributed pursuant to the second sentence of Section 12(c), the Committee shall notify the Participant (or any spouse or former spouse who is his alternate payee under a "qualified domestic relations order" (as defined in Section 414(p) of the Code)) of his right to elect to have the distribution paid directly to any individual retirement account or annuity, a qualified defined contribution plan or a qualified annuity plan. If such a distribution is to be made to the Participant's surviving spouse, the Committee shall notify the surviving spouse of his right to elect to have the distribution paid directly to an individual retirement account or annuity. Any election under this Section 14(e) shall be made and effected in accordance with such rules and procedures as may be established from time to time by the Committee in order to comply with Section 401(a)(31) of the Code."

10. Section 21 is modified by adding the following new paragraph (e), effective as of January 1, 1989:

"(e) For any Plan Year in which the Plan is "top-heavy," Statutory Compensation of each Employee for purposes of the Plan shall not take into account any amount in excess of (1) \$200,000 for Plan Years ending before December 31, 1993 (as adjusted for increases in the cost of living) or (2) \$150,000 for any Plan Year beginning after December 31, 1993 (as adjusted for increases in the cost of living)."

To record the adoption of this Amendment No. 2 to the ESOP, the Company and International House of Pancakes, Inc. have caused it to be executed this 25th day of February, 1994.

IHOP CORP.

By /s/ Richard K. Herzer

By /s/ Mark D. Weisberger

INTERNATIONAL HOUSE OF
PANCAKES, INC.

By /s/ Richard K. Herzer

By /s/ Mark D. Weisberger

EXHIBIT 11.0

IHOP CORP. AND SUBSIDIARIES
 STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
 (In thousands, except per share data)

	Year Ended December 31,		
	1997	1996	1995
NET INCOME PER COMMON SHARE - BASIC			
Weighted average shares outstanding	9,596	9,444	9,319
	=====	=====	=====
Net income available to common shareholders	\$20,914	\$18,604	\$16,154
	=====	=====	=====
Net income per share - basic	\$ 2.18	\$ 1.97	\$ 1.73
	=====	=====	=====
NET INCOME PER COMMON SHARE - DILUTED			
Weighted average shares outstanding	9,596	9,444	9,319
Net effect of dilutive stock options based on the treasury stock method using the average market price	147	79	169
	-----	-----	-----
Total	9,743	9,523	9,488
	=====	=====	=====
Net income available to common shareholders	\$20,914	\$18,604	\$16,154
	=====	=====	=====
Net income per share - diluted	\$ 2.15	\$ 1.95	\$ 1.70
	=====	=====	=====

EXHIBIT 21.0

IHOP CORP. and SUBSIDIARIES

List of Subsidiaries

Listed below are the subsidiaries of IHOP Corp. which are directly or indirectly 100% owned as of December 31, 1997.

Blue Roof Advertising, Inc.	United States
IHOP Investments, Inc.	United States
IHOP Properties, Inc.	United States
IHOP Realty Corp.	United States
IHOP Restaurants, Inc.	United States
III Industries of Canada, Ltd.	Canada
International House of Pancakes, Inc.	United States

EXHIBIT 23.0

[LETTERHEAD OF COOPERS & LYBRAND]

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statement of IHOP Corp. and Subsidiaries on Form S-8 (File No. 33-46361) of our report dated February 13, 1998, on our audits of the consolidated financial statements of IHOP Corp. and Subsidiaries as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, which report is included in this Annual Report on Form 10-K.

Coopers & Lybrand L.L.P.

Los Angeles, California
March 16, 1998

<ARTICLE> 5

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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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