SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1998

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	95-3038279
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

525 North Brand Boulevard, Glendale, California 91203-1903
(Address of principal executive offices) (Zip code)

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

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

Indicate 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 June 30, 1998
Common Stock, $.01 par value	9,851,158

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS IHOP CORP. AND SUBSIDIARIES

(In thousands, except share amounts)

	June 30, 1998	December 31, 1997
Assets		
Current assets		
Cash and cash equivalents	$ 3,022	$ 5,964
Receivables	30,590	30,490
Reacquired franchises and equipment held for sale, net	2,460	2,321
Inventories	1,247	1,378
Prepaid expenses	143	629
Total current assets	37,462	40,782
Long-term receivables	184,509	171,967
Property and equipment, net	161,542	142,751
Reacquired franchises and equipment held for sale, net	13,942	13,151
Excess of costs over net assets acquired, net	12,268	12,481
Other assets	1,439	1,461
Total assets	$411,162	$382,593
Liabilities and Shareholders' Equity		
Current liabilities		
Current maturities of long-term debt	$ 5,003	$ 4,973
Accounts payable	17,088	20,626
Accrued employee compensation and benefits	4,273	4,595
Other accrued expenses	5,516	4,602
Deferred income taxes	3,350	3,468
Capital lease obligations	1,197	1,062
Total current liabilities	36,427	39,326
Long-term debt	61,241	54,950
Deferred income taxes	30,845	28,862
Capital lease obligations and other	111,508	103,271
Shareholders' equity		
Preferred stock, $1 par value, 10,000,000 shares authorized; shares issued and outstanding: no shares	-	-
Common stock, $.01 par value, 40,000,000 shares authorized; shares issued and outstanding: June 30, 1998, 9,851,158 shares (net of 3,080 treasury shares); December 31, 1997, 9,709,261 shares (net of 1,529 treasury shares)	98	97
Additional paid-in capital	59,136	54,629
Retained earnings	111,322	100,158
Contribution to ESOP	585	1,300
Total shareholders' equity	171,141	156,184
Total liabilities and shareholders' equity	$411,162	$382,593

See the accompanying notes to the consolidated financial statements.

(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
Revenues				
Franchise operations				
Rent	$ 9,480	$ 8,253	$ 18,464	$16,349
Service fees and other	22,338	19,880	44,154	38,713
	31,818	28,133	62,618	55,062
Company operations	18,351	14,794	36,036	28,842
Other	15,416	8,647	22,808	14,111
Total revenues	65,585	51,574	121,462	98,015
Costs and Expenses				
Franchise operations				
Rent	4,884	4,359	9,638	8,553
Other direct costs	9,010	8,129	17,840	15,850
	13,894	12,488	27,478	24,403
Company operations	17,208	13,599	33,657	27,024
Field, corporate and administrative	8,599	7,435	16,383	14,488
Depreciation and amortization	2,815	2,464	5,506	4,913
Interest	4,107	3,499	8,216	7,005
Other	8,366	3,831	11,920	6,104
Total costs and expenses	54,989	43,316	103,160	83,937
Income before income taxes	10,596	8,258	18,302	14,078
Provision for income taxes	4,133	3,220	7,138	5,490

Net income	$ 6,463	$ 5,038	$ 11,164	$ 8,588
Net Income Per Share				
Basic	$ .66	$ .53	$ 1.14	$ .90
Diluted	$ .64	$ .52	$ 1.12	$ .89
Weighted Average Shares Outstanding				
Basic	9,838	9,558	9,794	9,522
Diluted	10,047	9,676	9,981	9,623

See the accompanying notes to the consolidated financial statements.

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

	Six Months Ended June 30,	
	1998	1997
Cash flows from operating activities		
Net income	$ 11,164	$ 8,588
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	5,506	4,913
Deferred taxes	1,865	77
Contribution to ESOP	585	500
Change in current assets and liabilities		
Accounts receivable	444	(428)
Inventories	131	(173)
Prepaid expenses	486	442
Accounts payable	(3,538)	(1,406)
Accrued employee compensation and benefits	(322)	1,495
Other accrued expenses	914	(996)
Other, net	3,023	1,660
Cash provided by operating activities	20,258	14,672
Cash flows from investing activities		
Additions to property and equipment	(36,750)	(24,263)
Proceeds from sale and leaseback arrangements	5,570	6,241
Additions to notes, equipment contracts and direct financing leases receivable	(5,437)	(3,296)
Principal receipts from notes, equipment contracts and direct financing leases receivable	4,696	3,869
Additions to reacquired franchises held for sale	(651)	(765)
Cash used by investing activities	(32,572)	(18,214)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	6,535	20
Repayment of long-term debt	(29)	(35)
Principal payments on capital lease obligations	(342)	(320)
Exercise of stock options	3,208	1,879
Cash provided by financing activities	9,372	1,544
Net change in cash and cash equivalents	(2,942)	(1,998)
Cash and cash equivalents at beginning of period	5,964	8,658
Cash and cash equivalents at end of period	$ 3,022	$ 6,660
Supplemental disclosures		
Interest paid, net of capitalized amounts	$ 8,028	$ 6,954
Income taxes paid	4,597	5,532
Capital lease obligations incurred	9,225	5,973

See the accompanying notes to the consolidated financial statements.

IHOP CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATMENTS

1. The accompanying consolidated financial statements for the six months ended June 30, 1998 and 1997, have been prepared in accordance with generally accepted accounting principles ("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 presentation of the financial position and the results of operations for the periods presented. The accompanying consolidated balance sheet as of December 31, 1997, has been derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for the six months ended June 30, 1998, are not necessarily indicative of the results to be expected for the full year ending December 31, 1998.

2. In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities," which establishes a new model for accounting for derivatives and hedging activities and supersedes and amends a number of existing standards. Upon implementation, all derivatives are required to be recognized on the balance sheet as either assets or liabilities and measured at fair value. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999, but earlier application is permitted. Management believes that adoption of SFAS No. 133 will not have any material impact on the company's financial position or results of operations.

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 June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	(Dollars in thousands)			
Restaurant Data				
Effective restaurants (a)				
Franchise	572	536	569	534
Company	76	63	75	62
Area license	146	139	145	138
Total	794	738	789	734
System-wide				
Sales (b)	$250,346	$221,066	$497,758	$437,525
Percent increase	13.2%	14.2%	13.8%	14.2%
Average sales per effective restaurant	$ 315	$ 299	$ 631	$ 596
Percent increase	5.4%	6.0%	5.9%	6.1%
Comparable average sales per restaurant (c)	$ 327	$ 309	$ 653	$ 610
Percent increase	2.5%	4.2%	3.4%	4.2%
Franchise				
Sales	$198,691	$173,744	$393,240	$342,291
Percent increase	14.4%	15.5%	14.9%	15.2%
Average sales per effective restaurant	$ 347	$ 324	$ 691	$ 641
Percent increase	7.1%	6.9%	7.8%	6.7%
Comparable average sales per restaurant (c)	$ 338	$ 318	$ 675	$ 629
Percent increase	2.6%	4.3%	3.6%	4.3%
Company				
Sales	$ 18,351	$ 14,794	$ 36,036	$ 28,842
Percent increase	24.0%	13.9%	24.9%	18.0%
Average sales per effective restaurant	$ 241	$ 235	$ 480	$ 465
Percent increase	2.6%	1.3%	3.2%	2.6%
Area License				
Sales	$ 33,304	$ 32,528	$ 68,482	$ 66,392
Percent increase	2.4%	8.3%	3.1%	8.3%
Average sales per effective restaurant	$ 228	$ 234	$ 472	$ 481
Percent change	(2.6)%	3.5%	(1.9)%	3.7%

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(a) "Effective restaurants" are the number of restaurants in a given fiscal period adjusted to account for restaurants open only a portion of the period.
(b) "System-wide sales" are retail sales of franchisees, area licensees and Company-operated restaurants, as reported to the Company.
(c) "Comparable average sales" reflects sales for restaurants that are operated

for the entire fiscal period in which they are being compared. Comparable average sales do not include data on restaurants located in Florida and Japan.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
RESTAURANT DEVELOPMENT ACTIVITY (a)				
IHOP - beginning of period	792	734	787	729
New openings				
IHOP-developed	15	10	22	14
Investor program	4	3	6	3
Area license	1	2	2	4
Total new openings	20	15	30	21
Closings				
Company and franchise	(8)	(3)	(12)	(4)
Area license	-	-	(1)	-
IHOP - end of period	804	746	804	746
Summary - end of period				
Franchise	586	543	586	543
Company	72	63	72	63
Area license	146	140	146	140
Total IHOP	804	746	804	746
RESTAURANT FRANCHISING ACTIVITY (a)				
IHOP-developed	18	10	24	15
Investor program	4	3	6	3
Rehabilitated and refranchised	2	-	3	1
Total restaurants franchised	24	13	33	19
Reacquired by Company	(2)	(2)	(9)	(8)
Closed	(6)	(2)	(9)	(3)
Net addition	16	9	15	8

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

The following discussion and analysis provides information management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997. Certain forward-looking statements are contained in this quarterly report. They use such words as "may," "will," "expect," "believe," "plan," or other similar terminology. These statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results to be materially different than those expressed or implied in such statements. These factors include, but are not limited to: availability of suitable locations and terms of the sites designated for development; legislation and government regulation including the ability to obtain satisfactory regulatory approvals; conditions beyond the Company's control such as weather or natural disasters; availability and cost of materials and labor; cost and availability of capital; competition; continuing acceptance of the International House of Pancakes brand and concept by guests and franchisees; the Company's overall marketing, operational and financial performance; economic and political conditions; adoption of new, or changes in, accounting policies and practices; and other factors discussed from time to time in the Company's filings with the Securities and Exchange Commission. Forward-looking information is provided by the Company pursuant to the safe harbor established under the Private

Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. In addition, the Company disclaims any intent or obligation to update these forward-looking statements.

IHOP's quarterly results are subject to seasonal fluctuation with sales generally higher in the warmer months and during holiday periods. IHOP's results of operations are impacted by the timing of additions of new restaurants, by the timing of the franchising of those restaurants, and by the number of restaurants in the Company's inventory of restaurants that are available for refranchising. Revenues from sales of franchises and equipment and their associated costs of sales are affected by the mix and number of restaurants franchised, as follows: (i) franchise rights with respect to restaurants newly developed by IHOP normally sell for a franchise fee of $200,000 to $350,000, and such restaurants have little if any franchise cost of sales and have equipment in excess of $300,000 that is usually sold at a price that includes little or no profit margin; (ii) franchise rights with respect to restaurants developed by franchisees normally sell for a franchise fee of $50,000, have minor associated franchise cost of sales and do not include an equipment sale; and (iii) previously reacquired franchises normally sell for a franchise fee of $100,000 to $300,000, include an equipment sale, and may have substantial costs of sales associated with both the franchise and the equipment. As a consequence of the foregoing and other factors, the results of operations for the six months ended June 30, 1998, are not necessarily indicative of the results to be expected for the full year ending December 31, 1998.

System-wide retail sales grew 13.2% for the second quarter and 13.8% for the first six months of 1998 over system-wide retail sales for the comparable 1997 periods. This was due to growth in the number of effective restaurants of 7.6% and 7.5%, respectively, and increases in average per unit revenues of 5.4% and 5.9%, respectively, over the comparable prior year periods. System-wide comparable average sales per restaurant (exclusive of area license restaurants in Florida and Japan) grew 2.5% for the second quarter and 3.4% for the first six months of 1998 over those in the comparable 1997 periods. Management continues to pursue growth in sales through the Company's restaurant development program, its advertising and marketing efforts, improvements in customer service and operations, and the Company's remodeling program.

Franchise operations revenues for the second quarter and first six months of 1998 grew 13.1% and 13.7%, respectively, over revenues for the comparable 1997 periods. This was primarily due to increases in average per unit revenues of 7.1% and 7.8% coupled with growth in the number of effective franchised units of 6.7% and 6.6% for the second quarter and the first six months, respectively, over the prior year periods. Franchise operations costs and expenses for the second quarter and first six months of 1998 increased 11.3% and 12.6%, respectively, over costs and expenses for the comparable 1997 periods. As a result of franchise revenues increasing in excess of franchise expenses, the margin from franchise operations improved to 56.3% and 56.1% in the second quarter and first six months of 1998, respectively, versus 55.6% and 55.7% in the comparable 1997 periods. The margin improved primarily because of increased interest income associated with IHOP's financing of sales of franchises and equipment to its franchisees.

Company-operated restaurant revenues for the second quarter and first six months of 1998 grew 24.0% and 24.9%, respectively, over revenues for the comparable 1997 periods. This was primarily due to increases in the number of effective Company-operated restaurants of 20.6% and 21.0%, respectively, and in the revenues per effective Company-operated restaurant of 2.6% and 3.2%, respectively, in the second quarter and first six months of 1998 over the comparable 1997 periods. Company-operated restaurant costs and expenses for the second quarter and first six months of 1998 increased 26.5% and 24.5%, respectively, over costs and expenses for the comparable 1997 periods. Margin at Company-operated restaurants was 6.2% in the second quarter and 6.6% for the first six months of 1998 versus 8.1% for the second quarter and 6.3% in the first six months of 1997. The change in margin for the second quarter was primarily due to increases in salaries and wages as a percentage of revenues.

Other revenues for the second quarter and first six months of 1998 grew 78.3% and 61.6%, respectively, over other revenues for the comparable 1997 periods. The primary reasons for the increases were (a) growth in the sales of franchises and equipment to $12,029,000 in the second

quarter and to $16,076,000 in the first six months from $6,108,000 and $9,032,000 in the respective prior year periods, and (b) growth in interest income from direct financing leases. The Company franchised 24 and 33 restaurants in the second quarter and first six months of 1998, respectively, versus 13 and 19 restaurants in the comparable 1997 periods. Other costs and expenses for the second quarter and first six months of 1998 increased 118.4% and 95.3%, respectively, over the comparable 1997 periods. The increases were primarily due to higher franchise and equipment cost of sales of $6,828,000 in the second quarter and $9,167,000 in the first six months of 1998 versus $3,228,000 and $4,883,000 in the comparable 1997 periods.

Field, corporate and administrative expenses for the second quarter and first six months of 1998 increased 15.7% and 13.1%, respectively, over the comparable 1997 periods. The increases were principally due to (a) increases in employee related compensation and expenses and (b) travel and conference costs associated with IHOP's national franchisee convention which took place in the second quarter of 1998. Field, corporate and administrative expenses were 3.4% and 3.3% of system-wide sales in the second quarter and first six months of 1998, respectively, the same percentages as in the comparable 1997 periods.

Depreciation and amortization expense increased 14.2% and 12.1% in the second quarter and first six months of 1998, respectively, over the comparable 1997 periods primarily reflecting the addition of new, larger restaurants.

Interest expense increased 17.4% and 17.3% in the second quarter and first six months of 1998, respectively, over the comparable 1997 periods primarily due to interest associated with increased capital lease obligations.

Provision for income taxes was 39.0% of income before income taxes in the second quarter and first six months of both 1998 and 1997.

The balance of long-term receivables at June 30, 1998, increased over that of the prior year end primarily due to IHOP's financing activities associated with the sale of franchises and equipment and the leasing of restaurants to its franchisees.

Balances of property and equipment, net and capital lease obligations and other at June 30, 1998, increased over those of the prior year end primarily due to new restaurant development and the Company's capital lease obligations associated with that development.

Liquidity and Capital Resources

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

In 1998, IHOP and its franchisees and area licensees plan to develop and open approximately 70 to 85 restaurants. Included in that number are the development of 50 to 60 new restaurants by the Company and the development of 20 to 25 restaurants by IHOP franchisees and area licensees. Capital expenditure projections for 1998, which includes IHOP's investment in the development of new restaurants, are approximately $60 to $75 million. In November 1998, the third annual installment of $4.6 million in principal becomes due on the Company's senior notes due 2002. The Company expects that funds from operations, sale and leaseback arrangements (estimated to be about $35 million) and its revolving line of credit will be sufficient to cover its operating requirements, its budgeted capital expenditures and its principal repayment on its senior notes in 1998. At June 30, 1998, $13.7 million was available to be borrowed under the Company's unsecured bank revolving credit agreement. In June 1998, the Company's unsecured bank revolving credit agreement was extended one year, through June 30, 2001, under similar terms and conditions, although certain borrowings would be subject to more favorable interest rates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Part II. OTHER INFORMATION

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

The annual meeting of shareholders (the "Meeting") was held on May 12, 1998. Shareholders voted in person or by proxy for the following purposes.

(a) Shareholders voted to elect three Class I directors, each to serve for a term of three years, as follows:

Nominee	Votes For	Votes Withheld
Frank Edelstein	8,535,361	158,463
Neven C. Hulsey	8,535,761	158,063
Caroline W. Nahas	8,535,429	158,395

There were no abstentions or broker non-votes. Directors whose terms of office continued after the Meeting were H. Frederick Christie, Michael S. Gordon, Richard K. Herzer, Larry Alan Kay, Dennis M. Leifheit and Patrick W. Rose.

(b) Shareholders voted to approve and ratify the amendment of the IHOP Corp. 1991 Stock Incentive Plan to increase the number of shares available for issuance thereunder to 1,880,000 from 1,380,000. 4,293,216 shares were voted for this proposal, 3,634,243 were voted against, there were 38,150 abstentions and 728,215 broker non-votes.

(c) Shareholders voted to approve and ratify the appointment of Coopers & Lybrand L.L.P. as the Company's independent accountants for the year ending December 31, 1998. 8,667,650 shares were voted for this proposal, 7,299 were voted against, there were 18,875 abstentions and no broker non-votes. On July 1, 1998, Coopers & Lybrand L.L.P. merged with Price Waterhouse L.L.P. to form PricewaterhouseCoopers L.L.P.

(d) A shareholder proposal was submitted at the Meeting for consideration by shareholders. The proposal requested that the Board of Directors adopt a policy making all of IHOP's company-operated restaurants smoke-free by January 1, 1999, and that, beginning in 1999, all new franchised facilities be smoke-free and all renewals of franchise agreements require that the affected restaurant be smoke-free. 242,414 shares were voted for this proposal, 7,451,308 were voted against, there were 271,887 abstentions and 728,215 broker non-votes.

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

(a) Exhibits.

Exhibits not incorporated by reference are filed herewith. The remainder of the exhibits have heretofore been filed with the Commission and are incorporated herein by reference.

3.1 Certificate of Incorporation of IHOP Corp. Exhibit 3.1 to IHOP Corp.'s Form 10-K for the fiscal year ended December 31, 1997, Commission file number 0-8360, (the "1997 Form 10-K") is hereby incorporated by reference.

3.2 Bylaws of IHOP Corp. Exhibit 3.2 to IHOP Corp.'s 1997 Form 10-K is hereby incorporated by reference.

4.0 Fifth Amendment to Letter Agreement, dated as of June 30, 1998, among International House of Pancakes, Inc., IHOP Corp. and Bank of America National Trust and Savings

Association (successor by merger to Bank of America Illinois).

10.0 IHOP Corp. 1991 Stock Incentive Plan as Amended and Restated February 24, 1998. Annex "A" to the IHOP Corp. Proxy Statement for Annual Meeting of Shareholders to be Held on Tuesday, May 12, 1998, is hereby incorporated by reference.

11.0 Statement Regarding Computation of Per Share Earnings

27.0 Financial Data Schedule

(b) No reports on Form 8-K were filed during the quarter ended June 30, 1998.

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)

July 29, 1998
(Date)

BY: /s/ Richard K. Herzer
Richard K. Herzer
Chairman of the Board,
President and Chief Executive Officer (Principal Executive Officer)

July 29, 1998
(Date)

BY: /s/ Frederick G. Silny
Frederick G. Silny

Vice President-Finance and Treasurer (Principal Financial Officer)

EXHIBIT 4.0

FIFTH AMENDMENT TO LETTER AGREEMENT

THIS FIFTH AMENDMENT TO LETTER AGREEMENT (the "Amendment"), dated as of June 30, 1998, is entered into by and between INTERNATIONAL HOUSE OF PANCAKES, INC. (the "Company"), IHOP CORP., (the "Guarantor") and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (successor by merger to Bank of America Illinois) (the "Bank") and amends that certain Letter Agreement between the parties dated as of June 30, 1993, as amended by a letter dated July 15, 1993 from Continental Bank to the Borrower, a First Amendment to Letter Agreement dated as of December 31, 1994, a Second Amendment to Letter Agreement dated as of March 11, 1996, a Third Amendment to Letter Agreement dated as of September 3, 1996, a Fourth Amendment to Letter Agreement dated as of November 1, 1996, and a letter from the Bank to the Company dated June 25, 1997 (this Letter Agreement as in effect as of the date of this Amendment is referred to as the "Credit Agreement").

RECITALS

A. The Company has requested that the Bank agree to certain amendments of the Credit Agreement.

B. The Bank is willing to amend the Credit Agreement subject to the terms and conditions of this Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Credit Agreement.

2. Amendments to Credit Agreement.

(a) Section 1 of the Credit Agreement is amended as follows:

> Section 1. Term of Agreement. So long as the Borrower is in compliance with the terms of this letter agreement (the "Agreement"), the commitment of the Bank shall terminate on June 30, 2001 (the "Maturity Date"); provided, however, that any Letter of Credit issued hereunder shall have an expiry date not later than the earlier of one year after the date it is issued or the Maturity Date. Between April 1 and April 30 of each year, commencing April 1, 1994, the Borrower may request a one-year extension of the Maturity Date (either beyond the initial Maturity Date hereunder or beyond a Maturity Date as previously extended pursuant to the terms hereof). The decision whether to grant the requested extension of the Maturity Date may be made by the Bank in its sole and absolute discretion. All Letters of Credit and Loans shall be used for the Borrower's working capital and other general corporate purposes.

(b) Section 14.12(a) of the Credit Agreement is amended by deleting "$45,000,000" and inserting "$55,000,000" in lieu thereof.

(c) The definition of "Eurodollar Rate" in Section 18 of the Credit Agreement is amended in its entirety to provide as follows:

"Eurodollar Rate" means, for any Interest Period for any Eurodollar Rate Loan, an interest rate per annum equal at all times during such Interest Period to the sum of (i) 0.95% plus (ii) the rate of interest per annum at which dollar deposits in the approximate amount of the Bank's Eurodollar Rate Loan for such Interest Period would be offered by the Bank's Grand Cayman Branch, Grand Cayman, B.W.I. (or such other office as may be designated for such purpose by the Bank), to major banks in the offshore dollar interbank market upon request of such banks at approximately 11:00 a.m. (New York City time) two Business Days prior to the commencement of such Interest Period.

3. Reaffirmation of IHOP Guaranty. IHOP does hereby reaffirm that the terms and provisions of Section 17 of the Credit Agreement continue in full force and effect and are ratified and confirmed in all respects on and as of the date hereof, after giving effect to this Amendment.

4. Representations and Warranties. IHOP and the Company hereby represent and warrant to the Bank as follows:

(a) Authority. Each of the Company and IHOP has been duly incorporated and is a validly existing corporation under the laws of the State of Delaware, has full legal right, power and authority to enter into this Amendment and to carry out and consummate all transactions contemplated by the Credit Agreement and this Amendment.

(b) Enforceability. This Amendment has been duly authorized and is a valid and binding obligation of the Company and IHOP, enforceable in accordance with its terms.

(c) No Conflict. This Amendment will not conflict with or constitute a breach of or a default under their respective articles of incorporation or by-laws, or any material agreement to which the Company or IHOP is a party or by which the Company or IHOP or any of their respective properties are bound, or any rule or regulation of any court or governmental agency or body having jurisdiction over the Company or IHOP or any of their respective activities or properties.

(d) No Event of Default. No Event of Default under the Credit Agreement has occurred and is continuing.

(e) Representations and Warranties. The representations and warranties in Section 11 of the Credit Agreement are true and correct in all respects on and as of the date hereof as though made on and as of the date hereof.

5. Conditions, Effectiveness. The effectiveness of this Amendment shall be subject to:

(a) the compliance by the Company with its agreements herein contained;

(b) the delivery to Bank of copies of this Amendment signed by the Company and IHOP and Guarantor Acknowledgement and Consent (in the form attached to this Amendment) executed by IHOP Restaurants, Inc.; IHOP Properties, Inc.; and IHOP Realty Corp; and

(c) the delivery of such other evidence with respect to the Company, IHOP, and any other person as the Bank may reasonably request in connection with this Amendment and the compliance with the conditions set forth herein.

6. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

(b) This Amendment is specific in time and in intent and does not constitute, nor should it be construed as, a waiver of any other right, power, or privilege under the Credit Agreement, or under any agreement, contract, indenture, document or instrument mentioned in the Credit Agreement; nor does it preclude other or further exercise thereof or the exercise of any other right, power, or privilege, nor shall any waiver of any right, power, privilege or default under the Credit Agreement or under this Amendment, or under any agreement, contract, indenture, document or instrument mentioned in the Credit Agreement constitute a waiver of any other default of the same or of any other term or provision.

(c) This Amendment is a contract made under and governed by the internal laws of the state of Illinois.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Bank of a facsimile transmitted document purportedly bearing the signature of the Company shall bind the Company with the same force and effect as the delivery of a hard copy original. Any failure by the Bank to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document which hard copy page was not received by the Bank.

IN WITNESS WHEREOF, each of the parties hereto has caused its respective duly authorized officer to execute and deliver this Amendment as of the date first written above.

INTERNATIONAL HOUSE OF
PANCAKES, INC.

By: /s/ Richard K. Herzer

Name: RICHARD K. HERZER
Title: President

IHOP CORP.

By: /s/ Richard K. Herzer

Name: RICHARD K. HERZER
Title: President

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION (successor by
merger to Bank of America Illinois)

By: /s/ Maria Vickroy-Peralta
____

Name: MARIA VICKROY-PERALTA
Title: Vice President

GUARANTOR ACKNOWLEDGMENT AND CONSENT

The undersigned, each a guarantor with respect to the Company's obligations to the Bank under the Credit Agreement, each hereby:

(1) acknowledges and consents to the execution, delivery and performance by Company of the foregoing Fifth Amendment to Credit Agreement (the "Amendment"), and

(2) Reaffirms and agrees that the respective guaranty to which the undersigned is party and all other documents and agreements executed and delivered by the undersigned to the Bank in connection with the Credit Agreement are in full force and effect, without defense, offset or counterclaim.

(Capitalized terms used herein have the meanings specified in the Amendment.)

IHOP REALTY CORP.

By: /s/ Richard K. Herzer
____

Name: RICHARD K. HERZER
Title: President

IHOP RESTAURANTS, INC.

By: /s/ Richard K. Herzer
____

Name: RICHARD K. HERZER
Title: President

IHOP PROPERTIES, INC.

By: /s/ Richard K. Herzer
____

Name: RICHARD K. HERZER
Title: President

EXHIBIT 11.0

IHOP CORP. AND SUBSIDIARIES

STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
NET INCOME PER COMMON SHARE - BASIC				
Weighted average shares outstanding	9,838	9,558	9,794	9,522
Net income available to common shareholders	$ 6,463	$5,038	$11,164	$8,588
Net income per share - basic	$ .66	$ .53	$ 1.14	$ .90
NET INCOME PER COMMON SHARE - DILUTED				
Weighted average shares outstanding	9,838	9,558	9,794	9,522
Net effect of dilutive stock options based on the treasury stock method using the average market price.	209	118	187	101
Total	10,047	9,676	9,981	9,623
Net income available to common shareholders	$ 6,463	$5,038	$11,164	$8,588
Net income per share - diluted	$ .64	$ .52	$ 1.12	$ .89

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED FINANCIAL STATEMENTS OF IHOP CORP. AND SUBSIDIARIES AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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