IHOP CORP
Form DEF 14A
April 18, 2003

QuickLinks -- Click here to rapidly navigate through this document

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

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

Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

IHOP CORP.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

IHOP CORP.
450 NORTH BRAND BOULEVARD
GLENDALE, CALIFORNIA 91203

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 20, 2003

To the Shareholders of IHOP Corp.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the "Meeting") of IHOP Corp., a Delaware corporation (the "Company"), will be held at the Hilton Hotel in Glendale, 100 West Glenoaks Boulevard, Glendale, California, on Tuesday, May 20, 2003, at 10:00 a.m., local time, for the following purposes:

(1) To elect two Class III directors, each to serve for a term of three years and until his or her successor is duly elected and qualified.

(2) To approve and ratify the appointment of PricewaterhouseCoopers LLP, as the Company's independent public accountants for the year ending December 31, 2003.

(3) To transact such other business as may properly come before the Meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 26, 2003, the record date for the Meeting, are entitled to notice of and to vote at the Meeting and any adjournment thereof. A list of such shareholders will be available for examination at the principal executive offices of the Company located at 450 North Brand Boulevard, Glendale, California 91203, at least ten days prior to the Meeting.

To assure that your interests will be represented, whether or not you plan to attend the Meeting, please complete, sign and date the accompanying proxy card and promptly return it in the pre-addressed envelope provided, which requires no postage if mailed in the United States. All shareholders are cordially invited to attend the Meeting in person. If you attend the Meeting, you may vote in person if you wish, even if you have previously returned your proxy card.

By Order of the Board of Directors,

Mark D. Weisberger
Secretary

April 18, 2003
Glendale, California

IHOP CORP.
450 North Brand Boulevard
Glendale, California 91203

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
To Be Held On Tuesday, May 20, 2003

SOLICITATION OF PROXIES

This Proxy Statement ("Proxy") is furnished to the shareholders of IHOP Corp. ("IHOP" or the "Company") in connection with the solicitation of Proxies by the Board of Directors of the Company to be voted at the Annual Meeting of Shareholders (the "Meeting") to take place on Tuesday, May 20, 2003, at 10:00 a.m. at the Hilton Hotel in Glendale, 100 West Glenoaks Boulevard, Glendale, California, and at any adjournment thereof. In addition to solicitation by use of the mails, proxies may be solicited by directors, officers and employees of the Company personally or by telephone. Such directors, officers and employees will not be additionally compensated, but may be reimbursed for out-of-pocket expenses, in connection with such solicitation. IHOP will bear all of the costs of preparing, printing, assembling and mailing this Proxy Statement and the proxy card and all of the costs of the solicitation of the proxies. The Company will also pay to banks, brokers, nominees and certain other fiduciaries their reasonable expenses incurred in forwarding proxy material to the beneficial owners of securities held by them.

Only shareholders of record at the close of business on March 26, 2003 (the "Record Date"), will be entitled to receive notice of, and to vote at, the Meeting. As of the Record Date, there were outstanding 21,437,754 shares of Common Stock, par value $.01 per share (the "Common Stock"), of the Company. Each shareholder of record is entitled to one vote for each share of Common Stock held by such holder and may vote such shares either in person or by proxy. The presence in person or by proxy of holders of 10,718,878 shares of Common Stock will constitute a quorum at the Meeting. Assuming a quorum is present, directors shall be elected by a plurality of the votes cast in the election of directors. Other matters submitted for shareholder approval shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote at the Meeting. Abstentions and broker non-votes will be counted and will have the same effect as "no" votes.

The enclosed Proxy, if executed and returned, will be voted as directed on the Proxy or, in the absence of such direction, will be voted for the election of the nominees as directors and for the approval and ratification of the appointment of PricewaterhouseCoopers, LLP, as the Company's independent public accountants. If any other matters shall properly come before the Meeting, the persons authorized to vote the Proxies solicited hereunder will vote on these matters at their discretion. The Proxy may be revoked at any time before it is voted by filing with the Secretary of the Company, at or before the Meeting, a written revocation bearing a date later than the date of the Proxy; by duly executing a Proxy with a later date relating to the same shares and delivering it to the Secretary of the Company at or before the Meeting; or by attending and voting at the Meeting.

The approximate date on which this Proxy Statement and form of Proxy are first being sent to shareholders is April 18, 2003.

ELECTION OF DIRECTORS

The Board of Directors of the Company is divided into three classes of three directors each. Class III directors currently serve until the Meeting, Class I directors until the Annual Meeting of Shareholders in 2004 and Class II directors until the Annual Meeting of Shareholders in 2005 (in each case, until their respective successors are duly elected and qualified). At the Meeting, three Class III directors will be elected for three-year terms. Shares of Common Stock represented by the enclosed Proxy, if returned duly executed and unless instructions to the contrary are indicated thereon, will be voted for the nominees listed below.

The Board of Directors has designated the two nominees listed below for election as Class III directors of the Company for terms expiring in 2006. The enclosed Proxy will be voted as specified thereon or, if no instructions are given, for the Board's nominees; however, the persons designated to vote Proxies reserve full discretion to vote the Common Stock represented by the Proxies for the election of the remaining nominees and any substitute nominee or nominees designated by the Board of Directors in the event the nominee who would otherwise receive the votes is unavailable or unable to serve as a candidate for election as a director. The Board of Directors has no reason to believe that any of the nominees will be unavailable or unable to serve if elected. In January 2003, Richard K. Herzer retired and resigned from the Board of Directors. Mr. Herzer was a Class III director. The Compensation and Nominating Committee of the Board of Directors has commenced a search for a suitable candidate to fill the vacancy created by Mr. Herzer's resignation, however, as of the date of this Statement, no candidate has been chosen and the board seat formerly held by Mr. Herzer will remain vacant indefinitely.

INFORMATION CONCERNING NOMINEES AND MEMBERS OF THE BOARD OF DIRECTORS

The following sets forth the nominees for election to the Board of Directors, the directors of the Company whose terms in office will continue after the Meeting, and certain information with respect to each nominee and continuing director. Unless otherwise indicated, each person has held his or her principal occupation for more than five years. For information regarding the ownership of shares of Common Stock by IHOP's directors and executive officers and each nominee for election as a director of the Company, see "Security Ownership of Certain Beneficial Owners and Management."

Nominees Terms to Expire 2006 (Class III)

H. Frederick Christie (age 69). Mr. Christie has served on the Company's board of directors since 1992. He is an independent consultant and has served on the boards of directors of Ducommun, Incorporated since 1985, AECOM Technology Corporation since 1990, Southwest Water Co. since 1995 and Valero L.P. since 2002. Since 1972, he has served as a director or trustee of the following mutual funds operated by Capital Research and Management Company: American Mutual Fund, AMCAP Fund, U.S. Government Securities Fund, American High Income Trust, American High Income Municipal Bond Fund, American Variable Insurance Series, The Bond Fund of America, Capital Income Builder, Capital World Bond Fund, Capital World Growth and Income Fund, Cash Management Trust of America, Intermediate Bond Fund of America, Limited Term Tax Exempt Bond Fund of America, The New Economy Fund, SMALL CAP World Fund, The Tax Exempt Bond Fund of America, The Tax Exempt Fund of California, The Tax Exempt Money Fund of America, and The U.S. Treasury Money Fund of America.

Patrick W. Rose (age 60). Mr. Rose has served on the Company's board of directors since 1992. He is currently a private investor. Mr. Rose served as Chairman of the Board, President and Chief Executive Officer of Van Camp Seafoods, Inc., from March 1995 to August 1997.

Continuing Directors Terms to Expire 2004 (Class I)

Frank Edelstein (age 77). Mr. Edelstein has served on the Company's board of directors since 1987. He is an independent consultant and has served on the boards of directors of Ceradyne, Inc. since 1987 and Arkansas Best Corp. since 1988.

Neven C. Hulsey (age 68). Mr. Hulsey has served on the Company's board of directors since 1987. He is currently retired. Mr. Hulsey served as Chairman of Earle M. Jorgensen Company from February 1997 to February 1998 and as President and Chief Executive Officer of Earle M. Jorgensen Company from March 1990 to February 1997.

Caroline W. Nahas (age 54). Ms. Nahas has served on the Company's board of directors since 1992. She has held the position of Managing Director, Southwest Region, of Korn/Ferry International or similar positions since May 1998. She served as a member of the Executive Committee of Korn/Ferry International from December 1995 until August 1998. Ms. Nahas has served as a director of Whittier Holdings, Inc. since 2000.

Continuing Directors Terms to Expire 2005 (Class II)

Michael S. Gordon (age 67). Mr. Gordon has served on the Company's board of directors since 1987. He has served as Chairman of StoneCreek Capital, Inc. (formerly The Gordon+Morris Group, Inc.) since January 2002. He served as Chairman or Co-Chairman of StoneCreek Capital, Inc. from 1992 to 2001.

Larry Alan Kay (age 56). Mr. Kay was named Chairman of the Board of the Company's board of directors in January 2003. He has served on the board of directors since 1987. Mr. Kay is a private consultant and investor. He served as Publisher, Fi: The Magazine of Music & Sound, and President and Chief Executive Officer of Fi, L.L.C. from October 1995 until May 1998.

Julia A. Stewart (age 47). Ms. Stewart has served on the Company's board of directors since December 2001. She has served as the Company's Chief Executive Officer and President since May 2002 and had served as the Company's President and Chief Operating Officer from December 2001 until May 2002. Ms. Stewart served as President, Domestic Division, of Applebee's International, Inc. from October 1998 to August 2001. She served as National Vice President, Franchise and License, of Taco Bell Corp. from January 1997 to October 1998 and as

Western Region Vice President Operations of Taco Bell Corp. from October 1995 to January 1997.

The Company's Board of Directors held seven meetings during the last full fiscal year. Each director attended at least 75% of the aggregate of all meetings of the Board of Directors and of all committees thereof on which he or she served.

The Board of Directors has two committees, an Audit Committee and a Compensation and Nominating Committee. The present members of the Audit Committee are H. Frederick Christie, Michael S. Gordon (Chairman) and Larry Alan Kay. The primary responsibilities of the Audit Committee include, among other things, reviewing the services performed and to be performed by the Company's independent public accountants and the cost of such services, making recommendations regarding the engagement of independent public accountants, after consultation with management, and reviewing the quarterly and year-end financial statements of the Company. The Audit Committee operates under a written charter adopted by the Board of Directors. During fiscal 2002, the Audit Committee communicated as it deemed necessary with the Company's accounting personnel and independent public accountants, and held five meetings, two of which were telephonic.

The members of the Compensation and Nominating Committee are Frank Edelstein (Chairman), Neven C. Hulsey, Caroline W. Nahas and Patrick W. Rose. Responsibilities of the Compensation and Nominating Committee include (i) approval of remuneration arrangements for executive officers of the Company, review of compensation plans relating to executive officers and directors, including grants of stock options and other benefits under the Company's compensation plans, and general review of the Company's employee compensation policies and (ii) review the background of and make a recommendation of candidates to the full Board of Directors for nomination to serve on the Board of Directors. Any shareholder wishing to propose a nominee should submit a recommendation in writing to the Company's Secretary, indicating the nominee's qualifications and other relevant biographical information and providing confirmation of the nominee's consent to serve as a director. Such proposals for nominees will be given due consideration by the Compensation and Nominating Committee for recommendations to the Board based on the nominee's qualifications. The Compensation and Nominating Committee also acts as Administrator of the IHOP Corp. 1991 and 2001 Stock Incentive Plans. During fiscal 2002, the Compensation and Nominating Committee communicated as it deemed necessary with management of the Company and held three meetings.

COMPENSATION OF DIRECTORS

Non-employee directors other than the Chairman of the Board and Committee chairpersons are compensated for their services at the rate of $30,000 per year. The Chairpersons of the Audit Committee and the Compensation and Nominating Committee are compensated at the rate of $35,000 per year and the Chairman of the Board of Directors is compensated at the rate of $75,000 per year. Each of the non-employee directors also receives $1,000 per meeting of the Board of Directors or committee thereof attended (with no additional payment when more than one meeting is attended on the same day) and is entitled to reimbursement of actual expenses incurred in connection with service on the Board of Directors. Non-employee directors participate in the Stock Option Plan for Non-Employee Directors, as amended in 1999 (the "Non-Employee Directors Plan"). Under the Non-Employee Directors Plan, non-employee directors receive annual options to purchase 5,000 shares of the Company's common stock at an option exercise price equal to the closing price of the Company's common stock on the New York Stock Exchange on the day after the Company's Annual Meeting of Shareholders.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of February 28, 2003, unless otherwise indicated, as to all persons who, to the knowledge of the Company, were the beneficial owners of more than 5% of the outstanding shares of Common Stock, as to all directors and nominees for the Board of Directors, as to certain executive officers (and two persons who served as executive officers during 2002 but are no longer employed by the Company) and as to all directors and executive officers of the Company as a group. The persons named hold sole voting and investment power with respect to the shares shown opposite their

names, unless otherwise indicated. The information with respect to each person is as supplied or confirmed by such person. The Company has no class of equity securities outstanding other than the Common Stock.

Name and Address of Beneficial Owner	Shares Owned(1)	Percent of Class
H. Frederick Christie(2) Director	46,000	*
Frank Edelstein(2) Director	42,000	*
Michael S. Gordon(2) Director	60,000	*
Neven C. Hulsey(2) Director	30,000	*
Larry Alan Kay(2) Chairman of the Board	75,288	*
Caroline W. Nahas(2) Director	41,000	*
Patrick W. Rose(2) Director	40,000	*
Richard K. Herzer(2)(3) Former Chairman (Retired January 2003) and Chief Executive Officer (until May 2002)	133,507	*
Julia A. Stewart(2)(3) Director, Chief Executive Officer (since May 2002) and President	50,000	*
Richard C. Celio(2)(3) Vice President, Development	29,712	*
Anna G. Ulvan(2)(3) Vice President, Franchise	100,677	*
Mark D. Weisberger(2)(3) Vice President, Legal, Secretary & General Counsel	46,371	*
Alan S. Unger(2)(3) Former Vice President, Finance, Treasurer & Chief Financial Officer	16,918	*
Robin L. Elledge(2)(3) Vice President, Human Resources	33,529	*
All directors and executive officers as a group (17 persons)(2)(3)	754,713	3.52%
FMR Corp., Edward C. Johnson 3d and Abigail P. Johnson(4) 82 Devonshire Street Boston, Massachusetts 02109	2,093,594	9.97%
Neuberger Berman, Inc.(5) 605 Third Avenue New York, New York 10158	1,610,184	7.67%

Southeastern Asset Management, Inc., Longleaf Partners Realty Fund, Longleaf Partners Small-Cap Fund,	3,267,100	15.6%

and O. Mason Hawkins (6) Southeastern Asset Management, Inc. 6075 Poplar Avenue, Suite 900 Memphis, TN 38119		
MSD Capital, L.P. MSD SBI, L.P.(7) 645 Fifth Avenue, 21st Floor New York, New York 10022	1,923,800	9.2%

*

Represents less than 1% of the outstanding Common Stock.

(1)

Subject to applicable community property laws and similar statutes.

(2)

Share amounts for each of the directors, named executive officers and for all directors and executive officers as a group include shares subject to options that are exercisable within 60 days of the date of this Proxy Statement, as follows:

Name	No. Shares
H. Frederick Christie	40,000
Frank Edelstein	40,000
Michael S. Gordon	40,000
Neven C. Hulsey	20,000
Larry Alan Kay	40,000
Caroline W. Nahas	40,000
Patrick W. Rose	40,000
Richard K. Herzer	132,934
Julia A. Stewart	50,000
Richard C. Celio	16,668
Anna G. Ulvan	75,834
Mark D. Weisberger	40,834
Alan S. Unger	16,667
Robin L. Elledge	30,334
All directors and executive officers as a group (17 persons)	629,273

(3)

Each of the named executive officers participate in the International House of Pancakes Employee Stock Ownership Plan (the "ESOP"). Mr. Weisberger and Ms. Elledge possess shared investment power over these shares by virtue of their membership on the Administrative Committee of the ESOP.

The share amounts for the named executive officers and all directors and executive officers as a group include shares held in the ESOP for the accounts of executive officers, as follows:

Name	No. Shares
Richard K. Herzer	573
Julia A. Stewart	0
Richard C. Celio	2,722
Anna G. Ulvan	23,588

Name	No. Shares
Mark D. Weisberger	5,537
Alan S. Unger	251
Robin L. Elledge	3,195
All directors and executive officers as a group (18 persons)	39,575

(4)
In Amendment No. 6 to Schedule 13G, dated February 14, 2003, jointly filed by FMR Corp., Edward C. Johnson 3d, Abigail P. Johnson, Fidelity Management & Research Company and Fidelity Low Priced Stock Fund, such persons report that, as of December 31, 2002 FMR Corp. possessed sole power to vote or to direct the vote of 64 of these shares and the entire group possessed sole power to dispose or to direct the disposition of all of these shares.

(5)
In Amendment No. 1 to Schedule 13G dated February 12, 2003, Neuberger Berman, Inc., Neuberger Berman, LLC reported that as of December 31, 2002 it possessed sole power to vote or to direct the vote of 15,696 of these shares, shared power to vote or direct the vote of 1,133,000 of these shares, and shared power to dispose or to direct the disposition of all of these shares.

(6)
In Amendment No. 1 to Schedule 13D, dated January 13, 2003, jointly filed by Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund and Mr. O. Mason Hawkins, such persons report that, as of January 13, 2003, Southeastern Asset Management, Inc. possessed sole power to vote or to direct the vote with respect to 139,000 of these shares, shared power to vote or to direct the vote with respect to 2,978,100 of these shares and no power to vote 150,000 of these shares. In addition, it possessed sole power to dispose or to direct the disposition of 289,000 of these shares and shared power to dispose or to direct the disposition of 2,978,100 of these shares. Longleaf Partners Small-Cap Fund possessed shared power to vote or to direct the vote and shared power to dispose or to direct the disposition of 2,978,100 of these shares. Mr. Hawkins possessed neither sole nor shared power to vote or to direct the vote and neither sole nor shared power to dispose or to direct the disposition of any of these shares.

(7)
In a Schedule 13G dated February 3, 2003, MSD Capital, L.P. and MSD SBI, L.P. jointly reported that as of January 27, 2003 they possessed shared power to vote or direct the vote and shared power to dispose or direct the disposition of these shares.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth certain information with respect to each person who is an executive officer of the Company:

Executive Officer	Age	Position and Offices with the Company
Julia A. Stewart	47	Director, Chief Executive Officer and President
Richard C. Celio	52	Vice President, Development
Thomas G. Conforti	44	Chief Financial Officer
Robin L. Elledge	44	Vice President, Human Resources
Gregg A. Nettleton	47	Chief Marketing Officer
Anna G. Ulvan	55	Vice President, Franchise
Mark D. Weisberger	47	Vice President, Legal, Secretary and General Counsel

Executive officers of the Company are appointed by the Board of Directors and serve at the Board's discretion.

See **Information Concerning Nominees and Members of the Board of Directors** above for additional information concerning Ms. Stewart.

Mr. Celio has served as Vice President, Development since March 1997.

Mr. Conforti was elected Chief Financial Officer in December 2002. He served as Chief Financial Officer of KB Home from March 2001 to June 2001. He served as Chief Operating Officer of eMind.Com LLC from March 2000 to March 2001. Mr. Conforti has served and continues to serve as a member of the board of directors of eMind.Com LLC since March 2000. He served as Executive Vice President and Chief Operating Officer from April 1999 to March 2000, as Executive Vice President, Global Licensing from May 1998 to June 1999 and as Executive Vice President, Operations from July 1997 to April 1998 of the Consumer Products Division of The Walt Disney Company.

Ms. Elledge has served as Vice President, Human Resources since March 2000. She had served as the Company's Director of Training from October 1995 to March 2000.

Mr. Nettleton became Chief Marketing Officer of the Company in July 2002. From May 2001 to July 2002 he served as President of GBS Enterprises. From April 2000 to May 2001 he served as managing partner of eBrains, Inc. He served as Vice President of Marketing of AFC Enterprises (Bakery Café Group) from July 1998 to April 2000. From May 1997 to July 1998 he served as managing partner of Williams, Whittle & Associates.

Ms. Ulvan has served as Vice President, Franchise since February 1990.

Mr. Weisberger has served as Vice President, Legal, Secretary and General Counsel since January 1994.

Employment Agreements

Each of the named executive officers are parties to employment agreements with the Company. The agreements provide for base salaries, participation in a bonus program, car allowances or a company car, and certain other perquisites and benefit programs available to other employees. In addition, the Board of Directors may, at its discretion, increase any executive officer's base salary during the term of such officer's employment agreement. The named executive officers, other than Ms. Ulvan, received hiring incentive grants of stock options, and in the case of Mr. Celio, stock options and an award of restricted stock. The employment agreements generally call for initial employment terms of two years and provide for automatic successive one-year extensions unless the Company or the officer gives notice to the contrary more than 90 days prior to the expiration of the then current term of the agreement.

In the event of a change in control of the Company, the employment periods of Ms. Stewart and the other named executive officers will automatically be extended, for two years from the date of such change in control. For purposes of the employment agreements, a "change in control" will be deemed to have occurred if (i) any person acquires 25% or more of the combined voting power of the Company's then outstanding securities; (ii) in any two consecutive years individuals who at the beginning of the period constitute the board, plus any directors approved by a vote of at least two-thirds 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; (iii) the stockholders approve certain merger or consolidation transactions; or (iv) the stockholders approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

Each named executive officer is entitled to receive compensation through the date of termination if such officer's employment is terminated (i) by the Company for "cause" or "disability" or (ii) by the officer

for any reason, other than a "voluntary termination" or for "good reason" following a change in control of the Company. For purposes of the employment agreements, "cause" means willful failure to substantially perform one's duties, willful misconduct or the commission of acts of dishonesty, fraud, misrepresentation or moral turpitude as would prevent the effective performance of the employee's duties. "Disability" is defined to mean the employee's absence from the full-time performance of his or her duties for 90 consecutive days or 180 days within any 12 month period as a result of incapacity due to physical or mental illness. "Good reason" includes, generally, a material breach of the agreement, an adverse change in the officer's duties or responsibilities from those in effect prior to such change in control, a reduction of the officer's salary or benefits, or relocation of the officer outside of Southern California and a "voluntary termination" may occur upon an uncorrected material breach of the agreement by the Company.

Ms. Stewart's employment agreement provides that the Company extend to her an interest free personal loan in the amount of $600,000 upon her request, which loan was extended in December 2001. The personal loan would be forgiven in increments of $100,000 annually, commencing on December 31, 2002 and would automatically be forgiven upon a Change in Control or in the event of her termination by the Company for any reason other than for Cause. The agreement further provides that if Ms. Stewart is terminated for Cause or voluntarily terminates her employment, she agrees to repay any amount outstanding on such loan within 60 days of such termination. In addition, upon her request, the Company would extend to her an interest free "bridge loan" to be used as a portion of a down payment on a new home. The loan would be secured by the mortgage on her home in Kansas City, Missouri, and would be repaid in full upon the sale of the home.

If an officer's employment is terminated (i) by the Company other than for cause or disability, (ii) by the officer in a "voluntary termination" or for "good reason" or (iii) by reason of the officer's death, then the officer (or, in the event of such officer's death, his or her designated payee) will be entitled to receive (i) a lump sum payment of the salary and bonus payments that would have been payable to such officer through (a) in the case of death or a voluntary termination, the term of the agreement, (b) in the case of termination by the employee for "good reason" following a change in control, a period of 24 months, and (c) in any other instance, a period of 12 months and (ii) continuing insurance benefits for the same period at no cost to the officer (or designated payee), subject to reduction under certain circumstances. Payments and benefits under each employment agreement would be reduced to the extent they are not deductible under Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

EXECUTIVE COMPENSATION

The following Summary Compensation Table sets forth information concerning compensation earned in the fiscal years ended December 31, 2002, 2001 and 2000, by the Company's Chief Executive Officers, its remaining four most highly compensated executive officers serving at the end of fiscal 2002 and an individual who would have been among the four had he been serving at the end of 2002 (the "Named Executives").

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation Awards		
Name and Principal Position	**Year**	**Salary($)**	**Bonus($)**	**Other Annual Compensation($)(1)**	**Restricted Stock Awards (Number)(2)**	**Securities Underlying Options/ SARs (Number)(2)**	**All Other Compensation ($)(3)**
Richard K. Herzer(4)	2002	738,690				30,000	2,072,278
Retired	2001	652,500	435,600			20,000	3,031,998
	2000	620,000	292,950			30,000	15,722
Julia A. Stewart(4)(5)	2002	441,667		244,309(5)			242,997
President and Chief	2001	35,417				150,000	
Executive Officer	2000						
Anna G. Ulvan	2002	262,250				15,000	237,075
Vice President, Franchise	2001	245,000	95,480			5,000	13,565
	2000	232,249	71,449			7,500	11,354
Richard C. Celio	2002	256,250				15,000	14,425
Vice President,	2001	242,000	94,325			5,000	570,339
Development	2000	229,749	70,541			7,500	11,354
Mark D. Weisberger	2002	241,250				15,000	14,089
Vice President, Legal,	2001	227,125	88,550			5,000	145,856
Secretary and General	2000	215,375	66,151			7,500	111,950
Counsel							
Alan S. Unger(4)	2002	217,910	0			11,000	14,063
Former Vice President,	2001	207,500	80,850			5,000	96,650
Finance, Treasurer and	2000	180,384	50,458			20,000	473
Chief Financial Officer							

		Annual Compensation			Long-Term Compensation Awards	
Robin L. Elledge	2002	173,250			11,000	13,814
Vice President, Human	2001	166,000	64,680		5,000	176,662
Resources	2000	155,498	44,202		23,000	96,669

(1) While each of the named individuals received perquisites or other personal benefits in the years shown, in accordance with applicable regulations, the value of these benefits is not indicated other than for Ms. Stewart, because they did not exceed in the aggregate the lesser of $50,000 or 10% of the individual's salary and bonus in 2002.

(2) Share amounts have been restated to reflect the 2 for 1 stock split which was approved on April 29, 1999 by IHOP's Board of Directors, effective May 27, 1999, in the form of a stock dividend for shareholders of record at the close of business on May 13, 1999.

10

(3) Amounts include $13,459, representing the value of shares contributed to the ESOP on behalf of each of the Named Executives, other than Ms. Stewart, as well as the value of forfeitures allocated to their accounts from employees who withdrew from the ESOP prior to vesting. It also includes the value of premiums for life insurance as follows for 2002: Mr. Herzer, $5,191; Ms. Stewart, $551; Ms. Ulvan, $1,806; Mr. Celio, $966; Mr. Weisberger, $630, and Ms. Elledge $355. The 2002 amounts also include value realized from the exercise of stock options by Mr. Herzer $2,053,628 and Ms. Ulvan, $221,810. The 2002 amount for Ms. Stewart also includes $242,446 she received as reimbursement for certain relocation costs.

(4) Prior to May 2002, Mr. Herzer served as the Company's Chairman and Chief Executive Officer. Ms. Stewart was named Chief Executive Officer in May 2002 and Mr. Herzer continued to serve as Chairman of the Board of Directors from that time until his retirement in January 2003. Mr. Unger left the Company in December, 2002, prior to which time he had served as Vice President, Finance, Treasurer and Chief Financial Officer.

(5) On December 26, 2001, the Company loaned $1.2 million to Ms. Stewart. A portion of the loan ($600,000) is a personal loan. Pursuant to her employment agreement this loan is interest free and automatically forgiven in annual increments of $100,000. The other portion of the loan ($600,000) was an interest free bridge loan to be used as a portion of the down payment on a new home. In early 2002, $490,000 of this loan was repaid and $110,000, which represents the decline in value of her Kansas City, MO residence, was forgiven by the Compensation and Nominating Committee of the Board of Directors. This amount includes the forgiveness of $100,000 on her personal loan and $110,000 on the bridge loan, as described above, and $34,309 in imputed interest on these interest free loans.

Stock Options and Stock Appreciation Rights

The following table provides information with respect to the Named Executives concerning grants of stock options during the year ended December 31, 2002.

Option/SAR Grants in Last Fiscal Year

	Individual Grants			Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term
Name	**Number of Securities underlying options/SARs**	**Percent of Total Options/SARs Granted to Employees in Fiscal Year**	**Exercise or Base Price**	

	Granted(#)(1)	Individual Grants	($/SH)	Expiration Date	5%($)	10%($)
Richard K. Herzer	30,000	9.4%	$ 28.80	2/28/2012	$ 543,422	$ 1,377,137
Julia A. Stewart						
Anna Ulvan	15,000	4.7%	$ 28.80	2/28/2012	$ 271,711	$ 688,568
Richard C. Celio	15,000	4.7%	$ 28.80	2/28/2012	$ 271,711	$ 688,568
Mark D. Weisberger	15,000	4.7%	$ 28.80	2/28/2012	$ 271,711	$ 688,568
Alan S. Unger	11,000	3.4%	$ 28.80	2/28/2012	$ 199,255	$ 504,950
Robin L. Elledge	11,000	3.4%	$ 28.80	2/28/2012	$ 199,255	$ 504,950

(1)
One-third of the shares subject to options vested and became exercisable on February 28, 2003; an additional one-third of the shares subject to options vest and become exercisable on February 28, 2004; and the remaining shares subject to options vest and become exercisable on February 28, 2005. In the event of a "Change in Control," as such term is defined in the IHOP Corp. 2001 Stock Incentive Plan, options awarded under such plan not previously exercisable and vested shall become fully exercisable and vested.

(2)
The potential realizable values illustrate values that might be realized upon exercise immediately prior to the expiration of the term of these options using 5% and 10% appreciation rates, as required by the Securities and Exchange Commission, compounded annually. These values do not, and are not intended to, forecast possible future appreciation, if any, of the Company's stock price. Additionally, these values do not take into consideration the provisions of the options providing for vesting over a period of years or termination of options following termination of employment.

The following table provides information with respect to the Named Executives concerning: (a) the exercise of stock options during the year ended December 31, 2002, and (b) unexercised stock options held at December 31, 2002. There were no Stock Appreciation Rights outstanding at December 31, 2002. No stock options have been repriced, amended or replaced.

Aggregated Option/SAR Exercises in Last Fiscal Year, and Fiscal Year-End Option/SAR Values

			Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End		Value of Unexercised in-the-Money Options/SARs at Fiscal Year-End(1)	
Name	**Shares Acquired on Exercise(#)**	**Value Realized($)(2)**	**Exercisable(#)**	**Unexercisable(#)**	**Exercisable($)**	**Unexercisable($)**
Richard K. Herzer	250,400	2,053,628	116,267		698,366	
Julia A. Stewart			50,000	100,000		
Anna G. Ulvan	20,000	221,810	66,667	20,833	561,054	35,455
Richard C. Celio			7,501	20,833	368,587	66,379
Mark D. Weisberger			31,667	20,833	200,754	35,455
Alan S. Unger			15,000		127,232	
Robin L. Elledge			17,334	21,999	118,709	85,605

(1)
Represents the difference between the $24.00 closing price of the Company's stock at December 31, 2002 and the exercise price of the option, multiplied by the number of shares subject to option.

(2)
Represents the difference between the closing price of the Company's stock on the exercise date and the option exercise price.

COMPENSATION AND NOMINATING COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As of December 31, 2002, the members of the Compensation and Nominating Committee of the Board of Directors were Frank Edelstein (Chairman), Neven C. Hulsey, Caroline W. Nahas and Patrick W. Rose. None of the Company's executive officers or directors served on the board of directors of any entities whose directors or officers served on the Compensation and Nominating Committee of the Board of Directors. No current or past executive officers of the Company serve on the Compensation and Nominating Committee.

Ms. Nahas is the Managing Director, Southwest Region, of Korn/Ferry International ("Korn/Ferry"). In 2002, Korn/Ferry was retained by the Company to provide executive search services. The Company paid Korn/Ferry $148,600 in connection with this engagement. The Company believes that these services were supplied on terms that are comparable to those which it could have obtained from unaffiliated third parties.

COMPENSATION AND NOMINATING COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The following Compensation and Nominating Committee Report on Executive Compensation and the performance graph included elsewhere in this proxy statement do not constitute soliciting material and shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

The Compensation and Nominating Committee. Executive compensation decisions are made by the four-member Compensation and Nominating Committee of the Board of Directors. Each member of the Compensation and Nominating Committee is a non-employee director. The Compensation and Nominating Committee administers the executive incentive plan, reviews compensation plans, programs and policies, monitors the performance and compensation of executive officers and other key employees and makes recommendations and reports to the Board of Directors. All executive compensation decisions made by the Compensation and Nominating Committee are reviewed by the entire Board of Directors, except for decisions regarding awards under the IHOP Corp. 2001 Stock Incentive Plan, which are made solely by the Compensation and Nominating Committee.

Compensation Philosophy. The Company's philosophy regarding compensation is based on several objectives, including: (i) linking executives' interests with those of the Company's shareholders; (ii) instilling an ownership culture throughout the Company and officer group; (iii) attracting and facilitating retention of high caliber executive talent; and (iv) paying for performance and rewarding executives for achievement of both annual and longer term Company financial and key operating goals. The Company maintains a compensation program designed to attract and retain highly-qualified executives and to motivate management. We seek to tie each executive's "at risk" compensation, to the extent feasible, directly to his or her contribution to the Company's success in achieving its performance objectives.

The Company's executive compensation program consists of three main components: (1) base salary, (2) bonus, and (3) long-term incentives in the form of stock options or other stock-based awards. The bonus and long-term incentives constitute the "at risk" portion of the compensation program. The Named Executives' compensation for 2002 reflected the Compensation and Nominating Committee's commitment to coordinating pay with Company and individual performance. In establishing specific compensation levels for Named Executives in 2002, the Compensation and Nominating Committee considered information provided by compensation consultants, surveys of compensation programs offered by comparable companies, statistical information generated by the Company's Human Resources Department and evaluations of the individual performances of the Named Executives.

Federal Income Tax Considerations. The Compensation and Nominating Committee has considered the impact of section 162(m) of the Code. This section disallows tax deductions for any publicly-held corporation for individual compensation to certain executives of such corporation exceeding $1 million in any taxable year, except for certain performance-based compensation which has been approved by shareholders. It is the intent of the Company and the Compensation and Nominating Committee to qualify to the maximum extent possible its executives' compensation for deductibility under applicable tax laws, while recognizing that there may be situations in which compensation for certain executives in excess of the 162(m) limit may be warranted. The Compensation and Nominating Committee believes that the Company's compensation programs provide the necessary incentives and flexibility to promote the Company's performance-based compensation philosophy while being consistent with Company objectives.

Salaries. The general policy of the Compensation and Nominating Committee is to establish executive base salaries that are (i) competitive and consistent with those provided to others holding similar

positions in the restaurant and franchising industries, and (ii) consistent with each executive's actual and expected contributions to the Company's short-term and long-term success. The Board of Directors, acting on the Compensation and Nominating Committee's recommendation, did not raise Mr. Herzer's salary. The decision not to increase Mr. Herzer's salary was made in contemplation of the fact that he would be stepping down as Chief Executive Officer in May 2002 and reflected the Compensation and Nominating Committee's view that Mr. Herzer's then existing salary was appropriate in light of his continuing service as Chairman of the Board. His salary was also reflective of his long service with the Company and breadth of knowledge about the restaurant industry. Ms. Stewart's salary was negotiated as a part of the hiring process. As provided in her employment agreement, she received an automatic 5.9% salary increase upon her promotion to Chief Executive Officer in May, 2002. Salary increases for the other senior executives effected during 2002 ranged from about 4.2 percent to about 7.7 percent, and were based on similar considerations including individual performance, position, tenure, experience and competitive data in compensation surveys of comparable companies.

Bonus Awards. Pursuant to the IHOP Corp. Executive Incentive Plan (the "Incentive Plan"), Mr. Herzer, Ms. Stewart and the other Named Executives did not earn cash bonuses for 2002. Under the Incentive Plan, the amount of any bonus is targeted as a percentage of salary. The percentage of the targeted bonus actually earned is determined according to a formula that compares the Company's actual profit for the 2002 fiscal year to the projected profit (before income taxes and contributions to the ESOP) in the Company's budget as approved by the Board of Directors at the beginning of the year. The Board of Directors' budget approval process considers short-term profits and the Company's long-term development and objectives, giving greater weight to those activities intended to result in recurring success and lesser weight to extraordinary and non-recurring items. The formula for determining Mr. Herzer's and Ms. Stewart's bonuses were based solely on the Company's achievement of a targeted profit amount and those of the other Named Executives under the Incentive Plan were based on a combination of individual performance of certain pre-defined independent business objectives and achievement of a targeted profit amount.

Long-Term Incentives. The Named Executives participate in the IHOP Corp. 1991 and 2001 Stock Incentive Plans which are aimed at promoting the acquisition and ownership of the Company's stock. Under the program, grants may be made of stock options or other long-term stock based incentives. In 2002, the Committee granted options to purchase 30,000 shares of the Company's common stock to Mr. Herzer, no shares to Ms. Stewart (she received an option grant covering 150,000 shares upon joining the Company in December, 2001) and lesser amounts to the other Named Executives. In determining the amounts of the individual option awards, the Compensation and Nominating Committee considered several factors including primarily the officers' actual and potential contributions to the Company's long-term success, and the size of awards provided to others holding similar positions in the restaurant industry. The option exercise prices for options granted to Mr. Herzer and the other Named Executives in 2002 were set at the fair market value of the Company's stock on the date of grant as reflected in the table captioned Options/SAR Grants in Last Fiscal Year on page 11.

THIS REPORT IS SUBMITTED BY THE COMPENSATION AND NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS

Frank Edelstein Chairman	Neven C. Hulsey	Caroline W. Nahas	Patrick W. Rose

AUDIT COMMITTEE REPORT

The following Audit Committee Report does not constitute soliciting material and shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934,

except to the extent the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

Composition and Independence. The Audit Committee of the Board of Directors is composed of three directors, all of whom are "independent" within the meaning of the listing standards of the New York Stock Exchange. The members of the Audit Committee are Michael S. Gordon, Chairman, H. Frederick Christie and Larry Alan Kay.

Responsibilities. The responsibilities of the Audit Committee include, among other things, reviewing the services performed and to be performed by the Company's independent public accountants and the cost of the audit and audit related services, making recommendations regarding the engagement of independent public accountants, and reviewing the quarterly and year-end financial statements of the Company. The Audit Committee operates under a written charter adopted by the Board of Directors.

Review with Management and Independent Accountants. In connection with the December 31, 2002 financial statements, the audit committee met and held discussions with management and the independent accountants, PricewaterhouseCoopers, LLP. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee reviewed and discussed the audited consolidated financial statements with management and the independent accountants.

The Audit Committee discussed with the independent accountants the matters required by Statement on Auditing Standards No. 61, received the written disclosures and letter from the independent accountants required by Independence Standards Board Statement No. 1, and discussed with the independent accountants the firm's independence.

Based upon our review of the audited financial statements, our discussions with management and the independent accountants, and the report of the independent accountants to the Audit Committee, we recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

**THIS REPORT IS SUBMITTED BY THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

Michael S. Gordon Chairman	H. Frederick Christie	Larry Alan Kay

Audit and Related Fees. The aggregate fees billed by PricewaterhouseCoopers LLP for professional services for the audit of the Company's annual consolidated financial statements for the last fiscal year were $246,000. PricewaterhouseCoopers LLP billed the Company $22,400 for professional services for audit of the Company's 401K and ESOP plans.

Financial Information Systems Design and Implementation Fees; Tax Fees; All Other Fees. The aggregate fees billed by PricewaterhouseCoopers LLP to the Company for financial information systems design and implementation for the last fiscal year were $40,000. PricewaterhouseCoopers LLP also billed the Company $196,800 for tax consulting services for the last fiscal year.

COMPANY STOCK PERFORMANCE GRAPH

The following graph shows a comparison of the cumulative total return to shareholders for the Company, the S&P 500 Composite Index (the "S&P 500") and the Value-Line Restaurants Index (the "Restaurant Index") from December 31, 1997 through December 31, 2002. The graph assumes an initial investment in stock of $100 and subsequent reinvestment of any dividends.

**Comparison of Cumulative Total Return*
December 31, 1997 Through December 31, 2002**

Assumes $100 invested at the close of trading December 31, 1997 in IHOP Corp. common stock, the S&P 500, and the Restaurant Index.

*
Cumulative total return assumes reinvestment of dividends.

	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
IHOP Corp.	$ 100.00	$ 122.89	$ 102.70	$ 133.46	$ 180.31	$ 147.69
S&P 500 Index	$ 100.00	$ 126.71	$ 151.56	$ 136.20	$ 118.43	$ 90.76
Restaurant Index	$ 100.00	$ 143.29	$ 173.01	$ 166.59	$ 192.00	$ 176.87

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See Compensation and Nominating Committee Interlocks and Insider Participation.

RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTANTS

The Company's independent public accountants for the 2002 fiscal year were PricewaterhouseCoopers, LLP, and the Board of Directors has unanimously selected PricewaterhouseCoopers, LLP, as the Company's independent public accountants for the 2003 fiscal year. This firm or its predecessor Coopers & Lybrand, L.L.P. has been the Company's public accountant for each of the last 20 years. Representatives of PricewaterhouseCoopers, LLP are expected to be present at the Meeting and will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. Unless otherwise indicated thereon, the persons named in the Proxy will vote all proxies in favor of ratifying the selection of PricewaterhouseCoopers, LLP, as the Company's independent public accountants. If shareholders do not ratify the reappointment of PricewaterhouseCoopers, LLP, the selection of independent public accountants will be reconsidered by the Board of Directors.

PROPOSALS OF SHAREHOLDERS

No proposals of shareholders were received by the Company for presentation at the 2003 Annual Meeting of Shareholders. The Board of Directors will make provision for presentation of proposals of shareholders at the 2004 Annual Meeting of Shareholders provided such proposals are submitted by eligible shareholders who have complied with the Bylaws of the Company and the relevant regulations of the Securities and Exchange Commission. In order for any such proposals to be included in the proxy materials for consideration at the 2004 Annual Meeting of Shareholders, the proposal should be mailed to Mark D. Weisberger, Secretary, IHOP Corp., 450 North Brand Boulevard, Glendale, California 91203, and must be received no later than December 20, 2003. Shareholders who intend to present a proposal at the 2004 Annual Meeting of Shareholders without inclusion of such proposal in the Company's proxy materials are required to provide notice of such proposal to the Company no earlier than February 13, 2004 nor later than March 15, 2004. The Company reserves the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 and the Securities and Exchange Commission's regulations require the Company's officers and directors, and persons who own more than 10% of the outstanding Common Stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange and to furnish the Company with copies of all such forms they file.

Based solely on its review of the copies of such forms received by it and written representations from certain reporting persons, the Company believes that, during the period from January 1, 2002, through December 31, 2002, all filing requirements applicable to its officers, directors, and greater than 10% beneficial owners were complied with in a timely manner.

OTHER BUSINESS

The management of the Company is not aware of any other matters to be brought before the Meeting. However, if any other matters are properly brought before the Meeting, the persons named in the enclosed form of Proxy will have discretionary authority to vote all proxies with respect to such matters in accordance with their best judgment.

UPON THE WRITTEN REQUEST OF ANY RECORD HOLDER OR BENEFICIAL OWNER OF SHARES ENTITLED TO VOTE AT THE MEETING, THE COMPANY, WITHOUT CHARGE, WILL PROVIDE A COPY OF ITS ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2002, THAT WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. REQUESTS SHOULD BE MAILED TO SECRETARY, IHOP CORP., 450 NORTH BRAND BOULEVARD, GLENDALE, CALIFORNIA 91203.

By Order of the Board of Directors,

Mark D. Weisberger
Secretary

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, YOU ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE PROXY IN THE ENCLOSED, PRE-ADDRESSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

The date of this Proxy Statement is April 18, 2003.

IHOP CORP.

450 North Brand Boulevard   Glendale, California 91203

This Proxy/Voting Instruction is Solicited on Behalf of the Board of Directors.

The undersigned hereby appoints Neven C. Hulsey, Larry Alan Kay and Julia A. Stewart as Proxies, each with the power to appoint his or her substitute, and hereby authorizes them to represent and to vote, as designated below, all the shares of common stock of IHOP Corp. held of record by the undersigned at the close of business on March 26, 2003, at the Annual Meeting of Shareholders to be held on May 20, 2003, or any adjournment thereof.

This Proxy/Voting Instruction when properly executed will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this Proxy will be voted FOR the nominees listed on the reverse and FOR Proposal 2. If you have a beneficial interest in shares held by Smith Barney Corporate Trust Company, as Trustee ("Trustee") of the International House of Pancakes Employee Stock Ownership Plan (the "ESOP") then this card also constitutes your voting instructions to the Trustee of the ESOP and if you do not sign and return this card, such shares will be voted by the Trustee in the same proportions as the shares for which the Trustee receives valid voting instructions.

(continued and to be signed on the other side)

Address Change/Comments (Mark the corresponding box on the reverse side)

^ FOLD AND DETACH HERE ^

Please Mark Here for Address Change or Comments o
SEE REVERSE SIDE

1. ELECTION OF DIRECTORS

FOR all nominees listed (except as marked to the contrary) o   **WITHHOLD AUTHORITY to vote for all nominees listed** o

Nominees: 01 H. Frederick Christie, 02 Patrick W. Rose

INSTRUCTION: To withhold authority to vote for any individual nominee, (indicate that nominee's name below):

	FOR	AGAINST	ABSTAIN
2. PROPOSAL TO APPROVE AND RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP as the independent accountants of the Company.	o	o	o

3. In their discretion the Proxies are authorized to vote upon such other business as may properly come before the Meeting or any adjournment thereof.

I PLAN TO ATTEND THE MEETING o

Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Signature or Signatures, if held jointly ______________________ **Dated** __________ **, 2003**

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD USING THE ENCLOSED ENVELOPE

^ FOLD AND DETACH HERE ^

QuickLinks