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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 September 30, 2003

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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). 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 October 31, 2003
Common Stock, $.01 par value	21,317,475

IHOP CORP. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2003	December 31, 2002
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 35,670	$ 98,739
Marketable securities	43,713	—
Receivables, net	43,653	46,740
Reacquired franchises and equipment held for sale, net	2,428	2,619
Inventories	867	889
Prepaid expenses	2,079	10,114
Total current assets	128,410	159,101
Long-term receivables	344,672	332,792
Property and equipment, net	313,330	286,226
Reacquired franchises and equipment held for sale, net	13,322	14,842
Excess of costs over net assets acquired, net	10,767	10,767
Other assets	24,732	16,072
Total assets	$ 835,233	$ 819,800

Liabilities and Stockholders' Equity

Current liabilities		
Current maturities of long-term debt	$ 5,723	$ 5,949
Accounts payable	14,487	24,079
Accrued employee compensation and benefits	10,709	7,625
Other accrued expenses	12,844	11,936
Deferred income taxes	1,645	1,370
Capital lease obligations	3,014	2,605
Total current liabilities	48,422	53,564
Long-term debt	143,971	145,768
Deferred income taxes	64,864	69,606
Capital lease obligations	179,190	171,170
Other liabilities	22,746	15,303
Commitments and contingencies	—	—
Stockholders' equity (Note 8)		
Preferred stock, $1 par value, 10,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value, 40,000,000 shares authorized; September 30, 2003: 21,921,699 shares issued and 21,297,008 shares outstanding; December 31, 2002: 21,427,287 shares issued and 21,279,500 outstanding	219	214
Additional paid-in capital	102,730	90,770
Retained earnings	291,976	274,768
Deferred compensation	(238)	(434)
Accumulated other comprehensive loss	(599)	(680)
Treasury stock, at cost (624,691 shares and 147,787 shares at September 30, 2003 and December 31, 2002, respectively)	(19,717)	(2,247)
Contribution to ESOP	1,669	1,998
Total stockholders' equity	376,040	364,389
Total liabilities and stockholders' equity	$ 835,233	$ 819,800

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 September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Revenues				
Franchise revenues	$ 35,761	$ 30,946	$ 104,269	$ 90,933
Rental income	29,581	25,158	86,888	73,548
Company restaurant sales	19,818	19,634	60,827	55,410
Financing revenues	19,602	16,345	50,053	38,591
Total revenues	104,762	92,083	302,037	258,482
Costs and Expenses				
Franchise expenses	16,267	13,673	47,629	41,022
Rental expenses	21,718	18,517	63,857	54,229
Company restaurant expenses	21,485	20,442	64,886	57,623
Financing expenses	11,335	9,027	28,036	18,944
General and administrative expenses	12,744	13,326	38,573	36,676
Other (income) expense, net	2,440	1,357	5,666	3,757
Reorganization charges	1,104	—	8,624	—
Total costs and expenses	87,093	76,342	257,271	212,251
Income before income taxes	17,669	15,741	44,766	46,231
Provision for income taxes	6,625	5,903	16,787	17,337

Net income	$ 11,044	$ 9,838	$ 27,979	$ 28,894
Net Income Per Share				
Basic	$ 0.51	$ 0.47	$ 1.30	$ 1.38
Diluted	$ 0.51	$ 0.46	$ 1.29	$ 1.36
Weighted Average Shares Outstanding				
Basic	21,497	20,958	21,443	20,878
Diluted	21,721	21,235	21,623	21,248
Dividends Declared Per Share	$ .25	$ —	$ .50	$ —
Dividends Paid Per Share	$ .25	$ —	$ .50	$ —

See the accompanying Notes to Consolidated Financial Statements.

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

	Common Stock								
	Shares Issued	Amount	Additional Paid-in Capital	Retained Earnings	Deferred Compensation	Accumulated Other Comprehensive (Loss)	Treasury Stock	Contribution To ESOP	Total
Balance, December 31, 2002	21,427,287	$ 214	$ 90,770	$ 274,768	$ (434)	$ (680)	$ (2,247)	$ 1,998	$ 364,389
Repurchase of Treasury Shares							(18,908)		(18,908)
Reissuance of Treasury Shares —ESOP			560				1,438	(1,998)	0
Issuance of Shares —Stock Plans	494,412	5	8,920						8,925
Tax Benefit from Stock Options Exercised			2,535						2,535
Deferred compensation resulting from grant/cancellation of options			(55)		48				(7)
Dividends—Common stock				(10,771)					(10,771)
Amortization of deferred Compensation					148				148
Other comprehensive income:									
SWAP Valuation (net of tax)						81			81
Contribution to ESOP								1,669	1,669
Net Income				27,979					27,979
Balance September 30, 2003	21,921,699	$ 219	$ 102,730	$ 291,976	$ (238)	$ (599)	$ (19,717)	$ 1,669	$ 376,040

See the accompanying Notes to Consolidated Financial Statements.

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

(Unaudited)

	Nine Months Ended September 30, 2003	2002
Cash flows from operating activities		
Net income	$ 27,979	$ 28,894
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	13,827	11,784
Non-cash reorganization charges	5,534	—
Deferred income taxes	(4,467)	1,862
Contribution to ESOP	1,669	1,410
Tax benefit from stock option exercises	2,535	1,157
Changes in current assets and liabilities		
Accounts receivable	4,472	901
Inventories	22	(18)
Prepaid expenses	8,035	3,859
Accounts payable	(9,592)	(4,566)
Accrued employee compensation and benefits	3,084	545
Other accrued expenses	(1,148)	3,687
Other, net	3,062	(125)
Cash provided by operating activities	55,012	49,390
Cash flows from investing activities		
Additions to property and equipment	(64,993)	(87,324)
Additions to long-term receivables	(10,701)	(7,889)
Purchase of marketable securities	(43,713)	—
Principal receipts from notes and equipment contracts receivable	11,737	13,432
Additions to reacquired franchises held for sale	(1,755)	(381)
Cash used in investing activities	(109,425)	(82,162)
Cash flows from financing activities		
Proceeds from issuance of long-term debt, including revolving line of credit	—	17,203
Proceeds from sale and leaseback arrangements	13,913	46,725
Repayment of long-term debt, including revolving line of credit	(2,023)	(16,444)
Principal payments on capital lease obligations	(1,848)	(1,389)
Dividends declared and paid	(10,771)	—
Treasury stock transactions	(16,852)	—
Proceeds from stock options exercised	8,925	3,576
Cash (used in) provided by financing activities	(8,656)	49,671
(Decrease) increase in cash and cash equivalents	(63,069)	16,899
Cash and cash equivalents at beginning of period	98,739	6,252
Cash and cash equivalents at end of period	$ 35,670	$ 23,151
Supplemental disclosures		
Interest paid, net of capitalized amounts	$ 18,559	$ 14,643
Income taxes paid	14,703	10,768
Capital lease obligations incurred	10,277	—

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 nine months ended September 30, 2003 and 2002, 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, 2002, has been derived from audited consolidated financial statements, but does not include all disclosures required by GAAP. The results of operations for the three and nine months ended September 30, 2003 are not necessarily indicative of the results to be expected for the full year ending December 31, 2003.

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

3. Presentation: IHOP's fiscal quarter ends on the Sunday closest to the last day of each quarter. For convenience, we report all fiscal quarter endings on March 31, June 30, September 30 and December 31.

4. Segments: On January 13, 2003 we announced significant changes in the way the Company conducts business. These include a transition from Company-financed restaurant development to a more traditional franchise development model, in which franchisees finance and develop their new restaurants. As a result of the change in IHOP's business model, the Company has also changed the presentation of its segment information. 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 Franchise Operations segment consists primarily of royalty revenues, sales of proprietary products, advertising fees and franchise fees. The Rental Operations segment consists of rental income and expense and direct financing lease interest income and capital lease interest expense on restaurants operated by franchisees. The Company Restaurant Operations segment includes Company-operated restaurants in the United States. The Finance Operations segment consists of sales of franchises and equipment as well as interest income from the financing of franchise fee and equipment contract notes. Prior period segment information has been restated to conform with the current year presentation. Information on segments and a reconciliation to income before income taxes are as follows:

(dollars in thousands)

	Franchise Operations	Rental Operations	Company Restaurant Operations	Finance Operations	General and Administrative and Other	Consolidated Total
Three Months Ended September 30, 2003						
Revenues from external customers	$ 35,761	$ 29,581	$ 19,818	$ 19,602	$ —	$ 104,762
Intercompany real estate charges	—	4,188	367	—	(4,555)	—
Depreciation & amortization	—	1,214	1,040	—	2,561	4,815
Interest expense	—	4,489	420	1,929	—	6,838
Reorganization charges	—	—	—	—	1,104	1,104
Income tax expense	—	—	—	—	6,625	6,625
Income (loss) before income taxes	$ 19,494	$ 4,577	$ (1,822)	$ 8,267	$ (12,847)	17,669
Three Months Ended September 30, 2002						
Revenues from external customers	$ 30,946	$ 25,158	$ 19,634	$ 16,345	$ —	$ 92,083
Intercompany real estate charges	—	1,528	429	—	(1,957)	—
Depreciation & amortization	—	1,647	1,131	—	1,183	3,961
Interest expense	—	4,088	523	462	—	5,073
Income tax expense	—	—	—	—	5,903	5,903
Income (loss) before income taxes	$ 17,273	$ 5,113	$ (1,095)	$ 7,318	$ (12,868)	$ 15,741

	Franchise Operations	Rental Operations	Company Restaurant Operations	Finance Operations	General and Administrative and Other	Consolidated Total
Nine Months Ended September 30, 2003						
Revenues from external customers	$ 104,269	$ 86,888	$ 60,827	$ 50,053	$ —	$ 302,037
Intercompany real estate charges	—	11,391	1,348	—	(12,739)	—
Depreciation & amortization	—	3,568	3,192	—	7,067	13,827
Interest expense	—	13,325	1,284	5,424	—	20,033
Reorganization charges	—	—	—	—	8,624	8,624
Income tax expense	—	—	—	—	16,787	16,787
Income (loss) before income taxes	$ 56,640	$ 14,249	$ (4,917)	$ 22,017	$ (43,223)	$ 44,766
Nine Months Ended September 30, 2002						

Revenues from external customers	$ 90,933	$ 73,548	$ 55,410	$ 38,591	$ —	$ 258,482
Intercompany real estate charges	—	4,529	1,268	—	(5,797)	—
Depreciation & amortization	—	4,934	3,264	—	3,586	11,784
Interest expense	—	12,379	1,586	1,662	—	15,627
Income tax expense	—	—	—	—	17,337	17,337
Income (loss) before income taxes	$ 49,911	$ 14,789	$ (3,128)	$ 19,647	$ (34,988)	$ 46,231

5. New Accounting Pronouncements: In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). The Company has not entered into any guarantee arrangements since January 1, 2003. This interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued and requires that they be recorded at fair value. The initial recognition and measurement provisions of this interpretation are to be applied only on a prospective basis to guarantees issued or modified after December 31, 2002, which is the fiscal year beginning January 1, 2003 for IHOP. The disclosure requirements of this interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51." The Company currently has no contractual relationship or other business relationship with a VIE and therefore believes that the adoption of FIN 46 will not have a material effect on the Company's consolidated financial position, results of operations or cash flows. The purpose of this interpretation is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, non-controlling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. FIN 46 is effective for all VIEs created or acquired after January 31, 2003. For VIEs created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period ending after December 15, 2003.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement did not have any impact on our Consolidated Financial Statements. This statement establishes standards for the classification and measurement of certain financial instruments with the characteristics of both liabilities and equity. The adoption of SFAS No. 150 is effective for financial statements issued after May 2003.

6. Stock Based Employee Compensation: In accordance with the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," we have elected to account for our stock-based employee compensation plans under the intrinsic value method which requires compensation expense to be recorded only if, on the date of grant, the current market price of the Company's common stock exceeds the exercise price the employee must pay for the stock. The Company's policy is to grant stock options at the fair market value of the underlying stock at the date of grant. Had compensation expense for our stock option plans been determined based on the fair value at the grant date for awards through September 30, 2003 consistent with the provisions of SFAS No. 123, our after-tax net

income and after-tax net income per share would have been reduced to the pro forma amounts indicated below (in thousands, except net income per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income, as reported	$ 11,044	$ 9,838	$ 27,979	$ 28,894
Add stock-based compensation expense included in reported net income, net of related tax effect	30	38	89	111
Less stock-based compensation expense determined under the fair-value accounting method, net of related tax effect	(409)	(411)	(1,149)	(1,183)
Net income, pro forma	$ 10,665	$ 9,465	$ 26,919	$ 27,822
Net income per share—diluted, as reported	$ 0.51	$ 0.46	$ 1.29	$ 1.36
Net income per share—diluted, pro forma	$ 0.49	$ 0.45	$ 1.24	$ 1.31

7. Reorganization Charges: In January 2003, the Company adopted a new operating model, moving from Company-developed and financed restaurant growth to franchisee-financed development. As a result, 2003 financial results will be impacted by certain transition and reorganization charges. For the nine months ended September 30, 2003, we incurred $8.6 million in reorganization charges. $5.5 million of these expenses were related to the write-off of development costs associated with potential sites that we are no longer going to develop as a result of the adoption of our new business model. In addition, we incurred $3.1 million in management consulting, legal fees, severance costs and other expenses associated with the transition to our new business model.

8. Stockholders' Equity: On March 24, 2003, the Company declared its first quarterly cash dividend of $0.25 per share of common stock, which was paid on May 19, 2003 to stockholders of record as of May 1, 2003. In addition, on June 30, 2003, the Company declared its second quarterly cash dividend of $0.25 per share of common stock, which was paid on August 18, 2003 to stockholders of record as of

August 1, 2003.

9. Marketable Securities: Marketable securities are classified as "held-to-maturity" and carried at amortized cost which approximates fair value. These securities consist of investment grade corporate bonds, with maturities of less than one year, in the amount of $43.7 million as of September 30, 2003.

10. Subsequent Event: On October 2, 2003, the Company declared its third quarterly cash dividend of $0.25 per share of common stock, which will be payable on November 21, 2003 to stockholders of record as of November 3, 2003.

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 September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(Dollars in thousands) (Unaudited)			
Restaurant Data				
Effective restaurants(a)				
Franchise	938	849	920	836
Company	76	78	77	75
Area license	128	125	127	123
Total	1,142	1,052	1,124	1,034
System-wide				
Sales(b)	$ 430,273	$ 374,281	$ 1,269,631	$ 1,106,715
Percent change	15.0%	9.3 %	14.7%	10.2 %
Average sales per effective restaurant	$ 377	$ 356	$ 1,130	$ 1,070
Percent change	5.9%	0.3 %	5.6%	2.7 %
Comparable sales percentage change(c)	4.7%	(1.2)%	4.4%	1.0%
Franchise				
Sales	$ 376,242	$ 324,263	$ 1,104,499	$ 956,003
Percent change	16.0%	9.9 %	15.5%	12.4 %
Average sales per effective restaurant	$ 401	$ 382	$ 1,201	$ 1,144
Percent change	5.0%	—	5.0%	1.8 %
Comparable sales percentage change(c)	4.7%	(1.1)%	4.3%	1.1 %
Company				
Sales	$ 19,818	$ 19,634	$ 60,827	$ 55,410
Percent change	0.9%	14.1 %	9.8%	6.6 %
Average sales per effective restaurant	$ 261	$ 252	$ 790	$ 739
Percent change	3.6%	1.2 %	6.9%	2.4 %
Area License				
Sales	$ 34,213	$ 30,384	$ 104,305	$ 95,302
Percent change	12.6%	0.6 %	9.4%	(6.1)%
Average sales per effective restaurant	$ 267	$ 243	$ 821	$ 775
Percent change	9.9%	(1.6)%	5.9%	3.1 %

(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 and have been open for at least 18 months. 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.

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

	Three Months Ended, September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(Unaudited)		(Unaudited)	
RESTAURANT DEVELOPMENT ACTIVITY				
IHOP—beginning of period	1,136	1,043	1,103	1,017
New openings				
IHOP-developed	12	21	45	45
Franchisee-developed	1	2	7	7
Area license	4	2	4	4
Total new openings	17	25	56	56
Closings				
Company and franchise	(4)	(4)	(10)	(9)
Area License	—	(1)	—	(1)
IHOP—end of period	1,149	1,063	1,149	1,063
Summary—end of period				
Franchise	952	861	952	861
Company	68	77	68	77
Area license	129	125	129	125
Total IHOP	1,149	1,063	1,149	1,063
RESTAURANT FRANCHISING ACTIVITY				
IHOP-developed	21	17	51	39
Franchisee-developed	1	2	7	7
Rehabilitated and refranchised	4	4	6	5
Total restaurants franchised	26	23	64	51
Reacquired by IHOP	(4)	(2)	(10)	(6)
Closed	(2)	(3)	(4)	(7)
Net addition	20	18	50	38

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: risks associated with the implementation of the Company's strategic growth plan; the ability to continue to attract qualified franchisees; 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

On January 13, 2003, we announced significant changes in the way we conduct our business. These include a transition from Company-financed restaurant development (the "Old Model") to a more traditional franchise development model, in which franchisees finance and develop their new restaurants (the "New Model").

Franchising

The Company views 2003 as a year of transition from the Old Model to the New Model. Our franchising activities will include both company financed and franchisee financed development in 2003. For clarity of presentation, the discussion below is separated between those activities specific to the Old Model and those which apply to the New Model.

Old Model

Under the Old Model, when we develop a restaurant we identify the site for the new restaurant, purchase the site or lease it from a third party, and build the restaurant and equip it with all required equipment. We select and train the franchisee and supervisory personnel who will operate the restaurant. In addition, we typically finance approximately 80% of the franchise fee, and lease the restaurant and equipment to the franchisee. In accordance with GAAP, the equipment lease between the Company and the franchisee is treated as a sale in our financial statements. After the franchisee is operating the restaurant, we provide continuing support with respect to operations, marketing and new product development.

Our involvement in the development of new restaurants allows IHOP to charge a franchise and development fee ranging from $200,000 to $550,000. In addition, we derive income from the financing of the franchise fee and from the leasing of property and equipment to franchisees. However, we also incur obligations in the development, franchising and start-up operations of the new restaurants.

The franchisee typically pays approximately 20% of the initial franchise fee in cash, and we finance the remaining amount over five to eight years. We also receive continuing revenues from the franchisee as follows: (1) a royalty equal to 4.5% of the restaurant's sales; (2) income from the leasing of the restaurant property and financing of related equipment; (3) revenue from the sale of certain proprietary products, primarily pancake mixes; (4) a local advertising fee equal to about 2% of the restaurant's sales, which is usually collected by IHOP and then paid to a local advertising cooperative; and (5) a national advertising fee equal to 1% of the restaurant's sales. In some cases, we have agreed to accept reduced royalties for a period of time from franchisees in order to assist them in establishing their businesses, where business conditions justify it.

New Model

Under the New Model, IHOP's approach to franchising is similar to that of most franchising systems in the foodservice industry. Franchisees can undertake individual store development or multi-store development. Under the single store development program, the franchisee will be required to pay a non-refundable location fee of $15,000. If the proposed site is approved for development, the location fee of $15,000 will be credited against an initial franchise fee of $50,000. The franchisee will then use his or her own capital and financial resources to acquire the site, build and equip the business and fund working capital needs.

In addition to offering franchises for individual restaurants, the Company offers multi-store development agreements for certain qualified franchisees. These multi-store development agreements provide franchisees with an exclusive right to develop new IHOP restaurants in designated geographic territories for a specified period of time. Multi-store developers are required to develop and operate a specified number of restaurants according to an agreed upon development schedule. Multi-store developers are required to pay a development fee of $20,000 for each restaurant to be developed under a multi-store development agreement. Additionally, for each store which is actually developed, the franchise developer must pay an initial franchise fee of $40,000 against which the development fee of $20,000 is credited. The number of stores and the schedule of stores to be developed under multi-store development agreements is negotiated on an agreement by agreement basis. Therefore, the total development and initial franchise fees are subject to the outcome of those negotiations. With respect to restaurants developed under the New Model, the Company will receive continuing revenues from the franchisee as follows: (1) a royalty equal to 4.5% of the restaurant's sales; (2) revenue from the sale of certain proprietary products, primarily pancake mixes; (3) a local advertising fee equal to about 2% of the restaurant's sales, which is usually paid to a local advertising cooperative; and (4) a national advertising fee equal to 1% of the restaurant's sales.

While there is no specific profile for franchise candidates, the Company primarily expects to market franchises to existing operators who currently own and operate one or more restaurants in the IHOP system or other non-competing segments of the restaurant business, such as quick service or casual dining restaurants.

Segment Reporting

IHOP's revenues and expenses are recorded in four categories: franchise operations, rental operations, Company restaurant operations and finance operations.

Franchise revenue includes payments from franchisees and area licensees of royalties, advertising fees, proceeds from the sale of proprietary products, primarily pancake mix, and franchise fees. Franchise expenses include advertising and the cost of proprietary products.

Rental revenue includes revenue from operating leases and interest income from direct financing leases. Rental expenses are costs of operating leases and interest expense on capital leases on franchise-operated restaurants.

Company restaurant sales are retail sales at IHOP-operated restaurants. Company restaurant costs and expenses are operating expenses at IHOP-operated restaurants and include food, labor and benefits, utilities, rent and other real estate related costs.

Financing revenues include the portion of franchise fees associated with development and financing, proceeds from the sale of restaurant equipment, and interest income from the financing of franchise and equipment notes. Financing costs and expenses are primarily the cost of restaurant equipment and interest expense not associated with capital leases.

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, which are no longer operated as IHOP restaurants, and are unpredictable in timing and amount.

Comparison of Quarter Ended September 30, 2003 to Quarter Ended September 30, 2002

The fiscal quarters ended September 30, 2003 and 2002 were comprised of 13 weeks (91 days).

Beginning in the second quarter 2003, IHOP changed its methodology for calculating comparable store sales from a 12-month basis to an 18-month basis. Prior year information has been restated for comparability purposes. The Company believes that an 18-month comparison period provides a more accurate view of its system's performance by excluding the impact of high sales levels typically seen during the first months of operation at new restaurants. All same-store sales information in this Quarterly Report on Form 10-Q is presented using the 18-month methodology.

System-Wide Retail Sales

System-wide retail sales include the sales from all IHOP restaurants as reported to IHOP by its franchisees, area licensees and Company-operated restaurants. System-wide retail sales grew by $56.0 million or 15.0% in the third quarter of 2003 over the same period in 2002. The growth in system-wide sales was primarily due to an increase in the number of effective restaurants, and a 4.7% increase in comparable restaurant 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 8.6% from 1,052 to 1,142 in the third quarter of 2003 over the same period in the prior year due to new restaurant development.

Franchise Operations

Franchise revenues are the revenues received by IHOP from its franchisees and area licensees and primarily include royalties, sales of proprietary products, advertising fees and franchise fees. Franchise and license revenues grew by 15.6% to $35.8 million in the third quarter of 2003 from $30.9 million in the same period of 2002. Franchise and license revenues increased primarily due to an increase in retail sales in franchise restaurants of 16.0% from $324.3 million in the third quarter of 2002 to $376.2 million in the third quarter of 2003. The increase in retail sales in franchised restaurants was primarily due to a 10.5% increase in the number of effective franchise restaurants from 849 to 938, and a 4.7% increase in comparable franchise restaurant sales.

Franchise expenses consist primarily of advertising expenses and the cost of proprietary products, which are variable in nature and are expected to fluctuate with franchise revenues. Franchise expenses increased by 19.0% to $16.3 million in the third quarter of 2003 from $13.7 million in the third quarter of 2002. The increase in franchise expenses was primarily a result of the increase in franchise revenues mentioned above.

Franchise operations margin increased by 12.9% from $17.3 million in the third quarter of 2002 to $19.5 million in the same period in 2003.

Rental Operations

Rental revenue includes rental income from operating leases and interest income from direct financing leases. Rental revenues increased by 17.6% to $29.6 million in the third quarter of 2003 from $25.2 million in the same period of 2002. An increase in rental income associated with an increase in operating leases was the primary cause of the rental revenue increase.

Rental expenses consist primarily of rental costs associated with operating leases and interest expense on direct financing leases.

Rental expenses increased by 17.3% to $21.7 million in the third quarter of 2003 from $18.5 million in the same period of 2002. An increase in rental costs associated with an increase in operating leases was the primary cause of the increase in rental expenses.

Rental operations margin increased by 18.4% from $6.6 million in the third quarter of 2002 to $7.9 million in the same period in 2003.

Company Restaurant Operations

Company restaurant operations revenues are retail sales to customers at restaurants operated by IHOP. Company restaurant operations revenues increased by 0.9% to $19.8 million in the third quarter of 2003 from $19.6 million in the same period of 2002. The increase in Company restaurant operating revenues was primarily due to a 3.6% increase in average sales per effective Company restaurant. The increase in average sales per effective Company restaurant was partially offset by a decrease of 2.6% in effective IHOP-operated restaurants.

Company restaurant expenses include food, labor and benefits, utilities, rent and other real estate related costs. Company restaurant expenses increased by 5.1% to $21.5 million in the third quarter of 2003 from $20.4 million in the same period of 2002. Company restaurant expenses were impacted by higher costs associated with reacquired and newly opened IHOP-operated restaurants and labor related costs. The higher labor related expenses were due primarily to the hiring of new Assistant General Managers and higher worker's compensation and management incentive expenses.

Company restaurant operations margin is Company restaurant operations revenues less Company restaurant expenses. Company restaurant operations margin was a negative $1.7 million in the third quarter of 2003, or 106.3% greater than the negative gross margin of $0.8 million in the same period of 2002. The primary reason for the increased loss on Company restaurant operations was an increase in costs associated with reacquired and newly opened IHOP-operated restaurants and labor related expenses in the third quarter of 2003 over 2002. Higher labor related expenses were due primarily to the hiring of new Assistant General Managers and higher worker's compensation and management incentive expenses.

Financing Operations

Financing operations revenues are primarily revenues from the sale of franchises and equipment and interest income on the financing of franchise fee and equipment notes. Finance operations revenues increased by 19.9% to $19.6 million in the third quarter of 2003 from $16.3 million in the same period of 2002. The increase in revenues was primarily due to a 23.5% increase in the sale of IHOP-developed restaurants from 17 in the third quarter of 2002 to 21 in the same period of 2003.

Financing operations costs and expenses are primarily the cost of restaurant equipment and interest expense not associated with capital leases. Finance operations costs and expenses increased by 25.6% to $11.3 million in the third quarter of 2003 from $9.0 million in the same period of 2002. The increase in costs was primarily due to the increase in the sale of IHOP-developed restaurants mentioned above and an increase in interest expense associated with a private placement of debt in November 2002.

Financing operations margin in the third quarter of 2003 was $8.3 million, or 13.0% above the prior period margin of $7.3 million. The primary reason for the increase in financing operations margin was the increase in profits associated with the sale of IHOP-developed restaurants, and an increase in franchise and equipment note interest. The increase was partially offset by additional interest expense associated with the senior notes issued in connection with the November 2002 private placement.

General and Administrative Expenses

General and administrative expenses decreased $0.6 million, or 4.4%, from $13.3 million in the third quarter of 2002 to $12.7 million in the same period of 2003. The decrease in general and administrative expenses was due primarily to lower management consulting expenses in 2003 when compared to 2002.

Other (Income) Expense, Net

Other (income) expense, net, increased $1.1 million or 79.8%, from $1.4 million in the third quarter of 2002 to $2.4 million in the same period of 2003. The increase in other (income) expense, net was primarily due to a write-down of assets of $0.9 million resulting from the decision to close a restaurant.

Reorganization Charges

Reorganization charges of $1.1 million were incurred in the third quarter of 2003 as a result of IHOP's transition to its new business model. Reorganization charges are described more fully in Note 7 to the Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Provision for Income Taxes

The Company's effective tax rate was 37.5% for the third quarter of both 2003 and 2002.

Comparison of the Nine Months Ended September 30, 2003 and 2002

The nine months ended September 30, 2003 and 2002 were comprised of 39 weeks (273 days).

Beginning in the second quarter 2003, IHOP has changed its methodology for calculating comparable store sales from a 12-month basis to an 18-month basis. Prior year information has been restated for comparability purposes. The Company believes that implementing an 18-month comparison period will enable a more accurate view of its system's performance by excludingthe impact of high sales levels typically seen during the first months of operation at new restaurants. All same-store sales information in this Quarterly Report on Form 10-Q is presented using the 18-month methodology.

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 $162.9 million or 14.7% in the nine months ended September 30, 2003 over the same period in 2002. The growth in system-wide sales was primarily due to an increase in the number of effective restaurants, and a 4.4% increase in comparable restaurant 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 8.7% from 1,034 to 1,124 in the nine months ended September 30, 2003 over the same period in the prior year due to new restaurant development.

Franchise Operations

Franchise revenues are the revenues received by IHOP from its franchisees and area licensees and primarily include royalties, sales of proprietary products, advertising fees and franchise fees. Franchise and license revenues grew by 14.7% to $104.3 million in the nine months ended September 30, 2003 from $90.9 million in the same period of 2002. Franchise and license revenues grew primarily due to an increase in retail sales in franchise restaurants of 15.5% from $956.0 million in the nine months ended September 30, 2002 to $1,104.5 million in the nine months ended September 30, 2003. The increase in retail sales in franchised restaurants was primarily due to a 10.0% increase in the number of effective franchise restaurants from 836 to 920 and a 4.3% increase in comparable franchise restaurant sales.

Franchise expenses consist primarily of advertising and the cost of proprietary product, which are variable in nature and are expected to fluctuate with franchise revenues. Franchise expenses increased by 16.1% to $47.6 million in the nine months ended September 30, 2003 from $41.0 million in the nine months ended September 30, 2002. The increase in franchise expenses was primarily a result of the increase in franchise revenues mentioned above.

Franchise operations margin increased by 13.5% from $49.9 million in the nine months ended September 30, 2002 to $56.6 million in the same period in 2003.

Rental Operations

Rental revenue includes rental income from operating leases and interest income from direct financing leases. Rental revenues increased by 18.1% to $86.9 million in the nine months ended September 30, 2003 from $73.5 million in the same period of 2002. An increase in rental income associated with an increase in operating leases was the primary cause of the revenue increase.

Rental expenses consist primarily of rental expense associated with operating leases and interest expense on direct financing leases. Rental expenses increased by 17.8% to $63.9 million in the nine months ended September 30, 2003 from $54.2 million in the same period of 2002. An increase in rental costs associated with an increase in operating leases was the primary cause of the increase in rental expense.

Rental operations margin increased by 19.2% from $19.3 million in the nine months ended September 30, 2002 to $23.0 million in the same period in 2003.

Company Restaurant Operations

Company restaurant operations revenues are retail sales to customers at restaurants operated by IHOP. Company restaurant operations revenues increased by 9.8% to $60.8 million in the nine months ended September 30, 2003 from $55.4 million in the same period of 2002. Increases in the number of effective IHOP-operated restaurants coupled with an increase in average sales per effective company restaurant primarily caused the revenue increase. Effective IHOP-operated restaurants increased from 75 to 77 or 2.7%, in the nine months ended September 30, 2003 over the same period in 2002. Average sales per effective Company restaurant increased by 6.9%.

Company restaurant expenses include food, labor and benefits, utilities, rent and other real estate related costs. Company restaurant expenses increased by 12.6% to $64.9 million in the nine months ended September 30, 2003 from $57.6 million in the same period of 2002. Company restaurant expenses were impacted by higher costs associated with reacquired and newly opened IHOP-operated restaurants and labor related costs. The higher labor related expenses were due primarily to the hiring of new Assistant General Managers and higher worker's compensation and management incentive expenses.

Company restaurant operations margin is Company restaurant operations revenues less Company restaurant expenses. Company restaurant operations margin was a negative $4.1 million in the nine months ended September 30, 2003, or 83.4% greater than the negative gross margin of $2.2 million in the same period of 2002. The primary reason for the increased loss on Company restaurant operations was an increase in costs associated with reacquired and newly opened IHOP-operated restaurants and labor related expenses for the nine months ended September 30, 2003 over 2002. Higher labor related expenses were due primarily to the hiring of new Assistant General Managers and higher worker's compensation and management incentive expenses.

Financing Operations

Financing operations revenues are primarily revenues from the sale of franchises and equipment and interest income on the financing of franchise fee and equipment notes. Finance operations revenues increased by 29.7% to $50.1 million in the nine months ended September 30, 2003 from $38.6 million in the same period of 2002. The increase in revenues was primarily due to a 30.8% increase in the sale of IHOP-developed restaurants from 39 in the nine months ended September 30, 2002 to 51 in the same period of 2003.

Financing operations costs and expenses are primarily the cost of restaurant equipment and interest expense not associated with capital leases. Finance operations costs and expenses increased by 48.0% to $28.0 million in the nine months ended September 30, 2003 from $18.9 million in the same period of 2002. The increase in costs was primarily due to the increase in the sale of IHOP-developed restaurants mentioned above and an increase in interest expense associated with a private placement of debt in November 2002.

Financing operations margin in the nine months ended September 30, 2003 was $22.0 million or 12.1%, above the prior period margin of $19.6 million. The primary reason for the increase in finance operations margin was the increase in the sale of IHOP-developed restaurants from 39 in 2002 to 51 in 2003. The increase was partially offset by additional interest expense of $3.9 million associated with the senior notes issued in the November 2002 private placement.

General and Administrative Expenses

General and administrative expenses increased $1.9 million, or 5.2%, from $36.7 million in the nine months ended September 30, 2002 to $38.6 million in the same period of 2003. The increase in general and administrative expenses was due primarily to normal increases in salaries and wages and additional costs associated with the new focus on marketing, operations, training and information technology.

Other (Income) Expense, Net

Other (income) expense, net, increased $1.9 million or 50.8%, from $3.8 million in the nine months ended September 30, 2002 to $5.7 million in the same period of 2003. The increase in other (income) expense, net was primarily due to a write-down of assets of $0.9 million resulting from the decision to close a restaurant.

Reorganization Charges

Reorganization charges of $8.6 million were incurred in the nine months ended September 30, 2003, as a result of IHOP's transition to its new business model. Reorganization charges are described more fully in Note 7 to the Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Provision for Income Taxes

The Company's effective tax rate was 37.5% for both the nine months ended September 30, 2003 and 2002.

Balance Sheet Accounts

The balance of cash and cash equivalents at September 30, 2003 decreased to $35.7 million from $98.7 million at December 31, 2002, primarily due to the purchase of highly liquid marketable securities of $43.7 million.

Marketable securities at September 30, 2003 increased to $43.7 million from zero at December 31, 2002, due primarily to the purchase of short-term investment grade corporate bonds maturing at various dates through September 2004.

The balance of property and equipment, net at September 30, 2003 increased 9.5% to $313.3 million from $286.2 million at December 31, 2002, primarily due to new restaurant development.

Liquidity and Capital Resources

In 2003, the Company will still invest in the development of additional restaurants and, to a lesser extent, in the remodeling of older Company-operated restaurants. 2003 will be a transition year to the Company's New Model with a reduced level of development-related investments in 2003 and little or no investment in development thereafter.

In 2003, IHOP and its franchisees and area licensees plan to develop and open approximately 77 to 81 restaurants. Included in that number is the development of 58 new restaurants by the Company and the development of 19 to 23 restaurants by our franchisees and area licensees. Capital expenditure projections for 2003, which include our portion of the above development program, are estimated to be approximately $90 million to $100 million. In November 2003, the fourth installment of $3.9 million in principal is due on our senior notes due 2008. We expect that funds from operations and proceeds from our November 2002 private placement of senior notes, proceeds from leasehold mortgage term debt, proceeds from sale and leaseback arrangements, and our $25 million revolving line of credit will be sufficient to cover our operating requirements, our budgeted capital expenditures, our principal repayments on our senior notes, dividend payments and share repurchases through December 2003. At September 30, 2003, the Company had cash and cash equivalents of $35.7 million, and $25 million was available to be borrowed under our noncollateralized bank revolving line of credit agreement.

On January 13, 2003, the Company announced that the Board of Directors had authorized the repurchase of up to an additional 2.6 million shares of IHOP Corp. common stock. For the nine months ended September 30, 2003, the Company had cumulatively repurchased 0.6 million shares of its common stock.

The following are our significant contractual obligations and payments as of September 30, 2003 (in thousands):

	Payments Due By Period				
Contractual Obligations	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**Thereafter**	**Total**
Debt excluding capital leases	$ 5,723	$ 11,762	$ 39,572	$ 92,637	$ 149,694
Operating leases	58,399	115,489	115,825	883,860	1,173,573
Capital leases	22,542	45,945	46,189	305,170	419,846
Contractual obligations	$ 86,664	$ 173,196	$ 201,586	$ 1,281,667	$ 1,743,113

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements other than the operating leases disclosed above.

Outlook

As discussed above, in January 2003, the Company adopted its new operating model, transitioning from Company-developed and financed restaurant growth to franchisee-financed development. 2003 will be characterized by the continued execution of our old operating model at a lower level than in 2002 with a migration to the new model.

The Company believes that in 2003 the continuation of the old business model will result in the development and financing of approximately 58 new restaurants by the Company. We expect all other revenue factors to be consistent with past practice. We believe that franchise royalties will, with a few exceptions, continue to be 4.5% of franchise restaurant sales, and there will continue to be profitable sales of proprietary products. We will also continue to charge our franchisees for national and cooperative advertising at a combined rate of 3% of restaurant sales. In addition, interest charges related to the financing of franchise and equipment notes will also be the same as past practices.

As we move to 2004 and beyond, we expect to internally finance very few new IHOP restaurants and we expect the number of franchisee-developed restaurants to increase from historical levels. We do not expect to reach our ongoing franchisee development level until 2005. In 2005, we expect that our franchisees will develop 65 to 85 restaurants.

In 2004 and thereafter, other economic terms should remain consistent with past practices. However, we will no longer receive new or additional streams of revenue from leasing and financing activities. We will continue to receive revenues from pre-existing leases and notes entered into in 2003 and earlier. As these leases expire and notes are repaid, associated revenues will decline accordingly.

In July 2003, the Company announced a strategic reorganization of the Company designed to realign IHOP's corporate structure and resources to support the requirements of its new operating model and increased marketing and operational efforts. We anticipate the reorganization to be substantially completed by the end of the first quarter of 2004. The reorganization is expected to result in on-going steady-state cost reductions of approximately $3 million per year.

New Accounting Pronouncements

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). The Company has not entered into any guarantee arrangements since January 1, 2003. This interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued and requires that they be recorded at fair value. The initial recognition and measurement provisions of this interpretation are to be applied only on a prospective basis to guarantees issued or modified after December 31, 2002, which is the fiscal year beginning January 1, 2003 for IHOP. The disclosure requirements of this interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51." The Company currently has no contractual relationship or other business relationship with a VIE and therefore believes that the adoption of FIN 46 will not have a material effect on the Company's consolidated financial position, results of operations or cash flows. The purpose of this interpretation is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, non-controlling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. FIN 46 is effective for all VIEs created or acquired after January 31, 2003. For VIEs created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period ending after December 15, 2003.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement did not have any impact on our Consolidated Financial Statements. This statement establishes standards for the classification and measurement of certain financial instruments with the characteristics of both liabilities and equity. The adoption of SFAS No. 150 is effective for financial statements issued after May 2003.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to interest rate risk for its investments in marketable securities. At September 30, 2003, the Company had $43.7 million in marketable securities maturing at various dates through September 2004. The Company's investments are comprised primarily of investment grade corporate bonds. The Company generally holds investments until maturity, and therefore should not bear any interest risk due to early disposition. Any premium or discount recognized upon the purchase of an investment is amortized over the term of the investment. At September 30, 2003, the fair value of investments approximated the carrying value.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

(a) None

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

(a) Exhibits

3.1 Restated Certificate of Incorporation of IHOP Corp. (Exhibit 3.1 to IHOP Corp.'s Form 10-K for the fiscal year ended December 31, 2002 is incorporated herein by reference).

3.2 Bylaws of IHOP Corp. (Exhibit 3.2 to the 2002 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 September 30, 2001 is incorporated herein by reference).

*10.1 Employment Agreement between IHOP Corp. and Patrick Piccininno dated July 14, 2003 is filed herewith.

11.0 Statement Regarding Computation of Per Share Earnings.

31.1	Certification of CEO pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of CFO pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of CFOpursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K.

On August 12, 2003, IHOP furnished a Current Report on Form 8-K, dated August 7, 2003, under Item 12 with respect to earnings information for the quarterly period ended June 30, 2003.

On October 24, 2003, IHOP furnished a Current Report on Form 8-K, dated October 24, 2003, under Item 12 with respect to earnings information for the quarterly period ended September 30, 2003.

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)	
November 6, 2003	BY:	/s/ JULIA A. STEWART
(Date)		President and Chief Executive Officer (Principal Executive Officer)
November 6, 2003		/s/ THOMAS CONFORTI
(Date)		Chief Financial Officer (Principal Financial Officer)

QuickLinks

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of the 14 th day of July, 2003 (the "Effective Date"), between IHOP CORP., a Delaware corporation (the "Company"), and Patrick Piccininno (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 Vice President—Information Technology 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 Southern California, and shall not be required to relocate outside of Southern California 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 second anniversary of the Effective Date; provided, however, that on the second 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 $215,000.00, 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.

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5. Hiring Incentive. 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. 2001 Stock Incentive Plan, as amended, and a Stock Option Agreement setting forth, among other things, the option exercise vesting schedule and option exercise price.

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 $600 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 as determined in accordance with the Company's general policy for senior executives, except that from the Effective Date until the 5th anniversary of the Effective Date you will accrue vacation time at the rate of 5.0 hours per pay period (annual accrual = 120 hours) and from and after the 5th anniversary of the Effective Date you will accrue vacation time at the rate of 6.6667 hours per pay period (annual accrual = 160 hours).

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.

10. Professional Services Allowance. The Employee shall be entitled to reimbursement by the Company for expenses incurred by him for personal legal, accounting, investment, estate planning services or other similar services as outlined in the Company's Professional Services Allowance policy, in an amount to be determined by the Board, but in no event greater than $10,000 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.

(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 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 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;

(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.

(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 the Employee 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 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 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, 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) Non-competition. 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, 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. 450 North Brand Blvd. Glendale, California 91203-1903 to the attention of the Board of Directors;
with a copy to:	the Secretary of the Company
Employee:	Patrick Piccininno 9815 Chamberlain Street Ventura, CA 93004

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,

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 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.

IHOP Corp.	**Employee**
By: ______________________	______________________
Julia A. Stewart President & CEO	Patrick Piccininno

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EXHIBIT 11.0

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
NET INCOME PER COMMON SHARE BASIC				
Weighted average shares outstanding	21,497	20,958	21,443	20,878
Net income available to common shareholders	$ 11,044	$ 9,838	$ 27,979	$ 28,894
Net income per share—basic	$ 0.51	$ 0.47	$ 1.30	$ 1.38
NET INCOME PER COMMON SHARE DILUTED				
Weighted average shares outstanding	21,497	20,958	21,443	20,878
Net effect of dilutive stock options based on the treasury stock method using the average market price	224	277	180	370
Total	$ 21,721	$ 21,235	21,623	21,248
Net income available to common shareholders	$ 11,044	$ 9,838	$ 27,979	$ 28,894
Net income per share-diluted	$ 0.51	$ 0.46	$ 1.29	$ 1.36

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Exhibit 31.1

**Certification Pursuant to
Rule 13a-14(a) of the
Securities Exchange Act of 1934, As Amended**

I, Julia A. Stewart, President and Chief Executive Officer of IHOP Corp., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IHOP Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2003

/s/ JULIA A. STEWART

Julia A. Stewart
President and Chief Executive Officer
(Principal Executive Officer)

QuickLinks

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, As Amended

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Exhibit 31.2

Certification Pursuant to
Rule 13a-14(a) of the
Securities Exchange Act of 1934, As Amended

I, Thomas Conforti, Vice President, Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IHOP Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (d) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (e) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2003

/s/ THOMAS CONFORTI

Thomas Conforti
Chief Financial Officer
(Principal Financial Officer)

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Exhibit 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of IHOP Corp. (the "Company") on Form 10-Q for the quarter ended September 30, 2003, as filed with the Securities and Exchange Commission on November 6, 2003, (the "Report"), Julia A. Stewart, as President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 6, 2003

/s/ JULIA A. STEWART

Julia A. Stewart
President and Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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Exhibit 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of IHOP Corp. (the "Company") on Form 10-Q for the quarter ended September 30, 2003, as filed with the Securities and Exchange Commission on November 6, 2003, (the "Report"), Tom Conforti, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 6, 2003

/s/ THOMAS CONFORTI

Thomas Conforti
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.