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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2002

OR

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

For the transition period from _____________ to _____________

Commission File Number 0-8360

IHOP CORP.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**95-3038279** (I.R.S. Employer Identification No.)
450 North Brand Boulevard, Glendale, California (Address of principal executive offices)	**91203-1903** (Zip Code)

(818) 240-6055
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Class	Outstanding as of March 31, 2002
Common Stock, $.01 par value	20,879,329

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	March 31, 2002	December 31, 2001
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 17,001	$ 6,252
Receivables, net	43,037	47,451
Reacquired franchises and equipment held for sale, net	3,239	3,234
Inventories	806	837
Prepaid expenses	908	1,386
Total current assets	64,991	59,160
Long-term receivables	307,196	307,859
Property and equipment, net	241,749	238,026
Reacquired franchises and equipment held for sale, net	18,354	18,327
Excess of costs over net assets acquired, net	10,767	10,767
Other assets	8,961	7,290
Total assets	$ 652,018	$ 641,429
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long-term debt	$ 10,602	$ 9,711
Accounts payable	12,069	16,666
Accrued employee compensation and benefits	7,337	7,621
Other accrued expenses	9,696	7,238
Deferred income taxes	1,368	1,129
Capital lease obligations	2,280	2,164
Total current liabilities	43,352	44,529

Long-term debt	50,735	50,209
Deferred income taxes	57,132	59,084
Capital lease obligations and other	175,925	175,177
Commitments and contingencies	—	—
Stockholders' equity		
Preferred stock, $1 par value, 10,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value, 40,000,000 shares authorized; March 31, 2002: 21,027,116 shares issued and 20,879,329 shares outstanding; December 31, 2001: 20,918,283 shares issued and 20,711,201 outstanding	210	209
Additional paid-in capital	82,903	79,837
Retained earnings	243,676	233,920
Accumulated other comprehensive loss	(72)	—
Treasury stock, at cost (147,787 shares and 207,082 shares at March 31, 2002 and December 31, 2001, respectively)	(2,247)	(3,386)
Contribution to ESOP	404	1,850
Total stockholders' equity	324,874	312,430
Total liabilities and stockholders' equity	$ 652,018	$ 641,429

See the accompanying Notes to Consolidated Financial Statements.

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2002	2001
Revenues		
Franchise operations		
Rent	$ 19,454	$ 14,444
Service fees and other	39,088	35,287
	58,542	49,731
Sale of franchises and equipment	5,208	3,599
Company operations	17,790	16,776
Total revenues	81,540	70,106
Costs and Expenses		
Franchise operations		
Rent	11,706	8,324
Other direct costs	13,757	11,831
	25,463	20,155
Cost of sales of franchises and equipment	3,458	2,791
Company operations	16,976	16,450
Field, corporate and administrative	10,393	9,562
Depreciation and amortization	3,859	3,560
Interest	5,270	5,328
Other expense, net	511	107
Total costs and expenses	65,930	57,953

Income before income taxes	15,610	12,153
Provision for income taxes	5,854	4,679
Net income	$ 9,756	$ 7,474
Net Income Per Share		
Basic	$ 0.47	$ 0.37
Diluted	$ 0.46	$ 0.37
Weighted Average Shares Outstanding		
Basic	20,771	20,048
Diluted	21,169	20,420

See the accompanying Notes to Consolidated Financial Statements.

IHOP CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2002	2001
Cash flows from operating activities		
Net income	$ 9,756	$ 7,474
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,859	3,560
Deferred income taxes	(1,713)	38
Contribution to ESOP	404	374
Tax benefit from stock option exercise	584	123
Change in current assets and liabilities		
Accounts receivable	5,415	3,065
Inventories	31	8
Prepaid expenses	478	(4,681)
Accounts payable	(4,597)	(8,013)
Accrued employee compensation and benefits	(284)	(1,334)
Other accrued expenses	2,458	(661)
Other	(164)	(275)
Net cash (used in) provided by operating activities	16,227	(322)
Cash flows from investing activities		
Additions to property and equipment	(20,857)	(21,028)
Additions to notes	(1,735)	(1,089)
Principal receipts from notes and equipment contracts receivable	3,740	4,327
Additions to reacquired franchises held for sale	(258)	(654)
Net cash (used in) investing activities	(19,110)	(18,444)
Cash flows from financing activities		
Proceeds from issuance of long-term debt, including revolving line of credit	16,763	13,488
Proceeds from sale and leaseback arrangements	10,885	—
Repayment of long-term debt, including revolving line of credit	(15,347)	(130)
Principal payments on capital lease obligations	(440)	(515)

Treasury stock transactions	—	(23)
Exercise of stock options	1,771	654
Net cash provided by financing activities	13,632	13,474
Net change in cash and cash equivalents	10,749	(5,292)
Cash and cash equivalents at beginning of period	6,252	7,208
Cash and cash equivalents at end of period	$ 17,001	$ 1,916
Supplemental disclosures		
Interest paid, net of capitalized amounts	$ 4,984	$ 4,572
Income taxes paid	45	108
Capital lease obligations incurred	—	804

See the accompanying Notes to Consolidated Financial Statements.

IHOP CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General: The accompanying consolidated financial statements for the three months ended March 31, 2002 and 2001, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These financial statements have not been audited by independent public accountants but include all adjustments, consisting of normal, recurring accruals, which in the opinion of management of IHOP Corp. and Subsidiaries ("IHOP" or "the Company") are necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented. The accompanying consolidated balance sheet as of December 31, 2001, has been derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for the three months ended March 31, 2002 are not necessarily indicative of the results to be expected for the full year ending December 31, 2002.

2. Reclassifications: Certain reclassifications have been made to prior period information to conform to the current period presentation.

3. Segments: IHOP identifies its operating segments based on the organizational units used by management to monitor performance and make operating decisions. The Franchise Operations segment includes restaurants operated by franchisees and area licensees in the United States and Canada. The Company Operations segment includes Company-operated restaurants in the United States. We measure segment profit as income before income taxes. Information on segments and reconciliation to income before income taxes are as follows:

	Franchise Operations	Company Operations	Sale of Franchises & Equipment	Corporate and Other	Adjustments & Eliminations	Consolidated Total
Three Months Ended March 31, 2002						
Revenues from external customers	$ 58,542	$ 17,790	$ 5,208	$ —	$ —	$ 81,540
Intercompany real estate charges	1,558	411	—	(1,969)	—	—
Capital lease real estate charges	4,131	562	—	—	(4,693)	—
Field, corporate and administrative	—	—	—	10,393	—	10,393
Depreciation & amortization	1,651	1,063	—	1,145	—	3,859
Interest	—	—	—	577	4,693	5,270
Income (loss) before income taxes	25,085	(1,074)	2,570	(10,971)	—	15,610
Additions to long lived assets	13,834	1,648	258	5,375	—	21,115
Total assets	503,984	38,524	21,593	87,917	—	652,018
Three Months Ended March 31, 2001						
Revenues from external customers	$ 49,731	$ 16,776	$ 3,599	$ —	$ —	$ 70,106
Intercompany real estate charges	1,320	156	—	(1,476)	—	—
Capital lease real estate charges	4,108	628	—	—	(4,736)	—
Field, corporate and administrative	—	—	—	9,562	—	9,562
Depreciation & amortization	1,301	1,066	—	1,193	—	3,560
Interest	—	—	—	592	4,736	5,328

Income (loss) before income taxes	22,562	(1,436)	1,444	(10,417)	—	12,153
Additions to long lived assets	14,679	1,175	654	5,174	—	21,682
Total assets	438,808	46,866	21,887	66,860	—	574,421

For management reporting purposes, we treat all restaurant lease revenues and expenses as operating lease revenues and expenses, although many of these leases are direct financing leases (revenues) or capital leases (expenses). The accounting adjustments required to bring lease revenues and expenses into conformance with GAAP are included in the Adjustments and Eliminations column. All of IHOP's owned land and restaurant buildings are included in the total assets of the Corporate and Other segment and are leased to the Franchise Operations and Company Operations segments.

4. New Accounting Pronouncements: In June 2001, Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets," were issued and are effective for fiscal years beginning after December 15, 2001. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated or completed after June 30, 2001. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. As a result, the Company's amortization of goodwill in the amount of $107,000 ($67,000 net of tax) per quarter ceased effective January 1, 2002. Upon adoption of SFAS No. 142 the Company was required to reassess the useful lives of its other intangible assets as well as perform a transitional impairment testing of indefinite-lived intangible assets. Since the Company does not have any intangible assets other than goodwill, the adoption of the provisions of the statement affecting other intangible assets had no impact on the Company's financial position, results of operations or cash flows.

Also, in connection with the adoption of SFAS No. 142, the Company is required to carry out a transitional goodwill impairment evaluation which requires an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. Initially, the Company must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities (excluding goodwill) to those reporting units as of the date of adoption. All existing goodwill at the date that SFAS No. 142 is adopted is assigned to one or more reporting units in a reasonable and supportable manner as prescribed by the standard. The Company has until June 30, 2002, which is the second quarter from the adoption date, to assess the fair value of each reporting unit and compare it to the reporting unit's carrying value. If the fair value of a reporting unit is below the unit's carrying amount, as computed in step one, the Company must complete step two of the transitional goodwill impairment test for that reporting unit as soon as possible, but no later than the end of the year of adoption. If the implied fair value of that reporting unit's goodwill is less than its recorded goodwill, a transitional goodwill impairment loss will be recognized and reported as the cumulative effect of a change in accounting principle in accordance with Accounting Principles Board Opinion No. 20 (APB 20), Accounting Changes. Any subsequent impairment losses resulting from events or circumstances that occur after the first day of the fiscal year in which SFAS No. 142 is adopted will be reported as a component of income from continuing or discontinued operations, as appropriate.

In August 2001, SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" was issued and is effective for fiscal years beginning after December 15, 2001. This Statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of" and APB Opinion No. 30, "Reporting the Results of Operations-Reporting the Effect of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 established a single accounting model for long-lived assets to be disposed of by sale. This statement provides guidance on differentiating between assets held and used, held for sale and held for disposal other than by sale (e.g., abandonment, exchanged, distributed). The adoption of this statement did not have a material impact on the Company's financial position, results of operations, or cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

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

	Three Months Ended March 31,	
	2002	**2001**
	(In thousands) (Unaudited)	
Restaurant Data		
Effective restaurants(a)(d)		
Franchise	823	743
Company	74	73

Area license	121	152
Total	1,018	968
System-wide		
Sales(b)(d)	$ 365,840	$ 330,698
Percent change	10.6%	10.7%
Average sales per effective restaurant(d)	$ 359	$ 342
Percent change	5.0%	3.3%
Comparable sales percentage change (c)	2.0%	1.6%
Franchise		
Sales	$ 314,723	$ 275,199
Percent change	14.4%	12.7%
Average sales per effective restaurant	$ 382	$ 370
Percent change	3.2%	2.8%
Comparable sales percentage change(c)	2.1%	1.9%
Company		
Sales	$ 17,790	$ 16,776
Percent change	6.0%	(5.6%)
Average sales per effective restaurant	$ 240	$ 230
Percent change	4.3%	(0.4%)
Area License (with Japan)		
Sales	$ 33,327	$ 38,723
Percent change	(13.9%)	4.8%
Average sales per effective restaurant	$ 275	$ 255
Percent change	7.8%	2.0%
Area License (without Japan)		
Sales	$ 33,327	$ 32,370
Percent change	3.0%	13.5%
Average sales per effective restaurant	$ 275	$ 270
Percent change	1.9%	8.0%

(a) "Effective restaurants" are the number of restaurants in a given fiscal period adjusted to account for restaurants open for only a portion of the period. It is calculated by dividing total restaurant operating days by 91 days for a quarterly calculation.

(b) "System-wide sales" are retail sales of franchisees, area licensees and Company-operated restaurants, as reported to IHOP.

(c) "Comparable sales percentage change" reflects the percentage change in sales for restaurants that are operated for the entire fiscal period in which they are being compared. Because of new unit openings and store closures, the restaurants opened for an entire fiscal period being compared will be different from period to period. Comparable average sales do not include data on restaurants located in Florida.

(d) In the first quarter of 2002, excluding the units in Japan, system-wide sales increased 12.8%; effective restaurants grew by 8.8%, and average sales per effective restaurants increased by 3.5% over the same period in 2001. In the first quarter of 2001, excluding the units in Japan, system-wide sales increased 11.7%; effective restaurants grew by 7.6%, and average sales per effective restaurants increased by 7.8% over the same period in 2000.

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

	Three Months Ended March 31,	
	2002	2001
	(Unaudited)	
RESTAURANT DEVELOPMENT ACTIVITY		
IHOP-beginning of period	1,017	968
New openings		
IHOP-developed	10	7
Investor and conversion programs	1	3

Area license	1	2
Total new openings	12	12
Closings		
Company and franchise	(1)	(2)
Area license	—	—
IHOP-end of period	1,028	978
Summary-end of period		
Franchise	830	752
Company	75	74
Area license	123	152(a)
Total IHOP	1,028	978
RESTAURANT FRANCHISING ACTIVITY		
IHOP-developed	9	5
Investor and conversion programs	1	3
Rehabilitated and refranchised	—	1
Total restaurants franchised	10	9
Reacquired by IHOP	(2)	(2)
Closed	(1)	(2)
Net addition	7	5

(a) Included 32 restaurants in Japan that were closed in the second quarter of 2001.

Forward-Looking Statements

The following discussion and analysis provides information we believe is relevant to an assessment and understanding of IHOP'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 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 that 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 for the sites designated for development; legislation and government regulation, including the ability to obtain satisfactory regulatory approvals; conditions beyond IHOP's control such as weather, natural disasters or acts of war or terrorism; 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; IHOP'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 our Press Releases, Public Statements and/or filings with the Securities and Exchange Commission. Forward-looking information is provided by us 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, we disclaim any intent or obligation to update these forward-looking statements.

General

IHOP's revenues are recorded in three categories: franchise operations, sales of franchises and equipment, and company operations.

Franchise operations includes payments from franchisees of rents, royalties and advertising fees, proceeds from the sale of proprietary products, primarily pancake mix, to distributors, franchisees and area licensees, interest income received in connection with the financing of franchise and development fees and equipment sales, interest income received from direct financing leases on franchised restaurant buildings, and payments from area licensees of royalties and advertising fees.

Revenues from the sale of franchises and equipment and the associated costs of such sales are affected by the number and mix of restaurants franchised. We franchise four kinds of restaurants: restaurants newly developed by IHOP, restaurants developed by franchisees, restaurants developed by area licensees, and restaurants that have been previously reacquired from franchisees. Franchise rights for restaurants newly developed by IHOP normally sell for a franchise fee of $200,000 to $375,000 or more, have little if any associated franchise cost of sales, and are accompanied by equipment sales generally in excess of $300,000 that are usually at a price that includes little or no profit margin. Franchise rights for restaurants developed by franchisees normally sell for a franchise fee of $50,000, have minor associated franchise cost of sales, and do not include an equipment sale. Area license rights are normally granted in return for a one-time development fee that is recognized ratably as restaurants are developed in the area. Previously reacquired franchises normally sell for a franchise fee of $100,000 to $375,000 or more, 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, number of restaurants in our inventory of restaurants that are available for refranchising and the level of interest among potential franchisees.

Company operations revenues are retail sales at IHOP-operated restaurants.

We report separately those expenses that are attributable to franchise operations, the cost of sales of franchises and equipment and Company operations. Expenses recorded under field, corporate and administrative, depreciation and amortization, and interest relate to these three categories of franchise operations, sales of franchises and equipment, and Company operations.

Other (income) expense, net consists of revenues and expenses not related to IHOP's core business operations. These include gains and losses realized from closing and selling restaurants and are unpredictable in timing and amount.

Our 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, we no longer include in our revenues the retail sales from such restaurant, but recognize a one-time franchise and development fee, periodic interest on the portion of such fee financed by us, and recurring payments from franchisees as described above and recorded under franchise operations revenues.

Comparison of Quarter Ended March 31, 2002 to Quarter Ended March 31, 2001

The fiscal quarters ended March 31, 2002 and 2001 were comprised of 13 weeks (91 days).

System-Wide Retail Sales

System-wide retail sales include the sales of all IHOP restaurants as reported to IHOP by its franchisees, area licensees and Company-operated restaurants. System-wide retail sales grew by $35,142,000 or 10.6% in the first quarter of 2002 over the same period in 2001. Growth in the number of effective restaurants and increases in average sales per effective restaurant caused the growth in system-wide sales. "Effective restaurants" are the number of restaurants in operation in a given fiscal period, adjusted to account for restaurants in operation for only a portion of the fiscal period. Effective restaurants grew by 5.2% in the first quarter of 2002 over the same period in the prior year due to new restaurant development. Average sales per effective restaurant increased by 5.0% in the first quarter of 2002 over the same period in 2001. Newly developed restaurants generally have seating capacities and sales greater than the system-wide averages. Management continues to pursue growth in sales through new restaurant development, marketing efforts, new products, improvements in operations, and remodeling of existing restaurants.

During the second quarter of 2001, the Company's area licensee in Japan negotiated an early termination of its area license agreement. IHOP received a fee of approximately $250,000 for this early termination and the area licensee discontinued operations of its 32 IHOP restaurants. Excluding these units in Japan, system-wide sales increased 12.8% for the first quarter of 2002 over the same period in 2001; effective restaurants grew by 8.8% for the first quarter of 2002; and average sales per effective restaurants increased 3.5% for the first quarter of 2002 over the same period in 2001.

Franchise Operations

Franchise operations revenues are the revenues received by IHOP from its franchisees and include rent, royalties, sales of proprietary products, advertising fees and interest. Franchise operations revenues grew by 17.7% for the first quarter of 2002 over the same period in 2001. Franchise operations revenues grew primarily due to an increase in retail sales in franchise restaurants of 14.4% for the first quarter of 2002 over the first quarter of 2001. Retail sales in franchised restaurants grew primarily due to a 10.8% increase in the number of effective franchise restaurants and a 3.2% increase in average sales per effective franchise restaurant for the first quarter of 2002 over the same period in the prior year.

Franchise operations costs and expenses include facility rent, advertising, the cost of proprietary products, and other direct costs associated with franchise operations. Franchise operations costs and expenses increased by 26.3% for the first quarter of 2002. Increases in franchise operations costs and expenses were greater than the growth in franchise operations revenue primarily due to higher rent expense.

Rent income and expense are affected by the mix of operating and capital leases. Most of the leases and subleases entered into by the Company beginning in 2000 have been operating leases, whereas most leases prior to 2000 were capital leases. As a result, rent income and rent expense are increasing rapidly over a relatively small base amount, and interest income and interest expense related to real estate leases are not.

Sublease transactions with franchisees are structured with little or no margin at inception of the sublease, but with margin improvement over the life of the lease as retail sales increase (primarily because excess rent provisions in the subleases are tied to retail sales). New unit development will therefore have a negative effect on rent margin percentages. Rent margin percentages decreased from 42.4% to 39.8% for the first quarter 2002. Actual profit margin on rent transactions increased $1,628,000 from $6,120,000 to $7,748,000. This increase principally reflects the margin improvement achieved as subleases mature. The timing of lease transactions may also have an impact on rent margins.

Franchise operations margin as a percent of franchise operations revenues was 56.5% in the first quarter of 2002 compared with 59.5% in 2001. The decrease in the margin percentage was primarily due to the higher rent expense mentioned above.

Sales of Franchises and Equipment

Sales of franchises and equipment increased by 44.7% for the first quarter of 2002 over the first quarter of 2001. IHOP franchised ten restaurants in 2002 compared with nine in 2001, however, the units franchised in the first quarter of 2002 had a higher average franchise sales price than those in 2001 primarily due to the mix of restaurants franchised. The Company franchised nine IHOP developed restaurants and one investor program restaurant in 2002. This is compared to 2001 when the Company franchised five IHOP developed restaurants, three investor restaurants and one refranchised restaurant. The sales price IHOP receives for IHOP developed units is substantially greater than that for investor developed units.

Cost of sales of franchises and equipment increased 23.9% for the first quarter of 2002 over 2001. The increase was primarily due to the change in the mix of restaurants franchised in 2002.

Margin on sales of franchises and equipment was 33.6% for the first quarter of 2002 compared with 22.5% in 2001. The increase in margin primarily resulted from the mix of units franchised. The margin on IHOP developed units is substantially greater than that on investor developed units.

Company Operations

Company operations revenues are sales to customers at restaurants operated by IHOP. Company operations revenues increased 6.0% in the first quarter of 2002 over the same period in the prior year. Increases in the number of effective IHOP-operated restaurants coupled with an increase in the average sales per IHOP-operated restaurant caused the revenue increase. Effective IHOP-operated restaurants increased by 1.4% in the first quarter of 2002 over the same period in 2001. Average sales per effective IHOP-operated restaurant increased by 4.3% in the first quarter of 2002 over the same period in the prior year.

Company operations costs and expenses include food, labor and benefits, utilities and rent and other real estate related costs. Company operations costs increased 3.2% in the first quarter of 2002 over the comparable period in the prior year. Company operations costs were affected primarily by increases in the number of effective restaurants and Company operations revenues.

Company operations margin is Company operations revenues less Company operations costs and expenses. Company operations margin was $814,000 and $326,000 in the first quarter of 2002 and 2001, respectively. Company operations margin was 4.6% and 1.9% of Company operations revenues in the first quarter of 2002 and 2001, respectively. Increase in margin for 2002 was primarily the result of higher sales and lower utility costs in the first quarter of 2002 as compared to 2001.

In assessing performance of its Company operations, management considers various other costs and expenses not included in margin. IHOP owns some of the real property of the Company operated restaurants and charges those restaurants market rents. These rent expenses are eliminated in consolidation. The buildings, leasehold improvements and equipment employed in these restaurants are depreciated or amortized in accordance with our policies, and this expense is reflected in the statement of operations on the depreciation and amortization line. Interest expense related to capital leases on real property of certain Company-operated restaurant leases are also viewed by management as expenses related to the Company operations, but are included in the interest expense line of the statement of operations. In addition, employee benefit expenses related to IHOP's employee stock ownership plan are included in the Company operations margin, but are excluded from management's assessment of company operations performance.

These other costs related to Company-operated restaurants for 2002 and 2001, respectively, are intercompany real estate charges of $411,000 and $156,000; depreciation and amortization of $1,063,000 and $1,066,000; interest expense of $562,000 and $628,000; and ESOP related costs of $101,000 and $93,000. After reflecting these other costs and expenses (i.e. rent, depreciation and interest) as part of Company operations, and excluding ESOP related costs, the loss before income taxes from Company operations was $1,074,000 and $1,436,000 in the first quarter of 2002 and 2001, respectively.

Other Costs and Expenses

Field, corporate and administrative costs and expenses increased by 8.7% for the first quarter of 2002 over the first quarter of 2001. The rise in expenses was primarily due to higher compensation related expenses, a result of salary and head count increases. Field, corporate and administrative expenses were 2.8% of system-wide sales for the first quarter of 2002, compared to 2.9% in 2001.

Depreciation and amortization expense for the first quarter of 2002, increased 8.4%. The increases were caused primarily by the addition of new restaurants to the IHOP chain from our restaurant development program.

Interest expense decreased by 1.1% for the first quarter of 2002 primarily as a result of lower interest rates.

Income Tax Provision

The Company's effective tax rate was 37.5% for 2002 and 38.5% for 2001. The decrease in the effective tax rate for 2002 was due to the positive results of the Company's tax planning efforts.

Balance Sheet Accounts

The balance of long-term debt increased by 1.0% in March 2002 primarily due to the $17 million leasehold mortgage term loan the Company entered into in 2002. This addition was partially offset by a $15 million repayment on the revolving line of credit.

Liquidity and Capital Resources

The Company invests in its business primarily through the development of additional restaurants and, to a lesser extent, through the remodeling of older company-operated restaurants. Also, the Company began repurchasing shares of its common stock in 2000. As of March 31, 2002, the Company has cumulatively repurchased 389,168 shares of its common stock, of which 241,381 were contributed to the Employee Stock Ownership Plan.

For the first quarter of 2002, IHOP and its franchisees and area licensees developed and opened 12 IHOP restaurants. Of these, we developed and opened ten restaurants, and franchisees and area licensees developed and opened two restaurants. Capital expenditures for the first quarter of 2002, which included our portion of the above development program, were $20.9 million. Funds for investment primarily came from cash generated from operations of $16.2 million, and proceeds from sale and leaseback arrangements of restaurant land and buildings of $10.9 million. We also incurred leasehold mortgages of $17.2 million.

In 2002, IHOP and its franchisees and area licensees plan to develop and open approximately 90 to 105 restaurants. Included in that number is the development of 80 to 90 new restaurants by us and the development of 10 to 15 restaurants by our franchisees and area licensees. Capital expenditure projections for 2002, which include our portion of the above development program, are estimated to be approximately $130 to $140 million. In November 2002, the seventh and final annual installment of $4.6 million in principal is due on our 7.79% senior notes due 2002 and the third installment of $3.9 million in principal is due on our senior notes due 2008. We expect that funds from operations,

leasehold mortgage term debt, proceeds from sale and leaseback arrangements (estimated to be about $55 to $65 million) and our $25 million revolving line of credit will be sufficient to cover our operating requirements, our budgeted capital expenditures and our principal repayments on our senior notes in 2002. At March 31, 2002, $25 million was available to be borrowed under our noncollateralized bank revolving credit agreement.

New Accounting Pronouncements

In June 2001, Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets," were issued and are effective for fiscal years beginning after December 15, 2001. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated or completed after June 30, 2001. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. As a result, the Company's amortization of goodwill in the amount of $107,000 ($67,000 net of tax) per quarter ceased effective January 1, 2002. Upon adoption of SFAS No. 142 the Company was required to reassess the useful lives of its other intangible assets as well as perform a transitional impairment testing of indefinite-lived intangible assets. Since the Company does not have any intangible assets other than goodwill, the adoption of the provisions of the statement affecting other intangible assets had no impact on the Company's financial position, results of operations or cash flows.

Also, in connection with the adoption of SFAS No. 142, the Company is required to carry out a transitional goodwill impairment evaluation which requires an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. Initially, the Company must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities (excluding goodwill) to those reporting units as of the date of adoption. All existing goodwill at the date that SFAS No. 142 is adopted is assigned to one or more reporting units in a reasonable and supportable manner as prescribed by the standard. The Company has until June 30, 2002, which is the second quarter from the adoption date, to assess the fair value of each reporting unit and compare it to the reporting unit's carrying value. If the fair value of a reporting unit is below the unit's carrying amount, as computed in step one, the Company must complete step two of the transitional goodwill impairment test for that reporting unit as soon as possible, but no later than the end of the year of adoption. If the implied fair value of that reporting unit's goodwill is less than its recorded goodwill, a transitional goodwill impairment loss will be recognized and reported as the cumulative effect of a change in accounting principle in accordance with Accounting Principles Board Opinion No. 20 (APB 20), Accounting Changes. Any subsequent impairment losses resulting from events or circumstances that occur after the first day of the fiscal year in which SFAS No. 142 is adopted will be reported as a component of income from continuing or discontinued operations, as appropriate.

In August 2001, SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" was issued and is effective for fiscal years beginning after December 15, 2001. This Statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of" and APB Opinion No. 30, "Reporting the Results of Operations-Reporting the Effect of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 established a single accounting model for long-lived assets to be disposed of by sale. This statement provides guidance on differentiating between assets held and used, held for sale and held for disposal other than by sale (e.g., abandonment, exchanged, distributed). The adoption of this statement did not have a material impact on the Company's financial position, results of operations, or cash flows.

Critical Accounting Policies

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related footnotes. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The Company does not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

Leasing

IHOP leases equipment consisting of restaurant equipment, furniture and fixtures to our 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 that meet the criteria for direct financing leases are recorded as such or alternatively are treated as operating leases.

Accounting for Long-lived Assets

The Company reviews long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. In evaluating whether an asset has been impaired, the Company compares the anticipated undiscounted future cash flows to be generated by the asset to the asset's carrying value. If the sum of the undiscounted future cash flows is less than the carrying amount of the asset, an impairment loss is recognized.

Reacquired Franchises and Equipment Held for Sale

Restaurants that IHOP reacquires are often underperforming as a result of having been poorly operated and sometimes physically neglected by the franchise owner. When IHOP reacquires a restaurant and assumes operations, the Company begins a multi-step rehabilitation program for that restaurant. First these restaurants are physically rehabilitated, then IHOP hires and trains the restaurant staff. After these first steps are completed, the Company 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.

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 (1) the sum of the franchise receivables and costs of reacquisition, or (2) 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.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement 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.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

3.1	Certificate of Incorporation of IHOP Corp. (Exhibit 3.1 to IHOP Corp.'s Form 10-K for the fiscal year ended December 31, 1997 (the "1997 Form 10-K") is incorporated herein by reference).
3.2	Bylaws of IHOP Corp. (Exhibit 3.2 to the 1997 Form 10-K is incorporated herein by reference).

3.3	Amendment to the bylaws of IHOP Corp. dated November 14, 2000 (Exhibit 3.3 to IHOP Corp.'s Form 10-Q for the quarterly period ended March 31, 2001 is incorporated herein by reference).
4.6	First addendum to loan agreement, dated as of March 13, 2002, among IHOP Properties, Inc., International House of Pancakes, Inc., IHOP Corp., IHOP Realty Corp., and Bank of America, N.A., is filed herewith.
*10.17	IHOP Corp. Executive Incentive Plan effective January 1, 2002 and supersedes all previously implemented plans is filed herewith.
11.0	Statement Regarding Computation of Per Share Earnings.

(b) No reports on Form 8-K were filed during the quarter ended March 31, 2002.

SIGNATURES

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

IHOP CORP.
(Registrant)

April 25, 2002	BY:	/s/ RICHARD K. HERZER
(Date)		Chairman of the Board, and Chief Executive Officer (Principal Executive Officer)
April 25, 2002		/s/ ALAN S. UNGER
(Date)		V.P.-Finance, Treasurer and Chief Financial Officer (Principal Financial Officer)

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EXHIBIT 4.6

FIRST ADDENDUM TO LOAN AGREEMENT

(THIS AGREEMENT IS SUBJECT TO ARBITRATION UNDER THE UNIFORM ARBITRATION ACT OF SOUTH CAROLINA, S.C. CODE SECTIONS 15-48-10, ET SEQ.)

THIS FIRST ADDENDUM TO LOAN AGREEMENT (this "Amendment") is made and entered into this 13th day of March, 2002, by and among: (i) BANK OF AMERICA, N.A. ("Lender"); (ii) IHOP PROPERTIES, INC., a California corporation ("Borrower"); and (iii) INTERNATIONAL HOUSE OF PANCAKES, INC., a Delaware corporation, IHOP Corp., a Delaware corporation ("IHOP Parent") and IHOP Realty Corp., a Delaware corporation (collectively, the "Guarantor").

R E C I T A L S

WHEREAS, on April 27, 2001, Borrower, Guarantor and Lender entered into that certain Loan Agreement (the "Loan Agreement") relating to a $12,018,206.00 loan secured by land, building and fixtures comprising equipment and signage to be used in connection with a thirteen (13) IHOP Restaurants;

WHEREAS, Borrower, Guarantor and Lender now desire to amend the Loan Agreement to reflect an additional loan to Borrower as evidenced by that certain Promissory Note by Borrower in favor of Lender in the original principal amount of $17,203,432.00 (the "$17,203,432.00 Loan") secured by land, building and fixtures comprising seventeen (17) IHOP Restaurant;

NOW, THEREFORE, for and in consideration of the $17,203,432.00 Loan, the parties hereto agree as follows:

1. **Recitals**. Borrower, Guarantor and Lender hereby approve the foregoing recitations and agree that said recitations are true and correct in all respects.

2. **Definitions**. As defined in the Loan Agreement, the following terms hereby modified as follows:

   (a) "Loan" shall also include the $17,203,432.00 Loan.

   (b) "Note" shall also include that certain Promissory Note of even date herewith in the original principal amount of $20,000,000.00.

   (c) "Collateral Location" shall also include those certain IHOP Restaurants located at the street addresses listed on Exhibit "A" attached hereto and made a part hereof.

   (d) "Equipment Leases" shall also include those certain leases which are described in full on Exhibit "B" attached hereto and made a part hereof.

   (e) "Ground Leases" shall also include those certain leases entered into by Borrower which are described in full on Exhibit "C" attached hereto and made a part hereof.

   (f) "Guarantor" is amended to reflect that INTERNATIONAL HOUSE OF PANCAKES, INC., a Delaware corporation is the successor by merger to IHOP Restaurants, Inc.

   (g) "Subleases" shall also include those certain subleases entered into by Borrower and the Subtenants (as defined in the Loan Agreement) which are described in full on Exhibit "D" attached hereto and made a part hereof. The Subtenants are also the franchisee and operator of the IHOP Restaurants located at the Collateral Locations as designated on Exhibit "A".

   (h) "Restaurants" shall be amended to mean INTERNATIONAL HOUSE OF PANCAKES, INC., a Delaware corporation as the successor by merger to IHOP Restaurants, Inc.

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3. **Ratification and Reaffirmation**. Borrower and Guarantor hereby ratify and reaffirm each of the Loan Documents and all of Borrower's and Guarantor's covenants, duties and liabilities thereunder.

4. **Representations and Warranties**. Borrower and Guarantor represent and warrant to Lender, to induce Lender to enter into this Amendment, that no Default or Event of Default exists on the date hereof; the execution, delivery and performance of this Amendment have been duly authorized by all requisite corporate action on the part of the Borrower and/or Guarantor and this Amendment has been executed and delivered by Borrower and Guarantor; and except as may have been disclosed in writing by Borrower and/or Guarantor to Lender prior to the date hereof, all of the representations and warranties made by Borrower in the Loan Agreement are true and correct on and as of the date hereof.

5. **Expenses of Lender**. Borrower agrees to pay all costs and expenses incurred by Lender in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Lender's legal counsel.

6. **Governing Law**. This Amendment shall be governed by and construed in accordance with the internal laws of the State of Georgia. The parties stipulate and agree that the Borrower and Guarantor have numerous business operations in the State of Georgia and this Amendment has been made, delivered and is performable in the State of Georgia at Bank's main office in the State of Georgia and the laws of the State of Georgia and applicable United States federal law shall apply and this Agreement shall be construed in accordance with the laws of the State of Georgia and applicable United States federal law. Wherever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Amendment. The invalidity or unenforceability of any provision of any Loan Document to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

7. **Successors and Assigns**. The Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8. **No Novation, etc**. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

9. **Counterparts**. This Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which taken together shall be one and the same instrument.

10. **Waiver of Notice**. Borrower and Guarantor hereby waive notice of acceptance of this Amendment by Lender.

11. **General.** Except as specifically modified herein, all other terms and conditions of the Loan Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have signed and sealed this Amendment on the day and year first above-written.

GUARANTOR:

INTERNATIONAL HOUSE OF PANCAKES, INC.

By: ______________________

Name: Richard K. Herzer
Title: *Chairman*

(CORPORATE SEAL)

BORROWER:

IHOP PROPERTIES, INC.

By: ______________________

Name: Richard K. Herzer
Title: *Chairman*

(CORPORATE SEAL)

GUARANTOR:

IHOP REALTY CORP.

By: ______________________

Name: Richard K. Herzer
Title: *Chairman*

(CORPORATE SEAL)

BORROWER:

IHOP CORP.

By: ______________________

Name: Richard K. Herzer
Title: *Chairman*

(CORPORATE SEAL)

BANK/LENDER:

BANK OF AMERICA, N.A.

By: ______________________

Name: Bobby R. Oliver, Jr.
Title: *Vice President*

LIST OF EXHIBITS

Exhibit "A"

	Unit No.	Location	Street Address	County
1.	596	Florence, SC	2699 David H McLeod Blvd. Florence, SC	Florence
2.	599	North Myrtle Beach, SC	700 Highway 17 N North Myrtle Beach, SC 29582-2908	Horry
3.	947	Ontario, Ca	4422 Ontario Mills Parkway Ontario, CA 91764-5170	San Bernardino
4.	1725	Fairfield, CA	1601 N. Texas Street Fairfield, CA 94533-3813	Solano
5.	1729	West Jordan, UT	7188 Plaza Center Drive West Jordan, UT 84084-1761	Salt Lake
6.	1734	Sandy, UT	10815 State Street Sandy, UT 84070-4104	Salt Lake
7.	1746	Meridian, ID	3525 E Fairview Ave Meridian, ID 83642-5803	Ada
8.	1751	Boise, ID	3599 Federal Way Boise, ID 83705-5221	Ada
9.	1907	Oklahoma City, OK	7708 NW Expressway Oklahoma City, OK 73132-1573	Oklahoma
10.	1914	Hot Springs, AR	3837 Central Ave Hot Springs, AR	Garland
11.	1916	Midwest City, OK	1421 S Air Depot Blvd Midwest City, OK 73110-4811	Oklahoma
12.	1917	Oklahoma City, OK	5201 N Classen Blvd Oklahoma City, OK	Oklahoma
13.	1933	N. Little Rock, AR	4225 Warden Rd North Little Rock, AR 72116-7093	Pulaski
14.	4467	Mount Pleasant, SC	1787 N. Highway 17 Mount Pleasant, SC 29464-3334	Charleston
15.	5325	Omaha, NE	12423 W Center Road Omaha, NE 68144-3927	Douglas
16.	5326	Lincoln, NE	4501 N 27th Street Lincoln, NE 68521-4113	Lancaster
17.	5331	Bellevue, NE	1503 Cornhusker Road Bellevue, NE 68123-4419	Sarpy

Exhibit "B"—Description of Equipment Leases

1. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Mohamed Makawi, as lessee dated November 22, 2000.

2. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Manouchehr Haghshenas, as lessee dated June 8, 2001.

3. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Ontario Mills Foods, Inc., as lessee dated May 29, 2001.

4. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Stanley Wong, as lessee dated March 30, 2000.

5. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Stanley Wong, as lessee dated July 18, 2000.

6. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Stanley Wong, as lessee dated September 13, 2000.

7. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Randy Pounds, as lessee dated October 21, 2000.

8. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Randy Pounds, as lessee dated December 28, 2000.

9. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and 1907, Inc., as lessee dated September 14, 2000.

10. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Bong Chung, as lessee dated September 15, 2000.

11. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Mohammed Salous, as lessee dated November 17, 2000.

12. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Yousef Elyassin, as lessee dated December 15, 2000.

13. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Martin D. Gunaca, as lessee dated September 15, 2001.

14. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Majid Farshchi, as lessee dated June 30, 2000.

15. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Frederick Edegbele, as lessee dated November 14, 2000.

16. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Bernardus Josephus Kramer, Jr. aka Ben J. Kramer, Jr., as lessee dated April 27, 2000.

17. Equipment Lease by and between International House of Pancakes, Inc., as successor by merger with IHOP Restaurants, Inc., as lessor and Bernardus Josephus Kramer, Jr. aka Ben J. Kramer, Jr., as lessee dated December 30, 2001.

Exhibit "C"—DESCRIPTION OF GROUND LEASES

1. Ground Lease dated July 26, 2000, between IHOP Properties, Inc., as Tenant and PR Magnolia, LLC, as Landlord; as amended by that certain First Amendment to Ground Lease dated January 23, 2001.

2. Ground Lease dated February 23, 2001, between IHOP Properties, Inc., as Tenant and The Gator Hole Development, L.L.C., as Landlord; as amended by that certain First Amendment to Ground Lease dated July 19, 2001.

3. Ground Lease dated May 6, 1999, between IHOP Properties, Inc., as Tenant and Zelman Ontario Gateway, LLC., as Landlord; as amended by that certain First Amendment to Ground Lease dated February 16, 2000; as further amended by that certain Second Amendment to Ground Lease dated August 1, 2000.

4. Ground Lease dated August 18, 1999, between IHOP Properties, Inc., as Tenant and Property Development Associates, as Landlord; as amended by that certain First Amendment to Ground Lease dated November 15, 1999; as further amended by that certain Second Amendment to Ground Lease dated February 7, 2001.

5. Ground Lease dated March 22, 2000, between IHOP Properties, Inc., as Tenant and Jordan Landing, L.L.C., as Landlord; as amended by that certain First Amendment to Ground Lease dated November 24, 2000.

6. Ground Lease dated June 6, 2000, between IHOP Properties, Inc., as Tenant and Amsource Z-Value, L.L.C., as Landlord; as amended by that certain First Amendment to Ground Lease dated July 6, 2000; as further amended by that certain Second Amendment to Ground Lease dated August 23, 2000.

7. Ground Lease dated April 21, 2000, between IHOP Properties, Inc., as Tenant and TFCM Associates, LLC, as Landlord; as amended by that certain First Amendment to Ground Lease dated December 28, 2000.

8. Ground Lease dated May 30, 2000, between IHOP Properties, Inc., as Tenant and VFP VC, as Landlord; as amended by that certain First Amendment to Ground Lease dated January 29, 2001.

9. Ground Lease dated April 26, 2000, between IHOP Properties, Inc., as Tenant and F. Barry Tapp, as Landlord; as amended by that certain First Amendment to Ground Lease dated November 6, 2000.

10. Ground Lease dated May 31, 2000, between IHOP Properties, Inc., as Tenant and Garrett Enterprises, Inc., as Landlord; as amended by that certain First Amendment to Ground Lease dated November 9, 2000.

11. Ground Lease dated August 2, 2000, between IHOP Properties, Inc., as Tenant and Commercial Net Lease Realty, Inc., as Landlord; as amended by that certain Rent Start Agreement dated February 1, 2001.

12. Lease between WRG 567 Trust, a Delaware business trust, as Landlord and IHOP Properties, Inc., as Tenant dated June 8, 2001,

13. Ground Lease dated June 7, 2001, between IHOP Properties, Inc., as Tenant and Simon Property Group, L.P., as Landlord as amended by that certain First Amendment to Ground Lease dated December 11, 2001.

14. Ground Lease dated February 11, 2001, between IHOP Properties, Inc., as Tenant and AJS Group II, LLC, as Landlord, as amended by that certain Assignment and Assumption of Lease (Parcel 14, Market Center) between AJS Group II, LLC, as Assignor, Alec H. Chaplin, as Assignee and Consent by Marvin H. Cawley, Jr., individually and as the Personal Representative of the Estate of Sally S. Cawley dated November 29, 2000,, recorded December 20, 2000 at Book T360, Page 128, aforesaid records.

15. Ground Lease dated November 5, 1999, between IHOP Properties, Inc., as Tenant and Seldin Properties, as Landlord; as amended by that certain First Amendment to Ground Lease dated May 19, 2000.

16. Ground Lease dated December 9, 1999, between IHOP Properties, Inc., as Tenant and 27 Superior, LLC, as Landlord; as amended by that certain First Amendment to Ground Lease dated July 10, 2000.

17. Ground Lease dated September 11, 2000, between IHOP Properties, Inc., as Tenant and The 15th & Cornhusker, L.L.C., as Landlord; as amended by that certain Addendum to Ground Lease dated January 30, 2001.

Exhibit "D"—Description of Sublease

1. Sublease by and between Mohamed Makawi, as Subtenant and IHOP Properties, Inc., as Sublandlord dated November 22, 2000.

2. Sublease by and between Manouchehr Haghshenas, as Subtenant and IHOP Properties, Inc., as Sublandlord dated June 8, 2001.

3. Sublease by and between Ontario Mills Foods, Inc., as Subtenant and IHOP Properties, Inc., as Sublandlord dated May 24, 2001.

4. Sublease by and between Stanley Wong, as Subtenant and IHOP Properties, Inc., as Sublandlord dated March 30, 2000.

5. Sublease by and between Stanley Wong, as Subtenant and IHOP Properties, Inc., as Sublandlord dated July 18, 2000.

6. Sublease by and between Stanley Wong, as Subtenant and IHOP Properties, Inc., as Sublandlord dated September 13, 2000.

7. Sublease by and between Randy Pounds, as Subtenant and IHOP Properties, Inc., as Sublandlord dated October 21, 2000.

8. Sublease by and between Randy Pounds, as Subtenant and IHOP Properties, Inc., as Sublandlord dated December 28, 2000.

9. Sublease by and between 1907, Inc., as Subtenant and IHOP Properties, Inc., as Sublandlord dated September 14, 2000.

10. Sublease by and between Bong Chung, as Subtenant and IHOP Properties, Inc., as Sublandlord dated September 15, 2000.

11. Sublease by and between Mohammed Salous, as Subtenant and IHOP Properties, Inc., as Sublandlord dated November 17, 2000.

12. Sublease by and between Yousef Elyassin, as Subtenant and IHOP Properties, Inc., as Sublandlord dated December 15, 2000.

13. Sublease by and between Martin D. Gunaca, as Subtenant and IHOP Properties, Inc., as Sublandlord dated September 15, 2001.

14. Sublease by and between Majid Farshchi, as Subtenant and IHOP Properties, Inc., as Sublandlord dated June 30, 2000.

15. Sublease by and between Frederick Edegbele, as Subtenant and IHOP Properties, Inc., as Sublandlord dated November 14, 2000.

16. Sublease by and between Bernardus Josephus Kramer, Jr. aka Ben J. Kramer, Jr., as Subtenant and IHOP Properties, Inc., as Sublandlord dated April 27, 2000.

17. Sublease by and between Bernardus Josephus Kramer, Jr. aka Ben J. Kramer, Jr., as Subtenant and IHOP Properties, Inc., as Sublandlord dated December 30, 2001.

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EXHIBIT 10.17

Executive Incentive Plan

2002

CONFIDENTIAL

The information contained herein is the sole and exclusive property of IHOP Corp. It is only for the use of participants in the 2002 Executive Incentive Plan and may not be copied, distributed or shared with anyone without prior written consent of an officer of IHOP Corp.

[IHOP LOGO]

Effective Date

The Executive Incentive Plan is effective January 1, 2002 and supersedes all previously implemented plans.

Modification of the Plan

IHOP Corp. and its subsidiaries reserve the right to modify, terminate or make exceptions to the Executive Incentive Plan ("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 Chairman of the Board, President, Vice Presidents, and all director level reports to the Vice President, President, or CEO/Chairman, including legal counsels of IHOP Corp. and its subsidiaries; except those otherwise covered by another plan. Participants must be actively employed with IHOP Corp. and its subsidiaries through the end of the applicable year of the incentive plan. The Company's Plan Year is based on IHOP's fiscal year. 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.

NOTE: All information determining an employee's position and location will be retrieved from the HRIS system. Therefore, it is imperative that information regarding changes in employee status, position, and location are received by the Personnel Records Department in a timely manner.

New Hires/Re-Hires

Incentive eligibility begins with the first complete calendar month worked in an eligible position. If the participant begins work on the first calendar or workday of the month, they will be credited for a whole month worked. However, if the participant begins work on any calendar or workday other than the first, he/she will *not* be entitled to receive an incentive for that month.

Promotions/Demotions/Position Change

Transferring from a non-eligible position to an eligible position: Any employee transferred from a non-eligible position to an eligible position during the incentive period will have an incentive based on the number of whole months worked in the incentive period. If the participant is promoted on the first calendar or workday of the month, credit will be for a full month worked. The effective date of the promotion will be used to determine the number of whole months worked. Eligibility begins with the first full month in the eligible position.

Transferring from an eligible position to another: When an employee is transferred from one eligible position to another, that month's incentive will be based on the prior position providing that the transfer occurred after the 15^{th} of the month. When a transfer occurs on or before the 15^{th} of the month, that month's incentive will be based on the new position.

Transferring from an eligible position to a non-eligible position: When an employee is transferred from an eligible position to a non-eligible position, that month's incentive will be based on the prior eligible position until the first whole month in the new position begins. Once the first whole month in the new position begins, the participant is no longer eligible for this Plan.

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 incentive period may be eligible for a prorated incentive 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 incentive period. If an employee works through the end of the incentive period and then goes out on leave they will be paid the incentive when it is regularly paid. If an employee does not work through the last day of the incentive period the incentive will not be paid out until they return from LOA.

Termination Due to Death or Retirement

Any incentive earned will be prorated for the incentive period based upon the actual number of whole months worked and paid simultaneously with the normal distribution of incentives.

Plan Description

The Executive Incentive Plan is an annual incentive based on Corporate Performance and the achievement of specific individual business objectives of the participants. Division Vice President's incentive is based on Division Performance in addition to the components listed above. All plan components are explained in detail in the paragraphs below.

Determining Incentive

The incentive award is a percentage of base salary which is dependent on the position of the participant (see "Incentive Allocation Table"). The Target Payout % multiplied by the participant's 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 Chairman of the Board and the President is solely based on Corporate Performance (EPS). The incentive weighting for Vice Presidents is **30%** Individual Business Objectives and **70%** Corporate Performance (EPS). The incentive weighting for Division Vice Presidents is **30%** Individual Business Objectives, **35%** Corporate Performance (EPS), and **35%** Division Performance (see Division Sales & Profit Payout Matrix). The incentive weighting for Directors is **40%** Individual Business Objectives and **60%** Corporate Performance (EPS).

INCENTIVE ALLOCATION TABLE

	CHAIRMAN OF THE BOARD	PRESIDENT	VICE PRESIDENTS	DIRECTORS
TARGET PAYOUT AS A % OF BASE SALARY	**60%**	**60%**	**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 cent or percentage actually achieved (See Incentive Calculation Scenarios for calculation examples).

Corporate Performance

The Corporate Performance is based on EPS (Earnings Per Share) excluding budgeted bonus calculated using the budgeted weighted shares outstanding. Refer to the "Corporate Performance (EPS) Payout Matrix" to determine the incentive achieved for the Company portion of the incentive. There is no cap on the payout matrix. For every two cents in EPS achieved over 2.36, the payout increases by 10% (See Incentive Calculation Scenarios for calculation examples).

Corporate Performance (EPS) Payout Matrix
(No Cap)

EPS	EPS Excluding budgeted bonus	Incentive Payout (as percent of target)
2.05—2.06	2.12—2.13	50
2.07—2.08	2.14—2.15	60
2.09—2.10	2.16—2.17	70
2.11—2.12	2.18—2.19	80
2.13—2.14	2.20—2.21	90
2.15—2.16	2.22—2.23	100
2.17—2.18	2.24—2.25	110
2.19—2.20	2.26—2.27	120
2.21—2.22	2.28—2.29	130
2.23—2.24	2.30—2.31	140
2.25—2.26	2.32—2.33	150
2.27—2.28	2.34—2.35	160
2.29—2.30	2.36—2.37	170

2.31—2.32	2.38—2.39	180
2.33—2.34	2.40—2.41	190
2.35—2.36	2.42—2.43	200
Each .02 over 2.36	Each .02 over 2.43	Additional 10%

If there are any major changes in Corporate direction, budgets, or target, the Payout Matrix would be re-evaluated with Board/Compensation Committee approval.

Individual Business Objectives (IBOs)

Each Vice President, Division Vice President, and Director who participates 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. No Vice President or Director will have more than three IBOs without approval by the President. After the fiscal year, a percentage of achievement is then established by the immediate supervisor and approved by the President. This amount is used to determine the Individual Business Objectives portion of the annual payout. **If EPS is less than 2.05, there will be no payout for Individual Business Objectives, regardless of individual achievement level.** (See Incentive Calculation Scenarios for calculation examples.

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.

Division Performance (Division Vice Presidents Only)

The Division Performance is based on actual sales and profit achievement versus flex budget. The President will approve all changes to the flex budget. The sales portion is actual sales achieved v. flex budget for both Company and Franchise units and is weighted at 50% of the Division Performance portion. The profit portion is actual profit achieved v. flex budget for Company units and is weighted at 50% of the Division Performance portion. Refer to the "Division Sales & Profit Payout Matrix" to determine the incentive achieved for the Division portion of the incentive payout. **If EPS is less than 2.05, there will be no payout for the Division Performance portion of the incentive.** (See Incentive Calculation Scenario # 3 for calculation examples.)

Division Sales & Profit Payout Matrix

Sales Achieved v. Flex Budget and Profit Achieved v. Flex Budget	% of Incentive Achieved
Less than 95.0%	0%
95.0—95.9%	50.0%
96.0—96.9%	60.0%
97.0—97.9%	70.0%
98.0—98.9%	80.0%
99.0—99.9%	90.0%
100.0—100.9%	100.0%
101.0—101.9%	105.0%
102.0—102.9%	110.0%
103.0—103.9%	115.0%
104.0—104.9%	120.0%
105.0—105.9%	125.0%
106.0—106.9%	130.0%
107.0—107.9%	135.0%
108.0%—108.9%	140.0%
Each % over 108.9%	Additional 5%

Payment Distribution

Incentive payouts will be distributed within 90 days following the close of the fiscal year for which the incentive was earned. Payouts will be paid in a separate check from the regular payroll check, and are 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 exception must be submitted in writing to the Human Resources Department and must be approved by the President.

INCENTIVE CALCULATION SCENARIOS

Example #1: Low Individual Achiever & Low Corporate Performance (EPS)

Assume a Vice President has a Base Salary of $200,000.

Individual Component

The Individual Performance (IBOs) were reviewed and found that 2 out of 3 goals were achieved. The Individual Component is thus 67%.

Company Component

The Corporate Performance is $2.20 EPS (Earnings Per Share) excluding budgeted bonus calculated using the budgeted weighted shares outstanding. Therefore, the Incentive Achieved is 90% for the Company Component (see "Corporate Performance (EPS) Payout Matrix" on page 4 of the Plan).

Step # 1—Target Payout

Base Salary	×	Target Payout %	=	Target Payout
$200,000	×	(35%)	=	$70,000

Step # 2—Individual Payout

Individual Component	x	Weighted as 30% of Target Payout	=	Individual Payout
67%	x	(30% × $70,000)	=	$14,070

Step # 3—Corporate Performance (EPS) Payout

Corporate Component EPS	x	Weighted as 70% of Target Payout	=	Corporate Performance (EPS) Payout
90%	x	(70% × $70,000)	=	$44,100

Step # 4—Incentive Payout

Individual Payout	+	Corporate Performance (EPS) Payout	=	Incentive Payout
$14,070	+	$44,100	=	$58,170

Example #2: High Individual Achiever & High Corporate Performance (EPS)

Assume a Director has a Base Salary of $100,000.

Individual Component

The Individual Performance (IBOs) were reviewed and found 3 out of 3 goals were achieved. The Individual Component is thus 100%.

Company Component

The Corporate Performance (EPS) is $2.35 EPS (Earnings Per Share) excluding budgeted bonus calculated using the budgeted weighted shares outstanding. Therefore, the Incentive Achieved is 160% for the Company Component (see "Corporate Performance (EPS) Payout Matrix" on page 4 of the Plan).

Step # 1—Target Payout

Base Salary	×	Target Payout %	=	Target Payout
$100,000	×	(20%)	=	$20,000

Step # 2—Individual Payout

Individual Component	x	Weighted as 40% of Target Payout	=	Individual Payout
100%	x	(40% × $20,000)	=	$8,000

Step # 3—Corporate Performance Payout

Company Component	x	Weighted as 60% of Target Payout	=	Corporate Performance (EPS)

				Payout
160%	x	(60% × $20,000)	=	$19,200

Step # 4—Incentive Payout

Individual Payout	+	Corporate Performance (EPS) Payout	=	Incentive Payout
$8,000	+	$19,200	=	$27,200

Example #3: High Individual, Corporate (EPS), and Division Performance.

Assume a DVP has a Base Salary of $180,000.

Individual Component

The Individual Performance (IBOs) were reviewed and found 3 out of 3 goals were achieved. The Individual Component is thus 100%.

Company Component

The Corporate Performance (EPS) is $2.34 EPS (Earnings Per Share) excluding budgeted bonus calculated using the budgeted weighted shares outstanding. Therefore, the Incentive Achieved is 160% for the Company Component (see "Corporate Performance (EPS) Payout Matrix" on page 4 of the Plan).

Division Component

Division performance is 102% of Flex Sales Budget and 104% of Flex Profit Budget. (see "Division Sales & Profit Payout Matrix" on page 5 of the Plan).

Step # 1—Target Payout

Base Salary	×	Target Payout %	=	Target Payout
$180,000	×	(35%)	=	$63,000

Step # 2—Individual Payout

Individual Component	x	Weighted as 30% of Target Payout	=	Individual Payout
100%	x	(30% × $63,000)	=	$18,900

Step # 3—Corporate Performance (EPS) Payout

Company Component	x	Weighted as 35% of Target Payout	=	Company Target
160%	x	(35% × $63,000)	=	$35,280

Step # 4—Division Sales Payout at 102%

Division Component	x	Weighted as 50% of 35% of Target Payout	=	Division Sales Payout
110%	x	(17.5% × $63,000)	=	$12,128

Step # 5—Division Profit Payout at 104%

Division Component	x	Weighted as 50% of 35% of Target Payout	=	Division Profit Payout
120%	x	(17.5% × $63,000)	=	$13,230

Step # 6—Incentive Payout

Individual Payout	+	Company Payout	+	Division Sales Payout	=	Division Profit Payout	=	Incentive Payout
$18,900	+	$35,280	+	$12,128	+	$13,230	=	$79,538

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

EXHIBIT 11.0

IHOP CORP. AND SUBSIDIARIES
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31	
	2002	2001
NET INCOME PER COMMON SHARE BASIC		
Weighted average shares outstanding	20,771	20,048
Net income available to common shareholders	$ 9,756	$ 7,474
Net income per share-basic	$ 0.47	$ 0.37
NET INCOME PER COMMON SHARE DILUTED		
Weighted average shares outstanding	20,771	20,048
Net effect of dilutive stock options based on the treasury stock method using the average market price	398	372
Total	21,169	20,420
Net income available to common shareholders	$ 9,756	$ 7,474
Net income per share-diluted	$ 0.46	$ 0.37