

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-12-27**
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FILER

APPLEBEES INTERNATIONAL INC

CIK: **853665** | IRS No.: **431461763** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **000-17962** | Film No.: **99574013**
SIC: **5812** Eating places

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 27, 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: 000-17962

Applebee's International, Inc.

(Exact name of registrant as specified in its charter)

Delaware

43-1461763

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

4551 W. 107th Street, Suite 100, Overland Park, Kansas 66207

(Address of principal executive offices and zip code)

(913) 967-4000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: Common Stock,
par value \$.01
per share

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

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

The aggregate market value of the voting stock held by non-affiliates of the
registrant as of March 19, 1999 was \$779,826,709 based upon the closing sale
price on March 19, 1999.

The number of shares of the registrant's common stock outstanding as of March
19, 1999 was 29,358,182.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy statement to be filed pursuant to Regulation 14A under the Securities
Exchange Act of 1934 is incorporated into Part III hereof.

1

APPLEBEE'S INTERNATIONAL, INC.
FORM 10-K
FISCAL YEAR ENDED DECEMBER 27, 1998
INDEX

<TABLE>
<CAPTION>

	Page
PART I	
<S>	<C>
Item 1. Business.....	3
Item 2. Properties.....	16
Item 3. Legal Proceedings.....	18
Item 4. Submission of Matters to a Vote of Security Holders.....	18
PART II	
Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.....	19
Item 6. Selected Financial Data.....	20
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	21
Item 8. Financial Statements and Supplementary Data.....	29
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	29
PART III	
Item 10. Directors and Executive Officers of the Registrant.....	30
Item 11. Executive Compensation.....	30
Item 12. Security Ownership of Certain Beneficial Owners and Management.....	30
Item 13. Certain Relationships and Related Transactions.....	30
PART IV	
Item 14. Exhibits and Reports on Form 8-K.....	31
Signatures.....	32

2

PART I

Item 1. Business

General

Applebee's International, Inc. and its subsidiaries (the "Company") develops, franchises and operates casual dining restaurants principally under the names "Applebee's Neighborhood Grill & Bar" and "Rio Bravo Cantina." With nearly 1,100 restaurants and over \$2.0 billion in annual system sales, Applebee's Neighborhood Grill and Bar is the largest casual dining concept in America, both in terms of number of restaurants and market share.

The Company opened its first restaurant in 1986 and initially developed and operated six restaurants as a franchisee of the Applebee's Neighborhood Grill & Bar Division (the "Applebee's Division") of an indirect subsidiary of W.R. Grace & Co. In March 1988, the Company acquired substantially all the assets of its franchisor. At the time of this acquisition, the Applebee's Division operated 14 restaurants and had ten franchisees, including the Company, operating 41 franchise restaurants.

As of December 27, 1998, there were 1,064 Applebee's restaurants, of which 817 were operated by franchisees and 247 were owned or operated by the Company. The restaurants were located in 48 states, Canada, Europe, and Mexico. During 1998, 116 new restaurants were opened, including 84 franchise restaurants and 32 Company restaurants.

The Company acquired the Rio Bravo Cantina chain of Mexican casual dining restaurants in March 1995 and began franchise expansion in 1996. As of December 27, 1998, there were 66 Rio Bravo Cantina restaurants located in 19 states, of which 26 were operated by franchisees and 40 were owned by the Company. The Company also owns four other specialty restaurants. In February 1999, the Company entered into agreements to sell its Rio Bravo Cantina concept and the

four specialty restaurants.

With the announced divestiture of the Rio Bravo Cantina concept, the Company's strategy is to focus singularly on the Applebee's concept. During 1998, the Company introduced a new "small-town" restaurant prototype developed for communities of less than 25,000 population. The Company expects the long-term potential development of the small-town prototype to be at least 150 restaurants. Based on continued successful market penetration of the Applebee's concept as well as the new potential for small-towns, the Company now expects the ultimate domestic potential of the Applebee's system to be at least 1,800 restaurants.

The following table sets forth certain unaudited financial information and other restaurant data relating to Company and franchise restaurants, as reported to the Company by franchisees.

<TABLE>
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	Fiscal Year Ended		
	December 27, 1998	December 28, 1997	December 29, 1996
<S>	<C>	<C>	<C>
Number of restaurants:			
Applebee's:			
Company(1):			
Beginning of year.....	190	148	128
Restaurant openings.....	32	32	29
Restaurant closings.....	(2)	(1)	(3)
Restaurants acquired from (by) franchisees...	27	11	(6)
End of year.....	247	190	148
Franchise:			
Beginning of year.....	770	671	538
Restaurant openings.....	84	113	134
Restaurant closings.....	(10)	(3)	(7)
Restaurants acquired by (from) franchisees...	(27)	(11)	6
End of year.....	817	770	671
Total Applebee's:			
Beginning of year.....	960	819	666
Restaurant openings.....	116	145	163
Restaurant closings.....	(12)	(4)	(10)
End of year.....	1,064	960	819
Rio Bravo Cantinas:			
Company:			
Beginning of year.....	31	21	16
Restaurant openings.....	9	10	5
End of year.....	40	31	21
Franchise:			
Beginning of year.....	24	9	--
Restaurant openings.....	4	16	9
Restaurant closings.....	(2)	(1)	--
End of year.....	26	24	9
Total Rio Bravo Cantinas:			
Beginning of year.....	55	30	16
Restaurant openings.....	13	26	14
Restaurant closings.....	(2)	(1)	--
End of year.....	66	55	30
Specialty Restaurants.....	4	4	4
Total number of restaurants:			
Beginning of year.....	1,019	853	686

Restaurant openings.....	129	171	177
Restaurant closings.....	(14)	(5)	(10)
	-----	-----	-----
End of year.....	1,134	1,019	853
	=====	=====	=====

</TABLE>

4

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	Fiscal Year Ended		
	December 27, 1998	December 28, 1997	December 29, 1996
	-----	-----	-----
<S>	<C>	<C>	<C>
Weighted average weekly sales per restaurant:			
Applebee's:			
Company(1).....	\$ 40,664	\$ 41,176	\$ 40,366
Franchise.....	\$ 39,077	\$ 39,513	\$ 39,870
Total Applebee's.....	\$ 39,428	\$ 39,826	\$ 39,961
Rio Bravo Cantinas:			
Company(2).....	\$ 52,789	\$ 60,946	\$ 66,743
Franchise.....	\$ 41,675	\$ 49,288	\$ 67,371
Total Rio Bravo Cantinas.....	\$ 47,966	\$ 56,206	\$ 66,741
Change in comparable restaurant sales:(3)			
Applebee's:			
Company(1).....	(0.4) %	0.1 %	1.1 %
Franchise.....	(0.1) %	0.6 %	(1.2) %
Total Applebee's.....	(0.2) %	0.5 %	(0.8) %
Rio Bravo Cantinas (Company).....	(6.8) %	(1.6) %	3.9 %
Total system sales (in thousands):			
Applebee's.....	\$ 2,066,273	\$ 1,818,503	\$ 1,539,277
Rio Bravo Cantinas.....	150,899	128,196	66,663
Specialty restaurants.....	14,373	14,435	14,374
	-----	-----	-----
Total system sales.....	\$ 2,231,545	\$ 1,961,134	\$ 1,620,314
	=====	=====	=====

</TABLE>

-
- (1) Includes one Texas restaurant operated by the Company under a management agreement since July 1990.
 - (2) Excludes one restaurant which is open for dinner only.
 - (3) When computing comparable restaurant sales, restaurants open for at least 18 months are compared from period to period.

5

The Applebee's System

Concept. Each Applebee's restaurant is designed as an attractive, friendly, neighborhood establishment featuring moderately priced, high quality food and beverage items, table service and a comfortable atmosphere. Applebee's restaurants appeal to a wide range of customers including families with children, young adults and senior citizens.

Applebee's restaurants are designed according to Company specifications and are located in free-standing buildings, end caps of strip shopping centers, and shopping malls. During 1997, the Company introduced two free-standing restaurant

prototypes, which are approximately 4,700 and 5,000 square feet and seat approximately 165 and 200 patrons, respectively. During 1998, the Company introduced a new "small-town" restaurant prototype developed for communities of less than 25,000 population. There are currently two small-town prototypes which are approximately 3,800 and 4,300 square feet and seat approximately 135 and 145 patrons, respectively. Seven test units of the new small-town designs were opened in 1998, two by the Company and five by a franchisee, and additional units are in the development pipeline for both the Company and selected franchisees. The Company expects the long-term potential development of the small-town prototype to be at least 150 restaurants. Based on continued successful market penetration of the Applebee's concept as well as the new potential for small-towns, the Company now expects the ultimate domestic potential of the Applebee's system to be at least 1,800 restaurants.

Each Applebee's restaurant has a centrally located bar and many restaurants offer patio seating. The decor of each restaurant incorporates artifacts and memorabilia such as old movie posters, musical instruments and sports equipment along with photographs and magazine and newspaper articles highlighting local history and personalities, giving each restaurant an individual, neighborhood identity. Each Applebee's restaurant is required to be remodeled every six years to embody the design elements of the current prototype.

Menu. Each Applebee's restaurant offers a diverse menu of high quality, moderately priced food and beverage items consisting of traditional favorites and innovative dishes. The restaurants feature a broad selection of entrees, including beef, chicken, seafood and pasta items prepared in a variety of cuisines, as well as appetizers, salads, sandwiches, specialty drinks and desserts. Substantially all restaurants offer beer, wine, liquor and premium specialty drinks. During 1998, alcoholic beverages accounted for 14.4% of Company owned Applebee's restaurant sales. The Company continuously develops and tests new menu items through regional consumer tastings and additional tests in selected Company and franchise restaurants. Franchisees are required to present a menu consisting of approximately 65% of selections from the Company approved list of national core items and approximately 35% of additional items selected from the Company approved list of optional items.

Restaurant Operations. All restaurants are operated in accordance with uniform operating standards and specifications relating to the quality and preparation of menu items, selection of menu items, maintenance and cleanliness of premises, and employee conduct. All standards and specifications are developed by the Company, with input from franchisees, and are applied on a system-wide basis.

Training. The Company has an operations training course for general managers, kitchen managers and other restaurant managers. The course consists of in-store task-oriented training and formal administrative, customer service, and financial training which may last from 10 to 12 weeks. A team of Company employed trainers is provided for new restaurants to conduct hands-on training for all restaurant employees to ensure compliance with Company standards. The Company, generally through in-restaurant seminars and video presentations, provides periodic training for its restaurant employees regarding topics such as the responsible service of alcohol and food sanitation and storage.

6

Advertising. The Company has historically concentrated its advertising and marketing efforts primarily on food-specific promotions, with each promotion featuring a specific theme or ethnic cuisine. The Company advertises on a national, regional and local basis, utilizing primarily television, radio and print media. In 1998, approximately 4.3% of sales for Company Applebee's restaurants was spent on advertising, including 1.5% contributed to the national advertising pool which develops and funds the specific national promotions. All franchisees are also required to contribute 1.5% of sales to the national advertising pool. The remainder of the Company's advertising expenditures are focused on local advertising in areas with Company owned restaurants.

Purchasing. Maintaining high food quality and system-wide consistency is a central focus of the Company's purchasing program. The Company mandates quality standards for all products used in the restaurants and maintains a limited list of approved suppliers from which the Company and its franchisees must select. The Company has negotiated purchasing agreements with most of its approved suppliers which result in volume discounts for the Company and its franchisees, and when necessary, purchases and maintains inventories of Riblets, a specialty item on the Applebee's menu, to assure sufficient supplies for the system.

Company Applebee's Restaurants

Company Restaurant Openings and Acquisitions. The Company's expansion strategy is to cluster restaurants in targeted markets, thereby increasing consumer awareness and enabling the Company to take advantage of operational, distribution, and advertising efficiencies. The Company's experience in developing markets indicates that the opening of multiple restaurants within a

particular market results in increased market share.

In order to maximize overall system growth, the Company's expansion strategy through 1992 emphasized franchise arrangements with experienced, successful and financially capable restaurant operators. Although the Company continues to expand the Applebee's system across the United States through franchise operations, commencing in 1992, the system growth strategy also included increasing the number of Company restaurants through the direct development of strategic territories and, if available under acceptable financial terms, by selectively acquiring existing franchise restaurants and terminating related development rights held by the selling franchisee. In that regard, the Company has expanded from a total of 31 owned or operated restaurants as of December 27, 1992 to a total of 247 as of December 27, 1998 through the opening of 157 new restaurants and the acquisition of 81 franchise restaurants over the last five years, including 33 franchise restaurants in the Virginia market that were acquired during 1998. On March 30, 1998, the Company acquired the operations and assets of 33 restaurants in the Virginia markets of Norfolk, Richmond, Roanoke and Charlottesville, from Apple South, Inc. ("Apple South"), now Avado Brands, Inc., referred to herein as the "Virginia Acquisition."

The Company opened 32 new Applebee's restaurants in 1998 and anticipates opening approximately 28 new Applebee's restaurants in 1999, although it may open more or less restaurants depending upon the availability of appropriate new sites. The areas in which the Company's restaurants are located and the areas where the Company opened new restaurants during 1998 are set forth in the following table.

7

<TABLE>
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Area	Company Restaurants Opened in 1998	Company Restaurants as of December 27, 1998
<S>	<C>	<C>
New England (includes Massachusetts, Vermont, New Hampshire, Rhode Island and Maine).....	3	35
Virginia.....	2	35
Detroit/Southern Michigan.....	5	34
Minneapolis/St. Paul, Minnesota.....	4	32
North/Central Texas.....	3	24
Kansas City, Missouri/Kansas.....	2	22
St. Louis, Missouri/Illinois.....	7	21
Las Vegas/Reno, Nevada.....	2	12
Philadelphia, Pennsylvania.....	3	11
Atlanta, Georgia.....	1	8
San Diego/Southern California.....	--	7
Albuquerque, New Mexico.....	--	6
	-----	-----
	32	247
	=====	=====

</TABLE>

Restaurant Operations. The staff for a typical Applebee's restaurant consists of one general manager, one kitchen manager, two or three assistant managers and approximately 60 hourly employees. All managers of Company owned restaurants receive a salary and performance bonus based on restaurant sales, profits and adherence to Company standards. As of December 27, 1998, the Company employed nine regional Directors of Operations and 39 District Managers, whose duties include regular restaurant visits and inspections and the ongoing maintenance of the Company standards of quality, service, cleanliness, value, and courtesy. In addition to providing a significant contribution to revenues and operating earnings, Company restaurants are used for many purposes which are integral to the development of the entire system, including testing of new menu items and training of franchise restaurant managers and operating personnel. In addition, the operation of Company restaurants enables the Company to develop and refine its operating standards and specifications further and to understand and better respond to day-to-day management and operating concerns of franchisees.

The Applebee's Franchise System

Franchise Territory and Restaurant Openings. The Company currently has exclusive franchise arrangements with approximately 66 franchise groups, including 12 international franchisees. The Company has generally selected franchisees that

are experienced multi-unit restaurant operators who have been involved with other restaurant concepts. The Company's franchisees operate Applebee's restaurants in 41 states, Canada, Europe, and Mexico. Virtually all territories in the contiguous 48 states have been granted to franchisees or designated for Company development.

As of December 27, 1998, there were 817 franchise restaurants. Franchisees opened 134 restaurants in 1996, 113 restaurants in 1997, and 84 restaurants in 1998. The Company anticipates between 75 to 90 franchise restaurant openings in 1999.

8

As part of the agreement with Apple South relating to the Virginia Acquisition, Apple South has also agreed to use its best efforts to sell its other Applebee's restaurants as soon as practical, resulting in its exit as an Applebee's franchisee. The reduction in franchise restaurant openings in 1998 and expected openings in 1999 is, in part, a result of anticipated delays in development that will occur during the transition of restaurants and territories from Apple South to new franchisees. As of February 22, 1999, Apple South had completed the sale of 243 of its restaurants (89% of its total), and there are signed contracts on the two remaining territories. To the extent any of the 31 remaining restaurants are not divested by Apple South by December 31, 1999, the Company has an option to purchase the remaining restaurants at a predetermined formula.

Development of Restaurants. The Company makes available to franchisees the physical specifications for a typical restaurant, retaining the right to prohibit or modify the use of any plan. Each franchisee, with assistance from the Company, is responsible for selecting the site for each restaurant within its territory, subject to Company approval. The Company conducts a physical inspection, reviews any proposed lease or purchase agreement, and makes available demographic studies.

Domestic Franchise Arrangements. Each Applebee's franchise arrangement consists of a development agreement and separate franchise agreements. Development agreements grant the exclusive right to develop a number of restaurants in a designated geographical area. The term of a domestic development agreement is generally 20 years. A separate franchise agreement is entered into by the franchisee relating to the operation of each restaurant which has a term of 20 years and permits renewal for up to an additional 20 years in accordance with the terms contained in the then current franchise agreement (including the then current royalty rates and advertising fees) and upon payment of an additional franchise fee.

For each restaurant developed, a franchisee is currently obligated to pay to the Company a royalty fee equal to 4% of the restaurant's monthly gross sales. The franchise agreements for many franchisees allow the Company to increase royalty fees up to 5% of gross sales; however, the Company has agreed to withhold consideration of such action until on or after January 1, 2003. The Company's current form of development agreement requires an initial franchise fee of \$35,000 for each restaurant developed during its term. The terms, royalties and advertising fees under a limited number of franchise agreements and the franchise fees under older development agreements vary from the currently offered arrangements.

Advertising. Domestic franchisees are required to spend at least 1.5% of gross sales on local advertising and promotional activities, in addition to their contribution of 1.5% of gross sales to the national advertising fund. Franchisees also promote the opening of each restaurant and the Company, subject to certain conditions, reimburses the franchisee for 50% of the out-of-pocket opening advertising expenditures, up to a maximum of \$2,500. The Company can increase the combined amount of the advertising fee and the amount required to be spent on local advertising and promotional activities to a maximum of 5% of gross sales.

Training and Support. The Company provides ongoing advice and assistance to franchisees in connection with the operation and management of each restaurant through training sessions, meetings, seminars, on-premises visits, and by written or other material. Such advice and assistance relates to revisions to operating manual policies and procedures, and new developments, techniques, and improvements in restaurant management, food and beverage preparation, sales promotion, and service concepts.

Quality Control. The Company continuously monitors franchisee operations and inspects restaurants, principally through its full-time franchise consultants (25 at December 27, 1998) who report to the Company's Executive Director of Franchise Operations and Vice President of Franchise Partnerships. The Company makes both scheduled and unannounced inspections of restaurants to ensure that only approved products are in use and that Company prescribed practices and procedures are being followed. A minimum of three planned visits are made each year, during which a representative of the Company conducts an inspection and

consultation at each restaurant. The Company has the right to terminate a franchise if a franchisee does not operate and maintain a restaurant in accordance with the Company's requirements.

9

Franchise Business Council. The Company maintains a Franchise Business Council which provides advice to the Company regarding operations, marketing, product development and other aspects of restaurant operations for the purpose of improving the franchise system. As of December 27, 1998, the Franchise Business Council consisted of eight franchisee representatives, three members of the Company's senior management, and the Company's Chairman of the Board. One franchisee representative is a permanent member, one franchisee representative must be a franchisee with five or less restaurants, and any franchisee who operates 10% or more of the total number of system restaurants (currently none) is reserved a seat. In addition, the Company's Chairman has now become a permanent member of the Franchise Business Council. The remaining franchisee representatives are elected by franchisees prior to, and announced at, the annual franchise convention.

International Franchise Agreements. The Company has begun pursuing international franchising of the Applebee's concept under a long-term strategy of controlled expansion. This strategy includes seeking qualified franchisees with the resources to open multiple restaurants in each territory and the familiarity with the specific local business environment. The Company is currently focusing on international franchising in major cities in Canada, Mexico, the United Kingdom, Central America, continental Europe and the Middle East. In this regard, the Company currently has development agreements with 12 international franchisees. Five restaurants were opened during 1998, and there were 18 international restaurants in operation as of December 27, 1998. The success of current international operations and further international expansion will be dependent upon, among other things, local acceptance of the Applebee's concept, and the Company's ability to attract qualified franchisees and operating personnel, to comply with the regulatory requirements of the local jurisdictions, and to supervise international franchisee operations effectively.

Franchise Financing. Although financing is the sole responsibility of the franchisee, the Company makes available to franchisees information relating to financial institutions interested in financing the costs of restaurant development for qualified franchisees. None of these financial institutions is an affiliate or agent of the Company, and the Company has no control over the terms or conditions of any financing arrangement offered by these financial institutions. Under a previous franchise financing program, the Company provided a limited guaranty of loans made to certain franchisees.

To assist in the transition of the Apple South restaurants to other franchisees, the Company has agreed to provide the availability of guarantees up to 10% of the borrowings of qualified franchise groups, up to a maximum of \$10,000,000 in the aggregate. To date, the Company has provided a guarantee to one franchise group totaling \$1,000,000. See Notes to Consolidated Financial Statements of the Company included elsewhere herein. On infrequent occasions, when the Company believes it is necessary to support franchise development in a strategic territory, the Company has made secured loans to franchisees, agreed to defer collection of royalties, or guaranteed equipment leases.

Rio Bravo Cantina Restaurants

General. In March 1995, a wholly-owned subsidiary of the Company merged with and into Innovative Restaurant Concepts, Inc. ("IRC"), referred to herein as the "IRC Merger," through which the Company acquired the Rio Bravo Cantina chain of Mexican casual dining restaurants. As a result of the IRC Merger, IRC became a wholly-owned subsidiary of the Company. At the time of the IRC Merger, IRC operated 17 restaurants, including 13 Rio Bravo Cantina restaurants, and four other specialty restaurants. In connection with the acquisition of the Rio Bravo Cantina concept, the Company also acquired four specialty restaurants, comprised of two Green Hills Grille restaurants in Nashville, Tennessee and Huntsville, Alabama, an upscale Rio Bravo Cantina called the Rio Bravo Grill in Atlanta, Georgia and Ray's on the River in Atlanta, Georgia.

10

As of December 27, 1998, the Company operated 40 Rio Bravo Cantina restaurants and franchisees operated 26 Rio Bravo Cantina restaurants in 19 states. The Company also operated the four specialty restaurants. The Company opened nine Rio Bravo Cantina restaurants and franchisees opened four restaurants in 1998.

In February 1999, the Company entered into an agreement to sell its Rio Bravo Cantina concept. Under the terms of the agreement, the buyer will become the franchisor of the Rio Bravo Cantina system and will continue to operate or franchise the Company-owned restaurants. The buyer has agreed to provide a

number of future operating alternatives for existing franchisees, including continued operation of franchise restaurants as Rio Bravo Cantinas or, in certain cases, conversion to the buyer's restaurant concept. The Company will receive \$53 million in consideration (\$47 million in cash at closing and a \$6 million subordinated note). The buyer has also committed an additional \$6 million available to partially fund the strategic alternatives offered to the current Rio Bravo Cantina franchisees. The Company also entered into a separate definitive agreement to sell its four specialty restaurants for \$12 million in cash to an entity owned by the Company's Chairman and certain members of his family. Both transactions are expected to close early in the second quarter of 1999, subject to customary third-party approvals.

Concept. Rio Bravo Cantina restaurants offer generous portions of Mexican cuisine at attractive prices. The restaurants feature tortillas made on the premises, fresh daily specials, a variety of signature margaritas and distinctive Mexican architecture and interior decor which create a festive atmosphere reminiscent of an authentic Mexican cantina. The design of the restaurants incorporates materials such as exposed brick, barn wood, Mexican tile floors and stucco walls embellished with various signs, inscriptions and other items depicting a rustic border motif.

Rio Bravo Cantina restaurants can be located in either free-standing buildings, strip shopping centers, or shopping malls. Existing locations, many of which are conversions of other restaurants, range in size from 5,600 to 10,300 square feet and seat between 210 and 450 customers. Most of the restaurants have a patio area providing additional seating during much of the year. The current free-standing prototype, which was introduced during 1997, is approximately 5,600 square feet and seats approximately 210 people with an optional outdoor patio area that seats 36 patrons.

Menu. All but one Rio Bravo Cantina restaurant are open for lunch and dinner seven days a week. The menu includes traditional Mexican food items such as burritos, enchiladas, tamales and tacos. In addition, the menu offers a wide variety of other favorites such as beef, chicken and shrimp fajitas, quesadillas, shrimp dishes, and a variety of salads and desserts. A large variety of Mexican and domestic beers, Sangria, and signature margaritas are also featured. The menu offers lunch entrees priced from \$4.79 to \$7.79 and dinner entrees priced from \$5.99 to \$12.99. During 1998, alcoholic beverages accounted for approximately 26.3% of total Company restaurant sales.

The Rio Bravo Franchise System

Franchise Arrangements. Each Rio Bravo Cantina franchise arrangement consists of a development agreement and separate franchise agreements. Development agreements grant the exclusive right to develop a number of restaurants in a designated geographical area. The term of a domestic development agreement is generally 15 years. A separate franchise agreement is entered into by the franchisee relating to the operation of each restaurant which has a term of 15 years and permits renewal for up to an additional 15 years in accordance with the terms contained in the then current franchise agreement (including the then current royalty rates and advertising fees) and upon payment of an additional franchise fee.

11

For each restaurant developed, a franchisee is obligated to pay to the Company a royalty fee equal to 4% of the restaurant's gross sales. The development agreement requires an initial franchise fee of \$40,000 for each restaurant developed during its term. Franchisees are required to spend at least 1.5% of gross sales on local advertising and promotional activities, in addition to a contribution of 2.0% of gross sales to the national advertising fund. During 1998, the Company reduced or waived royalties for a portion of the year to assist franchisees who were experiencing low sales volumes. In conjunction with the announced sale of the Rio Bravo Cantina concept, all franchise royalties and advertising fees have been waived beginning in February 1999.

Rio Bravo Roundtable. The Company maintains a Rio Bravo Roundtable which provides advice to the Company regarding operations, marketing, product development, and other aspects of restaurant operations for the purpose of improving the franchise system. As of December 27, 1998, the Rio Bravo Roundtable consisted of five franchisee representatives and two members of the Company's senior management. Franchisee representatives are elected by franchisees at an annual meeting.

Competition

Competition in the casual dining segment of the restaurant industry is expected to remain intense with respect to price, service, location, concept, and the type and quality of food. There is also intense competition for real estate sites, qualified management personnel, and hourly restaurant staff. The Company's competitors include national, regional and local chains, as well as local owner-operated restaurants. There are a number of well-established

competitors, some of which have been in existence for a longer period than the Company and may be better established in the markets where the Company's restaurants are or may be located. The Company has begun to experience increased competition in attracting and retaining qualified management level operating personnel.

Service Marks

The Company owns the rights to the "Applebee's Neighborhood Grill & Bar(R)" and "Rio Bravo Cantina(R)" service marks and certain variations thereof in the United States and, with respect to the Applebee's mark, in various foreign countries. The Company is aware of names and marks similar to the service marks of the Company used by third parties in certain limited geographical areas. The Company intends to protect its service marks by appropriate legal action where and when necessary.

Government Regulation

The Company's restaurants are subject to numerous federal, state, and local laws affecting health, sanitation and safety standards, as well as to state and local licensing regulation of the sale of alcoholic beverages. Each restaurant requires appropriate licenses from regulatory authorities allowing it to sell liquor, beer, and wine, and each restaurant requires food service licenses from local health authorities. The Company's licenses to sell alcoholic beverages must be renewed annually and may be suspended or revoked at any time for cause, including violation by the Company or its employees of any law or regulation pertaining to alcoholic beverage control, such as those regulating the minimum age of patrons or employees, advertising, wholesale purchasing, and inventory control. The failure of a restaurant to obtain or retain liquor or food service licenses could have a material adverse effect on its operations. In order to reduce this risk, each restaurant is operated in accordance with standardized procedures designed to facilitate compliance with all applicable codes and regulations.

12

The Company's employment practices are governed by various governmental employment regulations, including minimum wage, overtime, immigration, family leave and working condition regulations.

The Company is subject to a variety of federal and state laws governing franchise sales and the franchise relationship. In general, these laws and regulations impose certain disclosure and registration requirements prior to the sale and marketing of franchises. Recent decisions of several state and federal courts and recently enacted or proposed federal and state laws demonstrate a trend toward increased protection of the rights and interests of franchisees against franchisors. Such decisions and laws may limit the ability of franchisors to enforce certain provisions of franchise agreements or to alter or terminate franchise agreements. Due to the scope of the Company's business and the complexity of franchise regulations, minor compliance issues may be encountered from time to time; however, the Company does not believe any such issues will have a material adverse effect on its business.

Under certain court decisions and statutes, owners of restaurants and bars in some states in which the Company owns or operates restaurants may be held liable for serving alcohol to intoxicated customers whose subsequent conduct results in injury or death to a third party, and no assurance can be given that the Company will not be subject to such liability. The Company believes its insurance presently provides adequate coverage for such liability.

Employees

At December 27, 1998, the Company employed approximately 20,300 full and part-time employees, of whom approximately 390 were corporate personnel, 1,410 were restaurant managers or managers in training and 18,500 were employed in non-management full and part-time restaurant positions. Of the 390 corporate employees, 120 were in management positions and 270 were general office employees, including part-time employees.

The Company considers its employee relations to be good. Most employees, other than restaurant management and corporate personnel, are paid on an hourly basis. The Company believes that it provides working conditions and wages that compare favorably with those of its competition. The Company has never experienced a work stoppage due to labor difficulty and the Company's employees are not covered by a collective bargaining agreement.

13

Executive Officers of the Registrant

The executive officers of the Company as of December 27, 1998 are shown below.

<TABLE>
<CAPTION>

<S>	Name	Age <C>	<C>	Position
	Abe J. Gustin, Jr.....	64		Chairman of the Board of Directors
	Lloyd L. Hill.....	54		Chief Executive Officer, President, Chief Operating Officer and Member of the Board of Directors
	Steven K. Lumpkin.....	44		Executive Vice President of Strategic Development
	Robert A. Martin.....	68		Executive Vice President of Marketing and Member of the Board of Directors
	George D. Shadid.....	44		Executive Vice President, Chief Financial Officer and Treasurer
	Julia A. Stewart.....	43		President of Applebee's Division
	Larry A. Cates.....	50		President of International Division
	Lawrence M. Folk.....	47		President and Chief Executive Officer of Rio Bravo International, Inc. (a wholly-owned subsidiary of Applebee's International, Inc.)
	Louis A. Kaucic.....	47		Senior Vice President of Human Resources

</TABLE>

Abe J. Gustin, Jr. has been a director of the Company since September 1983 when the Company was formed. He served as Chairman of the Board of Directors of the Company from September 1983 until January 1988 and was again elected as Chairman in September 1992. He was Vice President from November 1987 to January 1988, and from January 1988 until December 1994, he served as President of the Company. Mr. Gustin served as Chief Executive Officer of the Company through 1996, and effective January 1, 1997, became Co-Chief Executive Officer along with Lloyd L. Hill. In January 1998, Mr. Hill assumed the full duties of Chief Executive Officer while Mr. Gustin retained his position as the Chairman of the Board and continued as an active executive of the Company through December 1998. In January 1999, Mr. Gustin retired as an active executive of the Company but continues as Chairman of the Board and serves as a member of the Company's Franchise Business Council.

Lloyd L. Hill was elected a director of the Company in August 1989 and was appointed Executive Vice President and Chief Operating Officer of the Company in January 1994. In December 1994, he assumed the role of President in addition to his role as Chief Operating Officer. Effective January 1, 1997, Mr. Hill assumed the role of Co-Chief Executive Officer along with Mr. Gustin. In January 1998, Mr. Gustin retained his position as the Chairman of the Board and Mr. Hill assumed the full duties of Chief Executive Officer. From December 1989 to December 1993, he served as President of Kimberly Quality Care, a home health care and nurse personnel staffing company, where he also served as a director from 1988 to 1993, having joined that organization in 1980.

Steven K. Lumpkin was employed by the Company in May 1995 as Vice President of Administration. In January 1996, he was promoted to Senior Vice President of Administration. In November 1997, he assumed the position of Senior Vice President of Strategic Development and in January 1998 was promoted to Executive Vice President of Strategic Development. From July 1993 until January 1995, Mr. Lumpkin was a Senior Vice President with a division of the Olsten Corporation, Olsten Kimberly Quality Care. From June 1990 until July 1993, Mr. Lumpkin was an Executive Vice President and a member of the board of directors of Kimberly Quality Care. From January 1978 until June 1990, Mr. Lumpkin was employed by Price Waterhouse LLP, where he served as a management consulting partner and certified public accountant.

Robert A. Martin was elected a director of the Company in August 1989. In April 1991, he became Vice President of Marketing, and in January 1994, he was promoted to Senior Vice President of Marketing. In January 1996, Mr. Martin was promoted to Executive Vice President of Marketing. From January 1990 to April 1991, he served as President of Kayemar Enterprises, a Kansas City-based marketing consulting firm. From 1983 to January 1990, he served as the President, Chief Operating Officer and a director of Juneau Holding Co., of which Mr. Gustin was Chairman. From July 1977 to June 1981, he served as President of United Vintners Winery and prior to that time was employed for 25 years by Schlitz Brewing Company, most recently in the position of Senior Vice President of Sales and Marketing.

George D. Shadid was employed by the Company in August 1992, and served as Senior Vice President and Chief Financial Officer until January 1994 when he was promoted to Executive Vice President and Chief Financial Officer. He also became Treasurer in March 1995. In March 1999, Mr. Shadid was elected a director of the Company. From 1985 to 1987, he served as Corporate Controller of Gilbert/Robinson, Inc., at which time he was promoted to Vice President, and in 1988 assumed the position of Vice President and Chief Financial Officer, which

he held until joining the Company. From 1976 until 1985, Mr. Shadid was employed by Deloitte & Touche LLP.

Julia A. Stewart was employed by the Company in October 1998 as President of its Applebee's Division. From July 1991 until September 1998, Ms. Stewart held several key executive positions with Taco Bell Corporation, a division of Tricon Global Restaurants, Inc. Most recently, she served as National Vice President of Franchise and License for over 5,200 Taco Bell units, and was previously Taco Bell's Western Region Vice President of Operations with responsibility for over 1,200 company-owned restaurants. Prior to joining Taco Bell, she held key marketing positions over a 15-year period, including Vice President of Marketing, Research and Development with Stuart Anderson's Black Angus/Cattle Company Restaurants.

Larry A. Cates was employed by the Company in May 1997 as President of its International Division. Prior to joining the Company, Mr. Cates spent the previous 17 years with PepsiCo Restaurants developing international markets for that company's Pizza Hut, Taco Bell and KFC brands. From 1994 to 1997, Mr. Cates was Vice President of Franchising and Development - Europe/Middle East, and from 1990 to 1994, he was Chief Executive Officer of Pizza Hut UK, Ltd., a joint venture between PepsiCo Restaurants and Whitbread.

Lawrence M. Folk was employed by the Company in October 1998 as President and Chief Executive Officer of Rio Bravo International, Inc., a wholly-owned subsidiary of Applebee's International, Inc. From January 1997 until August 1998, Mr. Folk was President of Don Pablo's Mexican Kitchen, a division of Apple South, Inc. (now Avado Brands, Inc.), and was Chief Financial Officer from November 1995 until December 1996. Prior to Apple South's merger with DF&R Restaurants, Inc. in November 1995, Mr. Folk had served as Chief Financial Officer of DF&R Restaurants since February 1992.

Louis A. Kaucic was employed by the Company in October 1997 as Senior Vice President of Human Resources. From July 1992 until October 1997, Mr. Kaucic was Vice President of Human Resources and later promoted to Senior Vice President of Human Resources with Unique Casual Restaurants, Inc., which operates several restaurant concepts. From 1982 to 1992, he was employed by Pizza Hut in a variety of positions, including Director of Employee Relations. From 1978 to 1982, Mr. Kaucic was employed by Kellogg's as an Industrial Relations Manager. Mr. Kaucic is a director of the Women's Food Service Forum.

Item 2. Properties

At December 27, 1998, the Company owned or operated 291 restaurants, of which it leased the land and building for 78 sites, owned the building and leased the land for 88 sites, and owned the land and building for 125 sites. In addition, as of December 27, 1998, the Company owned 12 sites for future development of restaurants and had entered into 9 lease agreements for restaurant sites the Company plans to open during 1999. The Company's leases generally have an initial term of 15 to 20 years, with renewal terms of 5 to 20 years, and provide for a fixed rental plus, in certain instances, percentage rentals based on gross sales.

The Company owns an 80,000 square foot office building in which its corporate offices are headquartered in Overland Park, Kansas, located in the metropolitan Kansas City area. The Company also leases office space in certain of the regions in which it operates restaurants.

Under its franchise agreements, the Company has certain rights to gain control of a restaurant site in the event of default under the lease or the franchise agreement.

The following table sets forth the 48 states and the six international countries in which Applebee's and Rio Bravo Cantina restaurants are located and the number of restaurants operating in each state or country as of December 27, 1998:

<TABLE>
<CAPTION>

State or Country	Number of Restaurants					
	Franchise		Company		Total System	
	Applebee's	Rio Bravo	Applebee's	Rio Bravo	Applebee's	Rio Bravo

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Domestic:						
Alabama.....	18	1	--	--	18	1
Arizona.....	18	--	--	--	18	--
Arkansas.....	6	1	--	--	6	1
California.....	51	--	7	--	58	--
Colorado.....	25	1	--	--	25	1
Connecticut.....	1	--	--	--	1	--
Delaware.....	3	--	--	--	3	--
Florida.....	66	1	--	13	66	14
Georgia.....	45	5	8	10	53	15
Idaho.....	5	--	--	--	5	--
Illinois.....	40	1	5	--	45	1
Indiana.....	40	2	--	--	40	2
Iowa.....	17	--	--	--	17	--
Kansas.....	10	2	9	3	19	5
Kentucky.....	23	--	--	--	23	--
Louisiana.....	17	--	--	--	17	--
Maine.....	--	--	3	--	3	--
Maryland.....	16	--	--	--	16	--
Massachusetts.....	--	--	17	--	17	--
Michigan.....	6	--	34	5	40	5
Minnesota.....	--	--	32	3	32	3
Mississippi.....	11	--	--	--	11	--
Missouri.....	7	1	29	1	36	2
Montana.....	6	--	--	--	6	--
Nebraska.....	8	--	--	--	8	--
Nevada.....	--	--	12	--	12	--
New Hampshire.....	--	--	9	--	9	--
New Jersey.....	14	--	--	--	14	--
New Mexico.....	4	--	6	--	10	--
New York.....	40	2	--	--	40	2
North Carolina.....	36	2	1	--	37	2
North Dakota.....	5	1	--	--	5	1
Ohio.....	54	2	--	--	54	2
Oklahoma.....	11	--	--	--	11	--
Oregon.....	8	--	--	--	8	--
Pennsylvania.....	23	--	11	--	34	--
Rhode Island.....	--	--	4	--	4	--
South Carolina.....	37	1	--	--	37	1
South Dakota.....	2	1	--	--	2	1
Tennessee.....	40	1	--	5	40	6
Texas.....	21	--	24	--	45	--
Utah.....	7	--	--	--	7	--
Vermont.....	--	--	2	--	2	--
Virginia.....	9	1	34	--	43	1
Washington.....	12	--	--	--	12	--
West Virginia.....	11	--	--	--	11	--
Wisconsin.....	24	--	--	--	24	--
Wyoming.....	2	--	--	--	2	--
International:						
Canada.....	7	--	--	--	7	--
Germany.....	2	--	--	--	2	--
Greece.....	1	--	--	--	1	--
Mexico.....	1	--	--	--	1	--
The Netherlands.....	5	--	--	--	5	--
Sweden.....	2	--	--	--	2	--
	817	26	247	40	1,064	66

</TABLE>

Item 3. Legal Proceedings

As of December 27, 1998, the Company was using assets owned by a former franchisee in the operation of one restaurant which remains under a purchase rights agreement that required the Company to make certain payments to the franchisee's lender. In 1991, a dispute arose between the lender and the Company over the amount of the payments due the lender under that agreement and as to whether the Company had agreed to guarantee the franchisee's debt. Based upon a then current independent appraisal, the Company offered to settle the dispute and purchase the assets of the three then existing restaurants for \$1,000,000 in 1991. In November 1992, the lender was declared insolvent by the FDIC and has since been liquidated. The Company closed one of the three restaurants in 1994 and one of the two remaining restaurants in February 1996. In the fourth quarter of 1996, the Company received information indicating that the franchisee's indebtedness to the FDIC had been acquired by a third party. In June 1997, the

third party filed a lawsuit against the Company seeking approximately \$3,800,000. The Company believes it has meritorious defenses and will vigorously defend this lawsuit. In the event that the Company were to pay an amount determined to be in excess of the fair market value of the assets, the Company will recognize a loss at the time of such payment. The lawsuit is set for trial in October 1999.

In addition, the Company is involved in various legal actions arising in the normal course of business. While the resolution of any of such actions or the matter described above may have an impact on the financial results for the period in which it is resolved, the Company believes that the ultimate disposition of these matters will not, in the aggregate, have a material adverse effect upon its business or consolidated financial position.

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

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

1. The Company's common stock trades on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol APPB.

The table below sets forth for the fiscal quarters indicated the reported high and low sale prices of the Company's common stock, as reported on The Nasdaq Stock Market.

<TABLE>
<CAPTION>

	1998		1997	
	High	Low	High	Low
	<C>	<C>	<C>	<C>
First Quarter	\$ 23.75	\$ 16.13	\$ 31.13	\$ 23.88
Second Quarter	\$ 26.00	\$ 20.00	\$ 27.50	\$ 20.13
Third Quarter	\$ 24.63	\$ 18.25	\$ 30.38	\$ 24.00
Fourth Quarter	\$ 22.13	\$ 16.88	\$ 25.44	\$ 18.00

</TABLE>

2. Number of stockholders of record at December 27, 1998: 1,371

3. An annual dividend of \$0.09 per common share was declared on November 19, 1998 for stockholders of record on December 16, 1998, and the dividend was payable on January 21, 1999. An annual dividend of \$0.08 per common share was declared on December 10, 1997 for stockholders of record on December 22, 1997, and the dividend was payable on January 26, 1998.

The Company presently anticipates continuing the payment of cash dividends based upon its annual net income. The actual amount of such dividends will depend upon future earnings, results of operations, capital requirements, the financial condition of the Company and certain other factors. There can be no assurance as to the amount of net income that the Company will generate in 1999 or future years and, accordingly, there can be no assurance as to the amount that will be available for the declaration of dividends, if any.

Item 6. Selected Financial Data

The following table sets forth for the periods and the dates indicated selected financial data of the Company. All amounts reflect the mergers with Pub Ventures of New England, Inc. and Innovative Restaurant Concepts, Inc., which were accounted for as poolings of interests. The fiscal year ended December 31, 1995 contained 53 weeks, and all other periods presented contained 52 weeks. The following should be read in conjunction with the Consolidated Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Form 10-K.

<TABLE>
<CAPTION>

Fiscal Year Ended

	December 27, 1998	December 28, 1997	December 29, 1996	December 31, 1995	December 25, 1994
(in thousands, except per share amounts)					
STATEMENT OF EARNINGS DATA:					
<S>	<C>	<C>	<C>	<C>	<C>
Company restaurant sales.....	\$ 580,840	\$ 452,173	\$ 358,990	\$ 299,824	\$ 222,445
Franchise income.....	66,722	63,647	54,141	43,739	31,419
Total operating revenues.....	\$ 647,562	\$ 515,820	\$ 413,131	\$ 343,563	\$ 253,864
Operating earnings.....	\$ 88,562	\$ 71,283	\$ 58,833	\$ 45,712	\$ 29,311
Earnings before extraordinary item.....	\$ 50,656	\$ 45,091	\$ 38,014	\$ 27,420	\$ 17,823
Basic earnings per share before extraordinary item.....	\$ 1.67	\$ 1.44	\$ 1.22	\$ 0.94	\$ 0.64
Diluted earnings per share before extraordinary item.....	\$ 1.67	\$ 1.43	\$ 1.21	\$ 0.92	\$ 0.63
Net earnings.....	\$ 50,015	\$ 45,091	\$ 38,014	\$ 27,420	\$ 17,823
Basic net earnings per share.....	\$ 1.65	\$ 1.44	\$ 1.22	\$ 0.94	\$ 0.64
Diluted net earnings per share.....	\$ 1.65	\$ 1.43	\$ 1.21	\$ 0.92	\$ 0.63
Dividends per share.....	\$ 0.09	\$ 0.08	\$ 0.07	\$ 0.06	\$ 0.05
Basic weighted average shares outstanding.....	30,272	31,401	31,188	29,319	27,970
Diluted weighted average shares outstanding.....	30,385	31,640	31,533	29,860	28,472
BALANCE SHEET DATA (AT END OF FISCAL YEAR):					
Total assets.....	\$ 510,904	\$ 377,474	\$ 314,111	\$ 270,680	\$ 180,014
Long-term obligations, including current portion.....	\$ 147,188	\$ 29,105	\$ 25,843	\$ 27,427	\$ 38,697
Stockholders' equity.....	\$ 296,053	\$ 290,443	\$ 244,764	\$ 203,993	\$ 108,788

</TABLE>

20

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The Company's revenues are generated from two primary sources: Company restaurant sales (food and beverage sales) and franchise income consisting of franchise restaurant royalties (generally 4% of each franchise restaurant's monthly gross sales) and franchise fees (which typically range from \$30,000 to \$35,000 for each Applebee's restaurant opened and \$40,000 for each Rio Bravo Cantina restaurant opened). Beverage sales include sales of alcoholic beverages, while non-alcoholic beverages are included in food sales. Certain expenses (food and beverage, labor, direct and occupancy costs, and pre-opening expenses) relate directly to Company restaurants, and other expenses (general and administrative and amortization expenses) relate to both Company restaurants and franchise operations.

The Company operates on a 52 or 53 week fiscal year ending on the last Sunday in December. The Company's fiscal years ended December 27, 1998, December 28, 1997 and December 29, 1996 contained 52 weeks and are referred to hereafter as 1998, 1997 and 1996, respectively.

Acquisitions

On April 14, 1997, the Company acquired the operations and assets of 11 franchise restaurants in the St. Louis metropolitan area, referred to herein as the "St. Louis Acquisition." The St. Louis Acquisition was accounted for as a purchase and, accordingly, the results of operations of such restaurants have been reflected in the consolidated financial statements subsequent to the date of acquisition.

On March 30, 1998, the Company acquired the operations and assets of 33 restaurants in the Virginia markets of Norfolk, Richmond, Roanoke and Charlottesville, referred to herein as the "Virginia Acquisition." The Virginia Acquisition was accounted for as a purchase in the second quarter of 1998 and, accordingly, the results of operations of such restaurants have been reflected in the consolidated financial statements subsequent to the date of acquisition.

Subsequent Events

In February 1999, the Company entered into an agreement to sell its Rio Bravo Cantina concept, which is comprised of 66 restaurants, including 40 Company restaurants and 26 franchised restaurants. The Company will receive \$53 million in consideration (\$47 million in cash at closing and a \$6 million subordinated note). The buyer has also committed an additional \$6 million available to partially fund the future strategic operating alternatives offered to the current Rio Bravo Cantina franchisees. The Company also entered into a separate definitive agreement to sell its four specialty restaurants for \$12 million in cash. Both transactions are subject to customary third-party approvals. The two sale transactions and related expenses are expected to result in a loss on disposition of approximately \$8,000,000 before income taxes (approximately \$5,000,000 net of income taxes), which will be recognized in the first quarter of 1999. Total Company restaurant sales, franchise income and cost of Company restaurant sales for the fiscal year ended December 27, 1998 were \$109,260,000, \$2,054,000 and \$99,395,000, respectively, for both the Rio Bravo Cantina and specialty restaurants.

21

Results of Operations

The following table sets forth, for the periods indicated, information derived from the Company's consolidated statements of earnings expressed as a percentage of total operating revenues, except where otherwise noted. Percentages may not add due to rounding.

<TABLE>

<CAPTION>

	Fiscal Year Ended		
	December 27, 1998	December 28, 1997	December 29, 1996
<S>	<C>	<C>	<C>
Revenues:			
Company restaurant sales.....	89.7%	87.7%	86.9%
Franchise income.....	10.3	12.3	13.1
Total operating revenues.....	100.0%	100.0%	100.0%
Cost of sales (as a percentage of Company restaurant sales):			
Food and beverage.....	27.4%	27.5%	28.0%
Labor.....	31.9	32.1	31.5
Direct and occupancy.....	25.3	25.3	24.4
Pre-opening expense.....	0.5	0.8	1.0
Total cost of sales.....	85.1%	85.7%	84.9%
General and administrative expenses.....	9.0%	10.2%	10.6%
Amortization of intangible assets.....	0.9	0.6	0.6
Loss on disposition of restaurants and equipment.....	0.1	0.2	0.8
Operating earnings.....	13.7	13.8	14.2
Other income (expense):			
Investment income.....	0.2	0.4	0.7
Interest expense.....	(1.5)	(0.3)	(0.4)
Other income.....	0.1	0.1	0.1
Total other income (expense).....	(1.3)	0.1	0.5
Earnings before income taxes and extraordinary item...	12.4	13.9	14.7
Income taxes.....	4.6	5.2	5.5
Earnings before extraordinary item.....	7.8	8.7	9.2
Extraordinary loss from early extinguishment of debt, net of income taxes.....	(0.1)	--	--
Net earnings.....	7.7%	8.7%	9.2%

</TABLE>

22

Fiscal Year Ended December 27, 1998 Compared With Fiscal Year Ended December 28, 1997

Company Restaurant Sales. Overall Company restaurant sales increased

\$128,667,000 (28%) from \$452,173,000 in 1997 to \$580,840,000 in 1998. Sales for Company Applebee's restaurants increased \$117,137,000 (33%) from \$354,443,000 in 1997 to \$471,580,000 in 1998 due primarily to Company restaurant openings, sales from the 33 Virginia restaurants acquired in March 1998, and incremental sales from the 11 St. Louis restaurants acquired in April 1997. Sales for Company Rio Bravo Cantina restaurants were \$83,295,000 and \$94,887,000 in 1997 and 1998, respectively, and sales for the specialty restaurants were \$14,435,000 and \$14,373,000 in 1997 and 1998, respectively. The increase in sales for the Rio Bravo Cantina restaurants resulted from Company restaurant openings.

Comparable restaurant sales at Company Applebee's restaurants decreased by 0.4% in 1998. Weighted average weekly sales at Company Applebee's restaurants decreased 1.2% from \$41,176 in 1997 to \$40,664 in 1998. Comparable restaurant sales and weighted average weekly sales at Company Applebee's restaurants in 1998 were positively affected by menu price increases implemented during the fourth quarter of 1997 for certain menu items.

Comparable restaurant sales for Company Rio Bravo Cantina restaurants decreased by 6.8% in 1998 due primarily to competition in the Atlanta and Florida markets. Weighted average weekly sales (excluding one restaurant that is open for dinner only) decreased from \$60,946 in 1997 to \$52,789 in 1998. Weighted average weekly sales in 1998 were also impacted by new restaurant openings in new markets.

Franchise Income. Overall franchise income increased \$3,075,000 (5%) from \$63,647,000 in 1997 to \$66,722,000 in 1998 due primarily to the increased number of franchise Applebee's and Rio Bravo Cantina restaurants operating during 1998 as compared to 1997. This increase was partially offset by a reduction in franchise royalties as a result of the acquisition of the Virginia restaurants in the second quarter of 1998 and the St. Louis restaurants in the second quarter of 1997, as well as a reduction in franchise fees due to a decline in franchise openings from 129 restaurants in 1997 to 88 restaurants in 1998. In addition, comparable restaurant sales and weighted average weekly sales for franchise Applebee's restaurants decreased by 0.1% and 1.1%, respectively, in 1998.

Cost of Company Restaurant Sales. Food and beverage costs decreased from 27.5% in 1997 to 27.4% in 1998 due primarily to operational improvements, purchasing efficiencies resulting from the Company's growth, and the menu price increase implemented in the fourth quarter of 1997. Such decreases were partially offset by an increase in dairy and poultry costs during the latter half of 1998 and revisions to Rio Bravo Cantina menu items. Beverage sales, as a percentage of Company restaurant sales, declined from 17.8% in 1997 to 16.6% in 1998 which had a negative impact on overall food and beverage costs, as a percentage of Company restaurant sales. Management believes that the reduction in beverage sales is due in part to the continuation of the overall trend toward increased awareness of responsible alcohol consumption.

Labor costs decreased from 32.1% in 1997 to 31.9% in 1998. The decrease was due primarily to lower labor costs in the Virginia restaurants and a decrease in group medical costs due to favorable claims experience. In addition, labor costs in the latter part of 1997 were adversely impacted by the implementation of the Company's food and menu enhancement initiative in its Applebee's restaurants. These decreases were partially offset by continued pressure on both hourly labor and management costs as a result of increases in the minimum wage, as well as the highly competitive nature of the restaurant industry, and higher labor costs experienced at the Rio Bravo Cantina restaurants due to the significant decline in sales volumes in 1998.

23

Direct and occupancy costs were 25.3% in both 1997 and 1998. Rent expense, as a percentage of sales, declined in 1998 due to a higher proportion of owned properties resulting from the Virginia Acquisition. In addition, plateware costs decreased in 1998 as a result of the Company's 1997 food and menu enhancement initiative in its Applebee's restaurants. Such decreases were offset by increased levels of advertising expenditures and depreciation expense associated with new restaurants as well as higher costs experienced at the Rio Bravo Cantina restaurants due to the significant decline in sales volumes in 1998.

General and Administrative Expenses. General and administrative expenses decreased from 10.2% in 1997 to 9.0% in 1998 due primarily to the absorption of general and administrative expenses over a larger revenue base as well as the additional leverage resulting from the Virginia and St. Louis acquisitions. General and administrative expenses increased by \$5,465,000 during 1998 compared to 1997 due primarily to the costs of additional personnel associated with the Company's development efforts and system-wide expansion.

Amortization of Intangible Assets. Amortization of intangible assets increased in 1998 as a result of the amortization of goodwill related to the St. Louis and Virginia acquisitions.

Investment Income. Investment income decreased in 1998 compared to 1997 primarily as a result of decreases in cash and cash equivalents and short-term investments due to capital expenditures and acquisitions.

Interest Expense. Interest expense increased in 1998 compared to 1997 primarily as a result of interest associated with borrowings under the Company's \$225,000,000 credit facilities and capitalized leases related to the St. Louis and Virginia acquisitions.

Income Taxes. The effective income tax rate, as a percentage of earnings before income taxes, was 37.0% in 1998 compared to 37.2% in 1997. The decrease in the Company's overall effective tax rate in 1998 was due primarily to an increase in credits resulting from FICA taxes on tips.

Extraordinary Item. In connection with the early extinguishment of debt, the Company paid a prepayment penalty of \$930,000 on March 30, 1998. The prepayment penalty plus the remaining unamortized portion of the related deferred financing costs of \$91,000 is reflected as an extraordinary loss of \$641,000, net of income taxes of \$380,000, in the accompanying consolidated statement of earnings for 1998.

Fiscal Year Ended December 28, 1997 Compared With Fiscal Year Ended December 29, 1996

Company Restaurant Sales. Overall Company restaurant sales increased \$93,183,000 (26%) from \$358,990,000 in 1996 to \$452,173,000 in 1997. Sales for Company Applebee's restaurants increased \$69,350,000 (24%) from \$285,093,000 in 1996 to \$354,443,000 in 1997 due primarily to Company restaurant openings and sales from the 11 St. Louis restaurants acquired in April 1997. Sales for Company Rio Bravo Cantina restaurants were \$59,523,000 and \$83,295,000 in 1996 and 1997, respectively, and sales for the specialty restaurants were \$14,374,000 and \$14,435,000 in 1996 and 1997, respectively. The increase in sales for the Rio Bravo Cantina restaurants resulted primarily from Company restaurant openings.

24

Comparable restaurant sales at Company Applebee's restaurants increased by 0.1% in 1997. Weighted average weekly sales at Company Applebee's restaurants increased 2.0% from \$40,366 in 1996 to \$41,176 in 1997. Comparable restaurant sales and weighted average weekly sales at Company Applebee's restaurants in 1997 were positively affected by menu price increases implemented during the fourth quarter of 1996 and the fourth quarter of 1997 for certain menu items. In addition, weighted average weekly sales in 1997 increased as a result of the sale of six lower than average volume restaurants in southern California in October 1996 and the purchase of 11 higher than average volume restaurants in St. Louis in April 1997. Excluding these restaurants, weighted average weekly sales decreased 0.2% in 1997.

Comparable restaurant sales for Company Rio Bravo Cantina restaurants decreased by 1.6% in 1997 due primarily to increased competition in the Atlanta market. Weighted average weekly sales (excluding one restaurant that is open for dinner only) decreased from \$66,743 in 1996 to \$60,946 in 1997. Weighted average weekly sales in 1997 were impacted by new restaurant openings in new markets, as well as the addition of a new smaller prototype restaurant.

Franchise Income. Overall franchise income increased \$9,506,000 (18%) from \$54,141,000 in 1996 to \$63,647,000 in 1997. This increase was due primarily to the increased number of franchise Applebee's and Rio Bravo Cantina restaurants operating during 1997 as compared to 1996. In addition, comparable restaurant sales for franchise Applebee's restaurants increased 0.6% in 1997. Such increases were partially offset by a decrease in weighted average weekly sales for franchise Applebee's restaurants of 0.9% in 1997.

Cost of Company Restaurant Sales. Food and beverage costs decreased from 28.0% in 1996 to 27.5% in 1997 due primarily to operational improvements, purchasing efficiencies resulting from the Company's rapid growth, and menu price increases. Such decreases were partially offset by an increase in food costs during the implementation of the Company's food and menu initiative. Beverage sales, as a percentage of Company restaurant sales, declined from 18.3% in 1996 to 17.8% in 1997 which had a negative impact on overall food and beverage costs, as a percentage of Company restaurant sales. Management believes that the reduction in beverage sales is due in part to the continuation of the overall trend toward increased awareness of responsible alcohol consumption.

Labor costs increased from 31.5% in 1996 to 32.1% in 1997. Such increases were due primarily to the adverse impact on restaurant labor costs during, and for a number of months following, the implementation of the Company's food and menu enhancement initiative in its Applebee's restaurants. Increases in the minimum wage as well as the highly competitive nature of the restaurant industry continue to exert pressure on both hourly labor and management costs. An

increase in the federal minimum wage went into effect on October 1, 1996, and a second increase became effective on September 1, 1997. In addition, the 1997 fiscal year was negatively impacted by an increase in group medical insurance costs.

Direct and occupancy costs increased from 24.4% in 1996 to 25.3% in 1997. Such increases were due, in part, to the new plateware costs relating to the Company's food and menu enhancement initiative in its Applebee's restaurants. In addition, such increases were partially due to an increase in repairs and maintenance expense relating to maintenance contracts on restaurant point-of-sale systems as well as the aging of the Company's restaurants, higher depreciation expense associated with new restaurants, and increases in utility costs and property taxes.

General and Administrative Expenses. General and administrative expenses decreased from 10.6% in 1996 to 10.2% in 1997 due primarily to the absorption of general and administrative expenses over a larger revenue base as well as the additional leverage resulting from the St. Louis Acquisition. A portion of the decrease in 1997 was due to a decrease in executive bonuses. General and administrative expenses increased by \$8,692,000 during 1997 compared to 1996 due primarily to the costs of additional personnel associated with the Company's development efforts and system-wide expansion, including costs related to the franchising and expansion of the Rio Bravo Cantina concept.

25

Loss on Disposition of Restaurants and Equipment. Loss on disposition of restaurants and equipment decreased from \$3,318,000 in 1996 to \$1,209,000 in 1997. In October 1996, the Company completed the sale of six of its eight Company-owned Applebee's restaurants located in the San Bernardino and Riverside counties of southern California. The operations of the six restaurants and future restaurant development in the market area were assumed by an existing Applebee's franchisee. The sales price was \$8,500,000 and a loss on the disposition of the properties of \$75,000 was recorded in the third quarter of 1996. During the fourth quarter of 1996, the Company recognized a loss of \$2,500,000 primarily relating to the intended disposition of the two remaining restaurants in the territory.

Investment Income. Investment income decreased in 1997 compared to 1996 primarily as a result of decreases in cash and cash equivalents and short-term investments due to capital expenditures and acquisitions.

Interest Expense. Interest expense increased in 1997 compared to 1996 primarily as a result of interest on capitalized leases associated with the St. Louis Acquisition.

Income Taxes. The effective income tax rate, as a percentage of earnings before income taxes, was 37.2% in 1997 compared to 37.4% in 1996. The decrease in the Company's overall effective tax rate in 1997 was due primarily to a reduction in state income taxes and an increase in credits resulting from FICA taxes on tips.

Liquidity and Capital Resources

The Company's need for capital resources historically has resulted from, and for the foreseeable future is expected to relate primarily to, the construction and acquisition of restaurants. Such capital has been provided by public stock offerings, debt financing, and ongoing Company operations, including cash generated from Company and franchise operations, credit from trade suppliers, real estate lease financing, and landlord contributions to leasehold improvements. The Company has also used its common stock as consideration in the acquisition of restaurants. In addition, the Company assumed debt or issued new debt in connection with certain mergers and acquisitions.

Capital expenditures were \$90,480,000 in fiscal year 1997 (excluding \$33,650,000 related to the St. Louis Acquisition and \$1,525,000 related to the purchase of the remaining 50% interest in a joint venture arrangement with the Company's franchisee in Nevada) and \$77,665,000 (excluding \$101,749,000 related to the Virginia Acquisition, including acquisition costs) in 1998. The Company currently expects to open 28 Applebee's restaurants in 1999. Capital expenditures are expected to be between \$60,000,000 and \$65,000,000 in fiscal 1999 primarily for the development of new restaurants, refurbishments of and capital replacements for existing restaurants, and enhancements to information systems. The amount of actual capital expenditures will be dependent upon, among other things, the proportion of leased versus owned properties as the Company expects to continue to purchase a portion of its sites. In addition, if the Company opens more restaurants than it currently anticipates or acquires additional restaurants, its capital requirements will increase accordingly.

On March 30, 1998, the Company entered into a bank credit agreement that provides for \$225,000,000 in senior secured credit facilities, consisting of an

eight-year senior secured term loan of \$125,000,000 and a five-year secured working capital facility of \$100,000,000. The Company also entered into a five-year \$5,000,000 letter of credit facility with another bank. Both the senior term loan and the working capital facility are secured by the common stock of each of the Company's present and future subsidiaries and all intercompany debt of the Company and such subsidiaries. In addition, both the senior term loan and the working capital facility are subject to various covenants and restrictions which, among other things, require the maintenance of stipulated fixed charge, interest coverage and leverage ratios, as defined, and limit additional indebtedness and capital expenditures in excess of specified amounts. Cash dividends are limited to \$5,000,000 through fiscal year 1999. The credit agreement originally permitted up to \$50,000,000 to be utilized for repurchases of the Company's common stock. In February 1999, the credit agreement was amended to permit additional repurchases of common stock of up to \$100,000,000 and to allow annual cash dividends of the greater of \$5,000,000 or 50% of consolidated net income beginning in fiscal year 2000. The Company is currently in compliance with the covenants contained in its credit agreement.

26

During 1998, the Company's Board of Directors approved plans to repurchase up to \$50,000,000 of the Company's common stock, subject to market conditions. During 1998, the Company repurchased 2,431,000 shares of its common stock at an aggregate cost of \$49,332,000. In February 1999, the Company's Board of Directors approved plans to repurchase up to an additional \$100,000,000 of the Company's common stock over a two-year period, subject to market conditions.

As of December 27, 1998, the Company held liquid assets totaling \$6,646,000, consisting of cash and cash equivalents of \$1,767,000 and short-term investments of \$4,879,000. The working capital deficit increased from \$18,534,000 at December 28, 1997 to \$31,042,000 at December 27, 1998 due primarily to the use of cash and short-term investments for capital expenditures and stock repurchases. As of December 27, 1998, \$12,000,000 was outstanding under the \$100,000,000 working capital facility, and standby letters of credit totaling \$2,727,000 were outstanding under the \$5,000,000 letter of credit facility.

The Company believes that its liquid assets and cash generated from operations, combined with borrowings available under its \$225,000,000 senior secured credit facilities, will provide sufficient funds for its operating, capital and other requirements for the foreseeable future.

Inflation

Substantial increases in costs and expenses, particularly food, supplies, labor and operating expenses, could have a significant impact on the Company's operating results to the extent that such increases cannot be passed along to customers. The Company does not believe that inflation has materially affected its operating results during the past three years.

A majority of the Company's employees are paid hourly rates related to federal and state minimum wage laws and various laws that allow for credits to that wage. An increase in the federal minimum wage went into effect on October 1, 1996, and a second increase became effective on September 1, 1997. In addition, increases in the minimum wage are also being discussed by various state governments. Although the Company has been able to and will continue to attempt to pass along increases in costs through food and beverage price increases, there can be no assurance that all such increases can be reflected in its prices or that increased prices will be absorbed by customers without diminishing, to some degree, customer spending at its restaurants.

New Accounting Pronouncement

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. This statement is effective for the Company for periods beginning in fiscal year 2000. The Company believes that the adoption of the provisions of SFAS No. 133 will not have a material effect on its financial statements, based on current activities.

27

Impact of the Year 2000

The Year 2000 will have a broad impact on the business environment in which the

Company operates due to the possibility that many computer systems across all industries will be unable to process information containing dates beginning in the Year 2000.

The Company has established a team to assess risk, identify and correct exposures when possible, and develop contingency plans for Year 2000 compliance issues. This team has conducted a detailed assessment of its accounting, finance, operational and other systems in order to identify and address potential issues relating to the Year 2000. Systems that are not compliant will be modified or replaced with systems that are Year 2000 compliant. The team is also responsible for identifying and investigating the Year 2000 readiness of critical suppliers, franchisees and other third parties, and for developing contingency plans where necessary.

Key systems have been inventoried and assessed for compliance, and detailed plans are in place for required system modifications or replacements. Remediation and testing activities are well underway with approximately 70% of the systems already compliant. The Company expects to be fully compliant by the end of the third quarter of 1999. Inventories and assessments of non-information technology ("non-IT") systems were completed during 1998. Remediation of substantially all non-IT systems began in the fourth quarter of 1998 with a mid-year 1999 target completion date. Progress toward remediation programs is also monitored by senior management and periodically reported to the Company's Board of Directors.

Questionnaires have been sent to substantially all of the Company's suppliers to obtain reasonable assurance that plans are being developed to address the Year 2000 issue. Risk assessments and contingency plans, where necessary, will be finalized in the first half of 1999. To the extent that vendors do not provide the Company with satisfactory evidence of their readiness to handle Year 2000 issues, contingency plans will be developed to obtain qualified replacement vendors. Information has also been provided to all franchisees regarding the potential risks associated with Year 2000 compliance.

Contingency plans for Year 2000-related interruptions that are critical to the ongoing operation of the business are being developed and will include, but not be limited to, the development of emergency backup and recovery procedures, remediation of existing systems parallel with installation of new systems, replacement of electronic applications with manual processes, and identification of alternate suppliers. All contingency plans are expected to be completed by the end of the third quarter of 1999. However, no contingency plans are being developed for the availability of key public services and utilities.

The Company's Year 2000 efforts are ongoing and its overall plan, as well as the consideration of contingency plans, will continue to evolve as new information becomes available. While the Company anticipates no major interruption of its business activities, that will be dependent, in part, upon the ability of third parties, particularly franchisees, to be Year 2000 compliant. Although the Company has implemented the actions described above to address third party issues, it has no direct ability to influence the compliance actions by such outside parties. Accordingly, while the Company believes its actions in this regard should have the effect of minimizing Year 2000 risks, it is unable to eliminate them or to estimate the ultimate effect Year 2000 risks will have on the Company's operating results.

28

The Company believes that its significant systems are generally Year 2000 compliant, and the costs associated with such compliance have not had, and will not have, a material impact on the Company's results of operations. This assumes that the Company will not incur significant Year 2000-related costs on behalf of its suppliers, franchisees or other third parties. The estimated total cost of the Company's Year 2000 efforts is approximately \$1,300,000. The total amount expended through December 27, 1998 was approximately \$200,000, and the estimated costs to be incurred in fiscal year 1999 are approximately \$1,100,000. These amounts include the costs of external consultants, the purchase of software and hardware, and the compensation of internal employees working on Year 2000 projects. All estimated costs have been budgeted and are expected to be funded by cash flows from operations.

Forward-Looking Statements

The statements contained herein regarding restaurant development, capital expenditures and the impact of the Year 2000 are forward-looking and based on current expectations. There are several risks and uncertainties that could cause actual results to differ materially from those described. For a discussion of the principal factors that could cause actual results to be materially different, refer to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on February 23, 1999.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

On March 30, 1998, the Company entered into a bank credit agreement that provides for \$225,000,000 in senior secured credit facilities, consisting of an eight-year senior secured term loan of \$125,000,000 and a five-year secured working capital facility of \$100,000,000. The senior term loan bears interest at either the bank's prime rate plus 1.25% or LIBOR plus 2.25%, at the Company's option. The working capital facility bears interest at either the bank's prime rate plus 0.375% or LIBOR plus 1.375%, at the Company's option. The interest rate on the working capital facility is subject to change based upon the Company's leverage ratio.

In connection with the senior term loan, the Company has entered into interest rate swap agreements to manage its exposure to interest rate fluctuations. The agreements were effective beginning May 1, 1998, and have maturity dates ranging from four to seven years for an aggregate notional amount of \$100,000,000 for three-month LIBOR rates ranging from 5.91% to 6.05%.

As of December 27, 1998, the total amount of debt subject to interest rate fluctuations was \$36,375,000 (\$24,375,000 under the term loan and \$12,000,000 under the revolving credit facility). A 1% change in interest rates would result in an increase or decrease in interest expense of \$364,000 per year.

Item 8. Financial Statements and Supplementary Data

See the Index to Consolidated Financial Statements on Page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

29

PART III

Item 10. Directors and Executive Officers of the Registrant

For information with respect to the executive officers of the Company, see "Executive Officers of the Registrant" in Part I of this report. For information with respect to the Directors of the Company, see the Proxy Statement for the Annual Meeting of Stockholders to be held on or about May 13, 1999, which is incorporated herein by reference.

Item 11. Executive Compensation

The information set forth under the caption "Executive Compensation" in the Proxy Statement for the Annual Meeting of Stockholders to be held on or about May 13, 1999, is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information set forth under the caption "Security Ownership of Officers, Directors and Certain Beneficial Owners" in the Proxy Statement for the Annual Meeting of Stockholders to be held on or about May 13, 1999, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information set forth under the caption "Certain Transactions" in the Proxy Statement for the Annual Meeting of Stockholders to be held on or about May 13, 1999, is incorporated herein by reference.

30

PART IV

Item 14. Exhibits and Reports on Form 8-K

(a) List of documents filed as part of this report:

1. Financial Statements:

The financial statements are listed in the accompanying "Index to Financial Statements" on Page F-1.

2. Exhibits:

The exhibits filed with or incorporated by reference in this

(b) Reports on Form 8-K:

The Company filed a report on Form 8-K on November 23, 1998, announcing the declaration of a dividend on its common stock to stockholders of record as of December 16, 1998, payable on January 21, 1999.

31

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

APPLEBEE'S INTERNATIONAL, INC.

Date: March 25, 1999

By: /s/ Lloyd L. Hill

Lloyd L. Hill
Chief Executive Officer

POWER OF ATTORNEY

KNOWN TO ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Lloyd L. Hill and Robert T. Steinkamp, and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any amendments to this Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By:/s/ Lloyd L. Hill

Date: March 25, 1999

Lloyd L. Hill
Director and Chief Executive Officer
(principal executive officer)

By:/s/ George D. Shadid

Date: March 25, 1999

George D. Shadid
Director, Executive Vice President
and Chief Financial Officer
(principal financial officer)

By:/s/ Mark A. Peterson

Date: March 25, 1999

Mark A. Peterson
Vice President and Controller
(principal accounting officer)

By:/s/ Abe J. Gustin, Jr.

Date: March 25, 1999

Abe J. Gustin, Jr.
Director, Chairman of the Board

32

By:/s/ Erline Belton

Date: March 25, 1999

Erline Belton
Director

By:/s/ D. Patrick Curran

Date: March 25, 1999

D. Patrick Curran

Director

By:/s/ Eric L. Hansen

Eric L. Hansen
Director

Date: March 25, 1999

By:/s/ Mark S. Hansen

Mark S. Hansen
Director

Date: March 25, 1999

By:/s/ Jack P. Helms

Jack P. Helms
Director

Date: March 25, 1999

By:/s/ Kenneth D. Hill

Kenneth D. Hill
Director

Date: March 25, 1999

By:/s/ Robert A. Martin

Robert A. Martin
Director

Date: March 25, 1999

By:/s/ Burton M. Sack

Burton M. Sack
Director

Date: March 25, 1999

APPLEBEE'S INTERNATIONAL, INC. AND SUBSIDIARIES
Index to consolidated Financial Statements

<TABLE>
<CAPTION>

	Page
<S>	<C>
Independent Auditors' Report.....	F-2
Consolidated Balance Sheets as of December 27, 1998 and December 28, 1997	F-3
Consolidated Statements of Earnings for the fiscal years ended December 27, 1998, December 28, 1997 and December 29, 1996.....	F-4
Consolidated Statements of Stockholders' Equity for the fiscal Years Ended December 27, 1998, December 28, 1997 and December 29, 1996.....	F-5
Consolidated Statements of Cash Flows for the fiscal years ended December 27, 1998, December 28, 1997 and December 29, 1996.....	F-6
Notes to Consolidated Financial Statements.....	F-8

</TABLE>

We have audited the accompanying consolidated balance sheets of Applebee's International, Inc. and subsidiaries (the "Company") as of December 27, 1998 and December 28, 1997 and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three fiscal years in the period ended December 27, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Applebee's International, Inc. and subsidiaries at December 27, 1998 and December 28, 1997, and the consolidated results of their operations and cash flows for each of the three fiscal years in the period ended December 27, 1998 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

Kansas City, Missouri
February 26, 1999

F-2

APPLEBEE'S INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share amounts)

<TABLE>
<CAPTION>

	December 27, 1998	December 28, 1997
	-----	-----
<S>	<C>	<C>
	ASSETS	
Current assets:		
Cash and cash equivalents.....	\$ 1,767	\$ 8,908
Short-term investments, at market value.....	4,879	10,906
Receivables, net of allowance.....	17,159	16,390
Inventories.....	6,709	4,788
Prepaid and other current assets.....	4,395	2,962
	-----	-----
Total current assets.....	34,909	43,954
Property and equipment, net.....	364,058	276,082
Goodwill, net.....	99,599	48,065
Franchise interest and rights, net.....	3,959	4,667
Other assets.....	8,379	4,706
	-----	-----
	\$ 510,904	\$ 377,474
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt.....	\$ 1,666	\$ 6,526
Accounts payable.....	17,427	19,731
Accrued expenses and other current liabilities.....	44,114	28,547
Accrued dividends.....	2,659	2,518
Accrued income taxes.....	85	5,166
	-----	-----
Total current liabilities.....	65,951	62,488
	-----	-----
Non-current liabilities:		
Long-term debt - less current portion.....	145,522	22,579
Franchise deposits.....	2,139	1,532

Deferred income taxes.....	1,239	432
Total non-current liabilities.....	148,900	24,543
Total liabilities.....	214,851	87,031
Commitments and contingencies (Notes 6, 7 and 11) Stockholders' equity:		
Preferred stock - par value \$0.01 per share: authorized - 1,000,000 shares; no shares issued.....	--	--
Common stock - par value \$0.01 per share: authorized - 125,000,000 shares; issued - 32,150,360 shares in 1998 and 31,744,009 shares in 1997.....	321	317
Additional paid-in capital.....	163,651	156,165
Retained earnings.....	182,010	134,654
Unrealized gain on short-term investments, net of income taxes.....	113	95
Treasury stock-2,610,133 shares in 1998 and 261,629 shares in 1997, at cost..	346,095 (50,042)	291,231 (788)
Total stockholders' equity.....	296,053	290,443
	\$ 510,904	\$ 377,474

</TABLE>

See notes to consolidated financial statements.

F-3

APPLEBEE'S INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	December 27, 1998	December 28, 1997	December 29, 1996
<S>	<C>	<C>	<C>
Revenues:			
Company restaurant sales.....	\$ 580,840	\$ 452,173	\$ 358,990
Franchise income.....	66,722	63,647	54,141
Total operating revenues.....	647,562	515,820	413,131
Cost of Company restaurant sales:			
Food and beverage.....	159,420	124,469	100,534
Labor.....	185,260	145,165	112,969
Direct and occupancy.....	146,693	114,196	87,740
Pre-opening expense.....	3,093	3,661	3,557
Total cost of Company restaurant sales.....	494,466	387,491	304,800
General and administrative expenses.....	58,044	52,579	43,887
Amortization of intangible assets.....	5,538	3,258	2,293
Loss on disposition of restaurants and equipment.....	952	1,209	3,318
Operating earnings.....	88,562	71,283	58,833
Other income (expense):			
Investment income.....	1,131	1,834	2,863
Interest expense.....	(9,922)	(1,705)	(1,571)
Other income.....	638	389	600
Total other income (expense).....	(8,153)	518	1,892
Earnings before income taxes and extraordinary item.....	80,409	71,801	60,725
Income taxes.....	29,753	26,710	22,711
Earnings before extraordinary item.....	50,656	45,091	38,014
Extraordinary loss from early extinguishment of debt, net of income taxes (Note 7).....	(641)	--	--

Net earnings.....	\$ 50,015	\$ 45,091	\$ 38,014
Basic earnings per common share:			
Basic earnings before extraordinary item.....	\$ 1.67	\$ 1.44	\$ 1.22
Extraordinary item.....	(0.02)	--	--
Basic net earnings per common share.....	\$ 1.65	\$ 1.44	\$ 1.22
Diluted earnings per common share:			
Diluted earnings before extraordinary item.....	\$ 1.67	\$ 1.43	\$ 1.21
Extraordinary item.....	(0.02)	--	--
Diluted net earnings per common share.....	\$ 1.65	\$ 1.43	\$ 1.21
Basic weighted average shares outstanding.....	30,272	31,401	31,188
Diluted weighted average shares outstanding.....	30,385	31,640	31,533

</TABLE>

See notes to consolidated financial statements.

F-4

APPLEBEE'S INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

<TABLE>

<CAPTION>

	Common Stock		Additional Paid-In Capital	Retained Earnings	Unrealized Gain (Loss) on Short-Term Investments	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995.....	31,298,517	\$ 313	\$ 148,081	\$ 56,258	\$ 190	\$ (849)	\$ 203,993
Dividends on common stock, \$0.07 per share.....	--	--	--	(2,191)	--	--	(2,191)
Stock options exercised.....	282,438	3	3,798	--	--	--	3,801
Income tax benefit upon exercise of stock options.....	--	--	1,149	--	--	--	1,149
Change in unrealized gain on short-term investments, net of income taxes.....	--	--	--	--	(2)	--	(2)
Net earnings.....	--	--	--	38,014	--	--	38,014
Balance, December 29, 1996.....	31,580,955	316	153,028	92,081	188	(849)	244,764
Dividends on common stock, \$0.08 per share.....	--	--	--	(2,518)	--	--	(2,518)
Stock options exercised.....	163,054	1	2,193	--	--	--	2,194
Shares sold under employee stock purchase plan.....	--	--	396	--	--	61	457
Income tax benefit upon exercise of stock options.....	--	--	548	--	--	--	548
Change in unrealized gain on short-term investments, net of income taxes.....	--	--	--	--	(93)	--	(93)
Net earnings.....	--	--	--	45,091	--	--	45,091
Balance, December 28, 1997.....	31,744,009	317	156,165	134,654	95	(788)	290,443
Purchases of treasury stock....	--	--	--	--	--	(49,332)	(49,332)
Dividends on common stock, \$0.09 per share.....	--	--	--	(2,659)	--	--	(2,659)
Stock options exercised.....	336,351	3	4,730	--	--	(184)	4,549
Shares sold under employee stock purchase plan.....	--	--	681	--	--	139	820
Income tax benefit upon exercise							

of stock options.....	--	--	1,011	--	--	--	1,011
Shares issued under employee stock ownership and 401(k) plans.....	--	--	784	--	--	123	907
Restricted shares awarded under equity incentive plan, net of cancellations.....	70,000	1	1,514	--	--	--	1,515
Unearned compensation relating to restricted shares.....	--	--	(1,234)	--	--	--	(1,234)
Change in unrealized gain on short-term investments, net of income taxes.....	--	--	--	--	18	--	18
Net earnings.....	--	--	--	50,015	--	--	50,015

Balance, December 27, 1998.....	32,150,360	\$ 321	\$ 163,651	\$182,010	\$ 113	\$(50,042)	\$ 296,053
=====							

</TABLE>

See notes to consolidated financial statements.

F-5

APPLEBEE'S INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

<TABLE>
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	Fiscal Year Ended		
	December 27, 1998	December 28, 1997	December 29, 1996
	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings.....	\$ 50,015	\$ 45,091	\$ 38,014
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization.....	29,135	20,877	15,652
Amortization of intangible assets.....	5,538	3,258	2,293
Amortization of deferred financing costs.....	477	50	50
(Gain) loss on sale of investments.....	(13)	20	27
Deferred income tax provision (benefit).....	(492)	1,001	128
Loss on disposition of restaurants and equipment.....	952	1,209	3,318
Changes in assets and liabilities (exclusive of effects of acquisitions):			
Receivables.....	(1,305)	2,451	(2,702)
Inventories.....	(1,432)	(66)	5,479
Prepaid and other current assets.....	(84)	671	(898)
Accounts payable.....	(2,304)	7,782	766
Accrued expenses and other current liabilities.....	16,317	2,400	2,806
Accrued income taxes.....	(5,081)	4,248	(723)
Franchise deposits.....	607	(261)	625
Other.....	178	(1,352)	(189)
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	92,508	87,379	64,646
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of short-term investments.....	(30,799)	(19,150)	(49,487)
Maturities and sales of short-term investments.....	36,842	48,117	31,149
Purchases of property and equipment.....	(77,665)	(90,480)	(65,672)
Acquisitions of restaurants.....	(101,749)	(33,650)	--
Acquisition of minority interest in joint venture.....	--	(1,525)	--
Proceeds from sale of restaurants and equipment.....	10,216	988	4,314
NET CASH USED BY INVESTING ACTIVITIES.....	(163,155)	(95,700)	(79,696)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Purchases of treasury stock.....	(49,332)	--	--
Dividends paid.....	(2,518)	(2,191)	(1,861)
Issuance of common stock upon exercise of stock options.....	4,549	2,194	3,801
Income tax benefit upon exercise of stock options.....	1,011	548	1,149
Shares sold under employee stock purchase plan.....	820	457	--
Proceeds from issuance of long-term debt.....	175,825	--	--
Deferred financing costs relating to issuance of long-term debt.....	(4,000)	--	--
Payments on long-term debt.....	(62,849)	(1,194)	(1,165)
Minority interest in net earnings of joint venture.....	--	69	284

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES.....	63,506	(117)	2,208
NET DECREASE IN CASH AND CASH EQUIVALENTS.....	(7,141)	(8,438)	(12,842)
CASH AND CASH EQUIVALENTS, beginning of period.....	8,908	17,346	30,188
CASH AND CASH EQUIVALENTS, end of period.....	\$ 1,767	\$ 8,908	\$ 17,346

</TABLE>

See notes to consolidated financial statements.

F-6

APPLEBEE'S INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)
(in thousands)

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	December 27, 1998	December 28, 1997	December 29, 1996
<S>	<C>	<C>	<C>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Income taxes.....	\$ 33,935	\$ 20,613	\$ 22,437
Interest.....	\$ 8,809	\$ 2,573	\$ 1,061

</TABLE>

Supplemental disclosures of noncash investing and financing activities:

The Company received a \$5,000,000 promissory note in connection with the sale of six restaurants in October 1996 (see Note 9), which was paid in full in January 1997.

Capitalized leases of \$4,055,000 were recorded in April 1997 when the Company acquired the operations and assets of 11 franchise restaurants. In connection with this acquisition, the Company issued \$2,500,000 of promissory notes (see Note 3).

Capitalized leases of \$5,052,000 were recorded in April 1998 when the Company acquired the operations and assets of 33 franchise restaurants (see Note 3).

Disclosure of Accounting Policy:

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

See notes to consolidated financial statements.

F-7

APPLEBEE'S INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

Applebee's International, Inc. and its subsidiaries (the "Company") develops, franchises and operates casual dining restaurants principally under the names "Applebee's Neighborhood Grill & Bar" and "Rio Bravo Cantina." As of December 27, 1998, there were 1,064 Applebee's restaurants, of which 817 were operated by franchisees and 247 were operated by the Company, and 66 Rio Bravo Cantina restaurants, of which 26 were operated by franchisees and 40 were operated by the Company. The Company also operated four other specialty restaurants. Such restaurants were located in 48 states, Canada, Europe and Mexico.

2. Summary of Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany profits, transactions and balances have been eliminated.

Fiscal year: The Company's fiscal year ends on the last Sunday of the calendar year. The fiscal years ended December 27, 1998, December 28, 1997 and December 29, 1996 each contained 52 weeks, and are referred to hereafter as 1998, 1997 and 1996, respectively.

Short-term investments: Short-term investments are comprised of U.S. government and agency securities, certificates of deposit, state and municipal bonds, and preferred stocks. Gains and losses from sales are determined using the specific identification method. As of December 27, 1998, all short-term investments have been classified as available-for-sale.

Financial instruments: The Company's financial instruments at December 27, 1998 and December 28, 1997 consist of cash equivalents, short-term investments, long-term debt, excluding capitalized lease obligations, and interest rate swaps (see Note 7). Except for interest rate swaps, which are not reflected in the consolidated financial statements at fair value, the fair value of these financial instruments approximates the carrying amounts reported in the consolidated balance sheets. The carrying amount of cash equivalents approximates fair value because of the short maturity of those instruments. The carrying amount of short-term investments is based on quoted market prices. The fair value of the Company's long-term debt, excluding capitalized lease obligations, is based on quotations made on similar issues.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or market.

Pre-opening expense: The Company expenses direct training and other costs related to opening new or relocated restaurants in the month of opening. The treatment of such costs is in accordance with the provisions of AICPA Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-up Activities," which is effective for fiscal years beginning after December 15, 1998.

Property and equipment: Property and equipment are stated at cost. Depreciation is provided primarily on a straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the lease term, including renewal options, or the estimated useful life of the related asset. The general ranges of original depreciable lives are as follows:

	Years
Buildings.....	20
Leasehold improvements.....	15-20
Furniture and equipment.....	3-7

F-8

Interest has been capitalized in connection with the development of new restaurants and is amortized over the estimated useful life of the related asset. Interest costs of \$859,000, \$755,000 and \$618,000 were capitalized during 1998, 1997 and 1996, respectively.

Goodwill: Goodwill represents the excess of cost over fair market value of net assets acquired by the Company. Goodwill is being amortized over periods ranging from 15 to 20 years on a straight-line basis. Accumulated amortization at December 27, 1998 and December 28, 1997 was \$12,551,000 and \$7,595,000, respectively.

Impairment of long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company analyzes potential impairments of assets on a restaurant-by-restaurant basis.

Franchise interest and rights: Franchise interest and rights represent allocations of purchase price to either the purchased restaurants or franchise operations acquired. The allocated costs are amortized over the estimated life of the restaurants or the franchise agreements on a straight-line basis ranging from 7 to 20 years. Accumulated amortization at December 27, 1998 and December 28, 1997 was \$6,546,000 and \$6,263,000, respectively.

Franchise revenues: Franchise revenues are deferred until substantial performance of franchisor obligations is complete. Initial franchise fees, included in franchise income in the consolidated statements of earnings, totaled \$3,099,000, \$4,263,000 and \$4,615,000 for 1998, 1997 and 1996, respectively.

Advertising costs: The Company expenses advertising costs for Company-owned restaurants as incurred except for production costs of advertising which are expensed the first time the advertising takes place. Advertising expense related to Company restaurants was \$29,097,000, \$20,752,000 and \$16,470,000 for 1998,

1997 and 1996, respectively.

Interest rate swap agreements: The Company has entered into interest rate swap agreements to manage its exposure to interest rate fluctuations. The differential to be paid or received is recognized over the term of the swap agreements as a component of interest expense. Although the swap agreements expose the Company to interest rate risk, fluctuations in the value of the swaps are mitigated by expected offsetting fluctuations in the variable debt.

Stock-based compensation: The Company has adopted the disclosure provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." The Statement encourages rather than requires companies to adopt a method that accounts for stock compensation awards based on their estimated fair value at the date they are granted. Companies are permitted, however, to account for stock compensation awards under Accounting Principles Board ("APB") Opinion No. 25 which requires compensation cost to be recognized based on the excess, if any, between the quoted market price of the stock at the date of grant and the amount an employee must pay to acquire the stock. The Company has elected to continue to apply APB Opinion No. 25 and has disclosed the pro forma net earnings and earnings per share, determined as if the fair value method had been applied, in Note 13.

Earnings per share: Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Outstanding stock options issued by the Company represent the only dilutive effect on weighted average shares. A reconciliation between basic and diluted weighted average shares outstanding and the related earnings per share calculation is presented below (in thousands, except per share amounts):

F-9

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Net earnings.....	\$ 50,015	\$ 45,091	\$ 38,014
Basic weighted average shares outstanding.....	30,272	31,401	31,188
Dilutive effect of stock options.....	113	239	345
Diluted weighted average shares outstanding.....	30,385	31,640	31,533
Basic net earnings per common share.....	\$ 1.65	\$ 1.44	\$ 1.22
Diluted net earnings per common share.....	\$ 1.65	\$ 1.43	\$ 1.21

</TABLE>

Stock options with exercise prices greater than the average market price of the Company's common stock for the applicable periods are excluded from the computation of diluted weighted average shares outstanding. Such options totaled approximately 1,604,000, 1,625,000 and 1,368,000 for 1998, 1997 and 1996, respectively.

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

New accounting pronouncement: In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. This statement is effective for the Company for periods beginning in fiscal year 2000. The Company believes that the adoption of the provisions of SFAS No. 133 will not have a material effect on its financial statements, based on current activities.

3. Acquisitions

On April 14, 1997, the Company acquired the operations of 11 franchise Applebee's restaurants located in the St. Louis metropolitan area and the related furniture and fixtures, certain land and leasehold improvements, and rights to future development of restaurants for a total purchase price of \$36,150,000. The purchase price was paid in a combination of \$33,650,000 in cash and \$2,500,000 of promissory notes, which were paid in 1998. One of the principals of the franchisee was related to a person who was a director of the Company until May 1997. The acquisition was accounted for as a purchase, and accordingly, the purchase price has been allocated to the fair value of net assets acquired and resulted in an allocation to goodwill of approximately \$27,000,000 which is being amortized on a straight-line basis over 20 years. In conjunction with this acquisition, the Company also recorded capitalized leases of \$4,055,000. The results of operations of such restaurants have been reflected in the consolidated financial statements subsequent to the date of acquisition. Results of operations of such restaurants prior to acquisition were not material in relation to the Company's operating results for the periods shown.

In 1997, the Company exercised its option to purchase the remaining 50% interest in a joint venture arrangement with its franchisee in Nevada for \$1,525,000.

On March 30, 1998, the Company acquired the operations and assets of 33 restaurants in the Virginia markets of Norfolk, Richmond, Roanoke and Charlottesville, from Apple South, Inc. ("Apple South"), now Avado Brands, Inc., referred to herein as the "Virginia Acquisition." The total purchase price was \$94,749,000 and was paid in cash on March 30, 1998. See Note 11 for additional commitments and contingencies relating to the agreement with Apple South. The acquisition was accounted for as a purchase, and the results of operations of such restaurants are reflected in the 1998 financial statements subsequent to the date of acquisition.

F-10

The Virginia Acquisition purchase price of \$94,749,000 plus acquisition fees and expenses of \$7,000,000 has been allocated to the fair value of net assets acquired based upon an independent appraisal and resulted in an allocation to goodwill of \$56,441,000 which is being amortized on a straight-line basis over 20 years. The total of \$101,749,000 has been allocated in the financial statements as follows (in thousands):

Property and equipment.....	\$ 44,816
Inventories.....	489
Goodwill.....	56,441
Cash.....	48
Prepaid and other current assets.....	60
Accrued expenses.....	(105)

Total.....	\$ 101,749
	=====

The following summarized unaudited pro forma results of operations of the Company (in thousands, except per share amounts) for 1998 and 1997 assume the Virginia Acquisition and the Company's new financing arrangements (see Note 7) occurred as of the beginning of the earliest period presented. The pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which actually would have resulted had the Virginia Acquisition been effective as of the dates indicated, or which may result in the future.

<TABLE>
<CAPTION>

	Fiscal Year Ended			
	December 27, 1998		December 28, 1997	
	Actual	Pro Forma	Actual	Pro Forma
<S>	<C>	<C>	<C>	<C>
Food and beverage sales.....	\$ 580,840	\$ 597,507	\$ 452,173	\$ 513,456
Franchise income.....	66,722	65,995	63,647	61,106
	-----	-----	-----	-----
Total operating revenues.....	\$ 647,562	\$ 663,502	\$ 515,820	\$ 574,562
	=====	=====	=====	=====
Earnings before extraordinary item.....	\$ 50,656	\$ 50,381	\$ 45,091	\$ 44,432
Net earnings.....	\$ 50,015	\$ 49,740	\$ 45,091	\$ 44,432
Basic net earnings per common share.....	\$ 1.65	\$ 1.64	\$ 1.44	\$ 1.41
Diluted net earnings per common share.....	\$ 1.65	\$ 1.64	\$ 1.43	\$ 1.40
Basic weighted average shares outstanding.....	30,272	30,272	31,401	31,401
Diluted weighted average shares outstanding.....	30,385	30,385	31,640	31,640

</TABLE>

4. Short-Term Investments

The amortized cost, estimated market value and unrealized gains on short-term investments are as follows (in thousands):

<TABLE>
<CAPTION>

	December 27, 1998			December 28, 1997		
	Amortized Cost	Unrealized Gain	Market Value	Amortized Cost	Unrealized Gain	Market Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Certificates of deposit.....	\$ 22	\$ --	\$ 22	\$ 19	\$ --	\$ 19
Preferred stocks.....	402	88	490	402	56	458
U.S. government and agency securities.....	--	--	--	4,496	--	4,496
State and local municipal securities.....	4,275	92	4,367	5,837	96	5,933
	\$ 4,699	\$ 180	\$ 4,879	\$ 10,754	\$ 152	\$ 10,906

=====

</TABLE>

The amortized cost and estimated market value of debt securities as of December 27, 1998, by contractual maturity, are shown below (in thousands). Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>
<CAPTION>

	Amortized Cost	Market Value
<S>	<C>	<C>
Due within one year or less.....	\$ 2,221	\$ 2,249
Due after one year through five years.....	2,054	2,118
	\$ 4,275	\$ 4,367

=====

</TABLE>

5. Receivables

Receivables are comprised of the following (in thousands):

<TABLE>
<CAPTION>

	December 27, 1998	December 28, 1997
<S>	<C>	<C>
Franchise royalty, advertising and trade receivables.....	\$ 11,507	\$ 12,132
Notes receivable.....	3,534	1,593
Credit card receivables.....	2,587	2,103
Franchise fee receivables.....	498	743
Interest and dividends receivable.....	105	288
Other.....	493	368
	18,724	17,227
Less allowance for bad debts.....	1,565	837
	\$ 17,159	\$ 16,390

=====

</TABLE>

The provision for bad debts totaled \$1,000,000 for 1998 and \$635,000 for 1997. No provision for bad debts was recorded during 1996. Write-offs against the allowance for bad debts totaled \$272,000, \$68,000 and \$453,000 during 1998, 1997 and 1996, respectively.

6. Property and Equipment

Property and equipment, net is comprised of the following (in thousands):

<TABLE>
<CAPTION>

	December 27, 1998	December 28, 1997
<S>	<C>	<C>
Land.....	\$ 77,121	\$ 52,638
Buildings and leasehold improvements.....	239,047	176,517
Furniture and equipment.....	134,810	106,125
Construction in progress.....	6,351	10,238
	-----	-----
	457,329	345,518
Less accumulated depreciation and capitalized lease amortization.....	93,271	69,436
	-----	-----
	\$ 364,058	\$ 276,082
	=====	=====

</TABLE>

Property under capitalized leases in the amount of \$9,592,000 and \$4,540,000 at December 27, 1998 and December 28, 1997, respectively, is included in buildings and leasehold improvements. Accumulated amortization of such property amounted to \$711,000 and \$235,000 at December 27, 1998 and December 28, 1997, respectively. Capitalized leases relate to the buildings on certain restaurant properties. The land portions of the restaurant property leases are accounted for as operating leases.

Depreciation and capitalized lease amortization expense relating to property and equipment totaled \$29,135,000, \$20,877,000 and \$15,652,000 for 1998, 1997 and 1996, respectively. Of these amounts, \$476,000, \$210,000 and \$145,000 related to capitalized lease amortization during 1998, 1997 and 1996, respectively.

The Company leases certain of its restaurants. The leases generally provide for payment of minimum annual rent, real estate taxes, insurance and maintenance and, in some cases, contingent rent (calculated as a percentage of sales) in excess of minimum rent. Total rental expense for all operating leases is comprised of the following (in thousands):

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Minimum rent.....	\$ 12,432	\$ 10,452	\$ 8,138
Contingent rent.....	1,294	1,298	1,451
	-----	-----	-----
	\$ 13,726	\$ 11,750	\$ 9,589
	=====	=====	=====

</TABLE>

The present value of capitalized lease payments and the future minimum lease payments under noncancelable operating leases (including leases executed for sites to be developed in 1999) as of December 27, 1998 are as follows (in thousands):

<TABLE>
<CAPTION>

	Capitalized Leases	Operating Leases
<S>	<C>	<C>
1999.....	\$ 1,023	\$ 13,781
2000.....	1,050	13,567
2001.....	5,859	13,174
2002.....	741	13,009
2003.....	766	12,203
Thereafter.....	10,542	105,750
	-----	-----
Total minimum lease payments.....	19,981	\$ 171,484
	-----	=====
Less amounts representing interest.....	10,295	

Present value of minimum lease payments.....	\$ 9,686	
	=====	

</TABLE>

In February 1999, the Company purchased the buildings and related land and equipment underlying three capital leases for a total of \$4,725,000 from Apple South. As a result, \$5,052,000 of the capitalized lease obligations recorded as of December 27, 1998 were retired.

7. Long-Term Debt

Long-term debt, including capitalized lease obligations, is comprised of the following (in thousands):

<TABLE>

<CAPTION>

	December 27, 1998	December 28, 1997
<S>	<C>	<C>
Unsecured senior term loan; interest at LIBOR plus 2.25% or base rate plus 1.25%, with semi-annual principal payments; due March 2006.....	\$ 124,375	\$ --
Unsecured revolving credit facility; interest at LIBOR plus 1.375% or base rate plus 0.375%; due March 2003.....	12,000	--
Unsecured notes payable; 7.70% interest per annum, with principal payments beginning in 1998; due May 2004.....	--	20,000
Secured bank note; 6.69% interest per annum; due in quarterly installments through October 1998.....	--	600
Unsecured promissory notes issued in connection with the acquisition of restaurants; 8.00% interest per annum; due in annual installments of principal and interest through February 2000.....	802	1,187
Unsecured promissory notes issued in connection with the acquisition of restaurants; 8.00% interest per annum; due in two installments of principal and interest in 1998.....	--	2,500
Capitalized lease obligations.....	9,686	4,579
Other.....	325	239
Total long-term debt.....	147,188	29,105
Less current portion of long-term debt.....	1,666	6,526
Long-term debt - less current portion.....	\$ 145,522	\$ 22,579

</TABLE>

On March 30, 1998, the Company entered into a bank credit agreement that provides for \$225,000,000 in senior secured credit facilities, consisting of an eight-year senior secured term loan of \$125,000,000 and a five-year secured working capital facility of \$100,000,000. The Company also entered into a five-year \$5,000,000 letter of credit facility with another bank.

In connection with the early extinguishment of debt, the Company paid a prepayment penalty of \$930,000 in 1998. The prepayment penalty plus the remaining unamortized portion of the related deferred financing costs of \$91,000 is reflected as an extraordinary loss of \$641,000, net of income taxes of \$380,000, in the accompanying consolidated statement of earnings for 1998.

As of December 27, 1998, \$12,000,000 was outstanding under the \$100,000,000 working capital facility, and standby letters of credit totaling \$2,727,000 were outstanding under the \$5,000,000 letter of credit facility.

The senior term loan bears interest at either the bank's prime rate plus 1.25% or LIBOR plus 2.25%, at the Company's option, and requires semi-annual principal payments aggregating \$1,250,000 per year for each of the first seven years, with the remaining \$116,250,000 due during the eighth year. The working capital facility bears interest at either the bank's prime rate plus 0.375% or LIBOR plus 1.375%, at the Company's option. A commitment fee of 0.30% is payable on any unused portion of the working capital facility. The interest rate on the working capital facility and the commitment fee are subject to change based upon the Company's leverage ratio.

In connection with the bank credit agreement, the Company has entered into interest rate swap agreements to manage its exposure to interest rate fluctuations. The agreements were effective beginning May 1, 1998, and have maturity dates ranging from four to seven years for an aggregate notional amount of \$100,000,000 and effectively fix the underlying three-month LIBOR interest rate on \$100,000,000 of the senior credit facilities to rates ranging from 5.91% to 6.05%. As of December 27, 1998, the fair value of these swaps was a net payable of \$3,069,000. The fair value represents the estimated amount that the Company would receive or pay to terminate the agreements taking into account current interest rates.

Both the senior term loan and the working capital facility are secured by the common stock of each of the Company's present and future subsidiaries and all intercompany debt of the Company and such subsidiaries. In addition, both the senior term loan and the working capital facility are subject to various covenants and restrictions which, among other things, require the maintenance of stipulated fixed charge, interest coverage and leverage ratios, as defined, and limit additional indebtedness and capital expenditures in excess of specified amounts. Cash dividends are limited to \$5,000,000 through fiscal year 1999. The credit agreement originally permitted up to \$50,000,000 to be utilized for repurchases of the Company's common stock. In February 1999, the credit agreement was amended to permit additional repurchases of common stock of up to \$100,000,000 and to allow annual cash dividends of the greater of \$5,000,000 or 50% of consolidated net income beginning in fiscal year 2000. The Company is currently in compliance with the covenants contained in its credit agreement.

Maturities of long-term debt, including capitalized lease obligations, for each of the five fiscal years subsequent to December 27, 1998, ending during the years indicated, are as follows (in thousands):

1999.....	\$	1,666
2000.....		1,704
2001.....		6,347
2002.....		1,304
2003.....		13,639

F-15

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are comprised of the following (in thousands):

<TABLE>
<CAPTION>

	December 27, 1998	December 28, 1997
<S>	<C>	<C>
Compensation and related taxes.....	\$ 12,551	\$ 9,060
Gift certificates.....	7,803	4,129
Sales and use taxes.....	3,571	2,790
Insurance.....	6,816	4,473
Rent.....	3,559	2,782
Other.....	9,814	5,313
	\$ 44,114	\$ 28,547

</TABLE>

9. Loss on Disposition of Restaurants and Equipment

In October 1996, the Company completed the sale of six of its eight Company-owned Applebee's restaurants located in the San Bernardino and Riverside counties of southern California. The operations of the six restaurants and future restaurant development in the market area were assumed by an existing Applebee's franchisee. The sales price was \$8,500,000 and a loss on the disposition of the properties of \$75,000 was recorded in the third quarter of 1996. During the fourth quarter of 1996, the Company recognized a loss of \$2,500,000 primarily relating to the intended disposition of the two remaining restaurants in the territory.

In May 1998, the Company completed the sale of its six restaurants located in the Long Island, New York area for approximately \$10,000,000 in cash. The operations of the restaurants and future restaurant development in the market area have been assumed by an existing Applebee's franchisee. The sale of these restaurants did not have a significant effect on the Company's net earnings and financial position.

10. Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. The income tax provision consists of the following (in thousands):

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Current provision:			

Federal.....	\$ 25,803	\$ 22,016	\$ 18,783
State.....	4,442	3,693	3,800
Deferred provision (benefit).....	(492)	1,001	128
	-----	-----	-----
Income taxes.....	\$ 29,753	\$ 26,710	\$ 22,711
	=====	=====	=====

</TABLE>

F-16

The deferred income tax provision is comprised of the following (in thousands):

	1998	1997	1996
	-----	-----	-----
<S>	<C>	<C>	<C>
Depreciation.....	\$ 793	\$ 2,270	\$ 617
Franchise deposits.....	147	(534)	77
Allowance for bad debts.....	(420)	(111)	345
Accrued expenses.....	--	(758)	203
Property and equipment writedown.....	112	671	(935)
Other.....	(1,124)	(537)	(179)
	-----	-----	-----
Deferred income tax provision (benefit).....	(492)	1,001	128
Deferred income taxes related to change in unrealized gain (loss) on investments.....	10	57	(3)
	-----	-----	-----
Net change in deferred income taxes.....	\$ (482)	\$ 1,058	\$ 125
	=====	=====	=====

</TABLE>

A reconciliation between the income tax provision and the expected tax determined by applying the statutory federal income tax rates to earnings before income taxes follows (in thousands):

	1998	1997	1996
	-----	-----	-----
<S>	<C>	<C>	<C>
Federal income tax at statutory rates.....	\$ 28,143	\$ 25,130	\$ 21,254
Increase (decrease) to income tax expense:			
State income taxes, net of federal benefit.....	2,951	2,625	2,470
Non-deductible goodwill amortization.....	320	280	276
Tax exempt investment income.....	(163)	(310)	(338)
Meals and entertainment disallowance.....	283	278	317
FICA tip tax credit.....	(2,124)	(1,598)	(1,136)
Other.....	343	305	(132)
	-----	-----	-----
Income taxes.....	\$ 29,753	\$ 26,710	\$ 22,711
	=====	=====	=====

</TABLE>

The net current deferred income tax asset amounts are included in "prepaid and other current assets" in the accompanying consolidated balance sheets. The significant components of deferred income tax assets and liabilities and the related balance sheet classifications are as follows (in thousands):

	December 27, 1998	December 28, 1997
	-----	-----
<S>	<C>	<C>
Classified as current:		
Allowance for bad debts.....	\$ 546	\$ 126
Accrued expenses.....	1,003	1,003
Other, net.....	245	(624)
	-----	-----
Net deferred income tax asset.....	\$ 1,794	\$ 505
	=====	=====
Classified as non-current:		
Depreciation.....	\$ (2,579)	\$ (1,786)
Franchise deposits.....	753	900
Other, net.....	587	454

Net deferred income tax liability.....	\$ (1,239)	\$ (432)
--	------------	----------

</TABLE>

11. Commitments and Contingencies

Litigation, claims and disputes: As of December 27, 1998, the Company was using assets owned by a former franchisee in the operation of one restaurant which remains under a purchase rights agreement that required the Company to make certain payments to the franchisee's lender. In 1991, a dispute arose between the lender and the Company over the amount of the payments due the lender under that agreement and as to whether the Company had agreed to guarantee the franchisee's debt. Based upon a then-current independent appraisal, the Company offered to settle the dispute and purchase the assets of the three then-existing restaurants for \$1,000,000 in 1991. In November 1992, the lender was declared insolvent by the FDIC and has since been liquidated. The Company closed one of the three restaurants in 1994 and one of the two remaining restaurants in February 1996. In the fourth quarter of 1996, the Company received information indicating that the franchisee's indebtedness to the FDIC had been acquired by a third party. In June 1997, the third party filed a lawsuit against the Company seeking approximately \$3,800,000. The Company believes it has meritorious defenses and will vigorously defend this lawsuit. In the event that the Company were to pay an amount determined to be in excess of the fair market value of the assets, the Company will recognize a loss at the time of such payment. The lawsuit is set for trial in October 1999.

In addition, the Company is involved in various legal actions arising in the normal course of business. While the resolution of any such actions or the matter described above may have an impact on the financial results for the period in which it is resolved, the Company believes that the ultimate disposition of these matters will not, in the aggregate, have a material adverse effect upon its business or consolidated financial position.

Franchise financing: The Company entered into an agreement in 1992 with a financing source to provide up to \$75,000,000 of financing to Company franchisees to fund development of new franchise restaurants. The Company provided a limited guaranty of loans made under the agreement. The Company's maximum recourse obligation of 10% of the amount funded is reduced beginning in the second year of each long-term loan and thereafter decreases ratably to zero after the seventh year of each loan. At December 27, 1998, approximately \$48,000,000 had been funded through this financing source, of which \$13,000,000 was outstanding. This agreement expired on December 31, 1994 and was not renewed, although some loan commitments as of the termination date were thereafter funded through December 31, 1995.

Lease guaranties: In connection with the sale of restaurants to franchisees, the Company has, in certain cases, remained contingently liable for the remaining lease payments. As of December 27, 1998, the aggregate amount of these lease payments totaled approximately \$16,500,000. The Company has been indemnified by the buyers from any losses related to such guaranties.

Severance agreements: The Company has severance and employment agreements with certain officers providing for severance payments to be made in the event the employee resigns or is terminated related to a change in control (as defined in the agreements). If the severance payments had been due as of December 27, 1998, the Company would have been required to make payments aggregating approximately \$5,900,000. In addition, the Company has severance and employment agreements with certain officers which contain severance provisions not related to a change in control, and such provisions would have required aggregate payments of approximately \$4,400,000 if such officers had been terminated as of December 27, 1998.

Apple South divestiture plan: As part of the agreement with Apple South relating to the Virginia Acquisition (see Note 3), Apple South has also agreed to use its best efforts to sell its other Applebee's restaurants as soon as practical, resulting in its exit as an Applebee's franchisee. As of February 22, 1999, Apple South had completed the sale of 243 of its restaurants (89% of its total), and there are signed contracts on the two remaining territories. To the extent any of the 31 remaining restaurants are not divested by Apple South by December 31, 1999, the Company has an option to purchase the remaining restaurants at a predetermined formula. The Company and Apple South have committed to work together to identify and approve qualified franchise groups to acquire the remaining Apple South restaurants and to effect an efficient transition of ownership. To assist in this transition, the Company has agreed to provide the availability of guaranties of up to 10% of the borrowings of qualified franchise groups, up to a maximum of \$10,000,000 in the aggregate. To date, the Company has provided a guarantee to one franchise group totaling \$1,000,000. Two principals of the franchise group are related to a director and officer of the Company.

12. Stockholders' Equity

On September 7, 1994, the Company's Board of Directors adopted a Shareholder Rights Plan (the "Rights Plan") and declared a dividend, issued on September 19, 1994, of one Right for each outstanding share of Common Stock of the Company (the "Common Shares"). The Rights become exercisable if a person or group acquires more than 15% of the outstanding Common Shares, other than pursuant to a Qualifying Offer (as defined) or makes a tender offer for more than 15% of the outstanding Common Shares, other than pursuant to a Qualifying Offer. Upon the occurrence of such an event, each Right entitles the holder (other than the acquiror) to purchase for \$75 the economic equivalent of Common Shares, or in certain circumstances, stock of the acquiring entity, worth twice as much. The Rights will expire on September 7, 2004 unless earlier redeemed by the Company, and are redeemable prior to becoming exercisable at \$0.01 per Right.

During 1998, the Company's Board of Directors approved plans to repurchase up to \$50,000,000 of the Company's common stock, subject to market conditions. During 1998, the Company repurchased 2,431,000 shares of its common stock at an aggregate cost of \$49,332,000. In February 1999, the Company's Board of Directors approved plans to repurchase up to an additional \$100,000,000 of the Company's common stock over a two-year period, subject to market conditions.

13. Employee Benefit Plans

Employee stock option plan: During 1989, the Company's board of directors approved the 1989 Employee Stock Option Plan (the "1989 Plan") which provided for the grant of both qualified and nonqualified options as determined by a committee appointed by the board of directors. At the 1995 Annual Meeting of Stockholders, the 1989 Employee Stock Option Plan was terminated, and the 1995 Equity Incentive Plan (the "1995 Plan") was approved. Stock options outstanding under the existing 1989 Stock Option Plan were not affected by the termination of that plan.

Options under the 1989 Plan were granted for a term of three to ten years and were generally exercisable one year from date of grant. The 1995 Plan allows the granting of stock options, stock appreciation rights, restricted stock awards, performance unit awards and performance share awards (collectively, "Awards") to eligible participants. The number of shares authorized to be issued pursuant to the 1995 Plan is 2,300,000. Options granted under the 1995 Plan during 1995 have a term of five to ten years and are generally exercisable three years from date of grant. Options granted under the 1995 Plan during 1996, 1997 and 1998 have a term of ten years and are generally 50% exercisable three years from date of grant, 25% exercisable four years from date of grant, and 25% exercisable five years from date of grant. Subject to the terms of the 1995 Plan, the Committee has the sole discretion to determine the employees who shall be granted Awards, the size and types of such Awards, and the terms and conditions of such Awards. Under both plans, the option price for both qualified and nonqualified options as of the date granted cannot be less than the fair market value of the Company's common stock.

The Company accounts for both plans in accordance with APB Opinion No. 25 which requires compensation cost to be recognized based on the excess, if any, between the quoted market price of the stock at the date of grant and the amount an employee must pay to acquire the stock. Under this method, no compensation cost has been recognized for stock option awards.

Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value as prescribed by SFAS No. 123 (see Note 2), the Company's net earnings and net earnings per common share would have been reduced to the pro forma amounts indicated below (in thousands, except per share amounts):

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Net earnings, as reported.....	\$ 50,015	\$ 45,091	\$ 38,014
Net earnings, pro forma.....	\$ 48,205	\$ 41,119	\$ 32,863
Basic net earnings per common share, as reported.....	\$ 1.65	\$ 1.44	\$ 1.22
Basic net earnings per common share, pro forma.....	\$ 1.59	\$ 1.31	\$ 1.05

Diluted net earnings per common share, as reported.....	\$	1.65	\$	1.43	\$	1.21
Diluted net earnings per common share, pro forma.....	\$	1.59	\$	1.30	\$	1.04

</TABLE>

The weighted average fair value at date of grant for options granted during 1998, 1997 and 1996 was \$10.68, \$12.76 and \$15.14 per share, respectively, which, for the purposes of this disclosure, is assumed to be amortized over the respective vesting period of the grants. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 1998, 1997 and 1996: dividend yield of 0.3% for all years; expected volatility of 51.7%, 56.0% and 58.1%, respectively; risk-free interest rate of 4.7%, 5.7% and 6.2%, respectively; and expected lives of 5.5, 4.6 and 4.9 years, respectively.

Transactions relative to both plans are as follows:

<TABLE>

<CAPTION>

	1995 Plan		1989 Plan	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Options outstanding at				
December 31, 1995.....	876,300	\$ 28.00	1,098,541	\$ 13.92
Granted.....	1,073,701	\$ 27.99	--	--
Exercised.....	--	--	(282,438)	\$ 27.46
Canceled.....	(120,658)	\$ 28.39	(4,400)	\$ 13.73
Options outstanding at				
December 29, 1996.....	1,829,343	\$ 27.97	811,703	\$ 14.09
Granted.....	142,825	\$ 24.98	--	--
Exercised.....	(2,167)	\$ 25.88	(160,887)	\$ 13.29
Canceled.....	(228,902)	\$ 28.03	(10,804)	\$ 20.52
Options outstanding at				
December 28, 1997.....	1,741,099	\$ 27.72	640,012	\$ 14.17
Granted.....	466,498	\$ 21.38	--	--
Exercised.....	--	--	(340,351)	\$ 13.94
Canceled.....	(382,999)	\$ 27.45	(15,249)	\$ 20.53
Options outstanding at				
December 27, 1998.....	1,824,598	\$ 26.15	284,412	\$ 14.11
Options exercisable at				
December 27, 1998.....	601,200	\$ 27.64	284,412	\$ 14.11
Options available for grant at				
December 27, 1998.....	398,235		--	

</TABLE>

F-20

The following table summarizes information relating to fixed-priced stock options outstanding for both plans at December 27, 1998:

<TABLE>

<CAPTION>

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
1989 Plan:					
\$ 3.02 to \$ 7.63	20,012	2.6 years	\$ 4.68	20,012	\$ 4.68
\$ 13.82 to \$ 14.69	231,400	4.1 years	\$ 14.08	231,400	\$ 14.08
\$ 19.25 to \$ 21.88	33,000	2.8 years	\$ 20.05	33,000	\$ 20.05
\$ 3.02 to \$ 21.88	284,412	3.8 years	\$ 14.11	284,412	\$ 14.11

1995 Plan:							
\$ 18.81	to \$	25.75	654,855	8.1 years	\$ 22.52	144,700	\$ 25.04
\$ 28.00	to \$	29.25	1,169,743	7.1 years	\$ 28.18	456,500	\$ 28.46
			-----			-----	
\$ 22.75	to \$	29.25	1,824,598	7.5 years	\$ 26.15	601,200	\$ 27.64
			=====			=====	

</TABLE>

Restricted stock awards: During 1998, restricted stock awards were granted to certain officers and key employees of the Company. These awards vest evenly over a three-year period. Unearned compensation was recorded for the market value of the stock at the date of grant and is shown as a reduction to stockholders' equity in the accompanying consolidated balance sheet. Unearned compensation is being amortized ratably to expense over the vesting period and accordingly, the Company recognized compensation expense of \$281,000 in 1998.

Employee retirement plans: During 1992, the Company established a profit sharing plan and trust in accordance with Section 401(k) of the Internal Revenue Code. Prior to 1997, the Company matched 25% of employee contributions, not to exceed 2% of the employee's total annual compensation, with the Company contributions vesting at the rate of 20% each year beginning after the employee's second year of service. The Company adopted amendments to the 401(k) plan which were effective beginning in 1997. The Company's matching contributions were increased to 35% and 50% of employee contributions in 1997 and 1998, respectively, not to exceed 2.8% and 4.0%, respectively, of the employee's total annual compensation, and were made in shares of the Company's common stock. The Company's contributions vest at the rate of 60% after the employee's third year of service, 80% after four years of service and 100% after five years of service. The number of common shares authorized pursuant to the 401(k) plan is 50,000. During 1994, the Company established a non-qualified defined contribution retirement plan for key employees. The Company's contributions under both plans in 1998, 1997 and 1996 were \$945,000, \$702,000 and \$570,000, respectively.

Employee stock purchase plan: During 1996, the Company established an employee stock purchase plan in accordance with Section 423 of the Internal Revenue Code, and the plan was approved at the 1997 Annual Meeting of Stockholders. The plan allows employees to purchase shares of the Company's common stock at a 10% discount through payroll deductions. The number of common shares authorized pursuant to the plan is 200,000. During 1998 and 1997, employees purchased 46,204 and 20,143 shares, respectively, under this plan.

Employee stock ownership plan: The Company's Board of Directors approved an employee stock ownership plan in January 1997. The Company's contributions to this plan are completely discretionary and are made in shares of the Company's common stock. The Company's contributions to the plan were \$400,000 for 1998 and \$500,000 for 1997.

F-21

14. Related Party Transactions

The Company and certain franchisees have obtained restaurant equipment from a company owned by an individual who is related to a person who was a director of the Company until May 1997. During 1997 and 1996, the Company paid \$264,000 and \$426,000, respectively, for equipment and services purchased from this company.

The Company leases a restaurant site from a corporation whose ownership is composed of certain current and former stockholders, directors and officers of the Company. The lease has a term of 20 years with two renewal options. The lease provides for rentals in an amount equal to approximately 7% of gross sales of the restaurants. During 1995, the Company entered into an agreement with this party to lease additional parking space at the same site. Rents incurred under both leases totaled \$148,000, \$166,000 and \$185,000 for 1998, 1997 and 1996, respectively, and are included in direct and occupancy costs in the consolidated statements of earnings.

The Company leases a restaurant site from a partnership in which a former director, who is related to a person who was a director of the Company until May 1997, holds a 50% interest. The lease has a term of 20 years with two options to renew. The lease provides for rentals in an amount equal to approximately 7% of gross sales of the restaurant. Rents incurred under the lease were \$162,000, \$128,000 and \$113,000 for 1998, 1997 and 1996, respectively, and are included in direct and occupancy costs in the consolidated statements of earnings.

The Company leases certain office space under an operating lease from a partnership in which a person, who was a director of the Company until August 1997 and who remains a significant stockholder of the Company, holds a 37.5% interest. The lease expired in December 1998 and is renewable on a month-to-month basis at the Company's option. Rents incurred under the lease were \$120,000, \$120,000 and \$104,000 for 1998, 1997 and 1996, respectively, and

are included in general and administrative expenses in the consolidated statements of earnings.

In March 1998, the Company entered into an agreement to purchase a tract of land for future restaurant development for \$290,000 from an entity in which the Chairman of the Company has a one-third ownership interest. The purchase price was less than current appraised value.

In February 1999, the Company entered into an agreement to sell its four specialty restaurants to an entity owned by the Company's Chairman and certain members of his family (see Note 15). In addition, the same entity became a franchisee of the Company by purchasing seven existing Applebee's restaurants from another franchisee.

15. Subsequent Events

In February 1999, the Company entered into an agreement to sell its Rio Bravo Cantina concept, which is comprised of 66 restaurants, including 40 Company restaurants and 26 franchised restaurants. Under the terms of the agreement, the buyer will become the franchisor of the Rio Bravo Cantina system and will continue to operate the Company-owned restaurants. The buyer has agreed to provide a number of future operating alternatives for existing franchisees, including continued operation of franchise restaurants as Rio Bravo Cantinas or, in certain cases, conversion to the buyer's restaurant concept. The Company will receive \$53 million in consideration (\$47 million in cash at closing and a \$6 million subordinated note). The buyer has also committed an additional \$6 million available to partially fund the strategic alternatives offered to the current Rio Bravo Cantina franchisees. The Company also entered into a separate definitive agreement to sell its four specialty restaurants for \$12 million in cash (see Note 14).

F-22

Both transactions are subject to customary third-party approvals. The two sale transactions and related expenses are expected to result in a loss on disposition of approximately \$8,000,000 before income taxes (approximately \$5,000,000 net of income taxes), which will be recognized in the first quarter of 1999. Total Company restaurant sales, franchise income and cost of Company restaurant sales for the fiscal year ended December 27, 1998 were \$109,260,000, \$2,054,000 and \$99,395,000, respectively, for both the Rio Bravo Cantina and specialty restaurants.

16. Quarterly Results of Operations (Unaudited)

The following presents the unaudited consolidated quarterly results of operations for 1998 and 1997 (in thousands, except per share amounts).

<TABLE>
<CAPTION>

	1998			
	Fiscal Quarter Ended			
	March 29, 1998	June 28, 1998	September 27, 1998	December 27, 1998
<S>	<C>	<C>	<C>	<C>
Revenues:				
Company restaurant sales.....	\$129,758	\$149,829	\$151,648	\$149,605
Franchise income.....	16,845	16,580	17,002	16,295
Total operating revenues.....	146,603	166,409	168,650	165,900
Cost of Company restaurant sales:				
Food and beverage.....	35,368	40,917	41,680	41,455
Labor.....	42,323	47,291	47,589	48,057
Direct and occupancy.....	33,219	37,191	38,301	37,982
Pre-opening expense.....	481	527	912	1,173
Total cost of Company restaurant sales.....	111,391	125,926	128,482	128,667
General and administrative expenses.....	14,454	14,564	14,398	14,628
Amortization of intangible assets.....	875	1,546	1,546	1,571
Loss on disposition of restaurants and equipment....	458	213	187	94
Operating earnings.....	19,425	24,160	24,037	20,940
Other income (expense):				
Investment income.....	220	394	249	268
Interest expense.....	(751)	(3,298)	(2,853)	(3,020)
Other income.....	167	108	135	228
Total other income (expense).....	(364)	(2,796)	(2,469)	(2,524)

Earnings before income taxes and extraordinary item.....	19,061	21,364	21,568	18,416
Income taxes.....	7,091	7,947	8,024	6,691
Earnings before extraordinary item.....	11,970	13,417	13,544	11,725
Extraordinary loss from early extinguishment of debt, net of income taxes.....	--	(641)	--	--
Net earnings.....	\$ 11,970	\$ 12,776	\$ 13,544	\$ 11,725
Basic net earnings per common share:				
Basic earnings before extraordinary item.....	\$ 0.39	\$ 0.44	\$ 0.45	\$ 0.39
Extraordinary item.....	--	(0.02)	--	--
Basic net earnings per common share.....	\$ 0.39	\$ 0.42	\$ 0.45	\$ 0.39
Diluted net earnings per common share:				
Diluted earnings before extraordinary item.....	\$ 0.39	\$ 0.44	\$ 0.45	\$ 0.39
Extraordinary item.....	--	(0.02)	--	--
Diluted net earnings per common share.....	\$ 0.39	\$ 0.42	\$ 0.45	\$ 0.39
Basic weighted average shares outstanding.....	30,611	30,381	30,184	29,911
Diluted weighted average shares outstanding.....	30,734	30,522	30,278	29,976

</TABLE>

F-23

<TABLE>
<CAPTION>

	1997			
	Fiscal Quarter Ended			
	March 30, 1997	June 29, 1997	September 28, 1997	December 28, 1997
<S>	<C>	<C>	<C>	<C>
Revenues:				
Company restaurant sales.....	\$100,843	\$114,775	\$117,607	\$118,948
Franchise income.....	15,409	15,917	16,260	16,061
Total operating revenues.....	116,252	130,692	133,867	135,009
Cost of Company restaurant sales:				
Food and beverage.....	27,721	31,661	32,228	32,859
Labor.....	32,101	36,025	37,914	39,125
Direct and occupancy.....	26,022	28,419	28,884	30,871
Pre-opening expense.....	510	902	864	1,385
Total cost of Company restaurant sales.....	86,354	97,007	99,890	104,240
General and administrative expenses.....	12,446	13,109	13,060	13,964
Amortization of intangible assets.....	568	857	913	920
Loss on disposition of restaurants and equipment....	233	251	262	463
Operating earnings.....	16,651	19,468	19,742	15,422
Other income (expense):				
Investment income.....	933	446	180	275
Interest expense.....	(359)	(473)	(407)	(466)
Other income.....	148	90	58	93
Total other income (expense).....	722	63	(169)	(98)
Earnings before income taxes.....	17,373	19,531	19,573	15,324
Income taxes.....	6,497	7,305	7,320	5,588
Net earnings.....	\$ 10,876	\$ 12,226	\$ 12,253	\$ 9,736
Basic net earnings per common share.....	\$ 0.35	\$ 0.39	\$ 0.39	\$ 0.31
Diluted net earnings per common share.....	\$ 0.34	\$ 0.39	\$ 0.39	\$ 0.31
Basic weighted average shares outstanding.....	31,310	31,370	31,444	31,478
Diluted weighted average shares outstanding.....	31,606	31,611	31,692	31,654

APPLEBEE'S INTERNATIONAL, INC.
EXHIBIT INDEX

Exhibit	Number	Description of Exhibit
	3.1	Certificate of Incorporation, as amended, of Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995).
	3.2	Restated and Amended By-laws of the Registrant (incorporated by reference to Exhibit 3.2 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 1996).
	4.1	Shareholder Rights Plan contained in Rights Agreement dated as of September 7, 1994, between Applebee's International, Inc. and Chemical Bank, as Rights Agent (incorporated by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 25, 1994).
	4.2	Certificate of the Voting Powers, Designations, Preferences and Relative Participating, Optional and Other Special Rights and Qualifications of Series A Participating Cumulative Preferred Stock of Applebee's International, Inc. (incorporated by reference to Exhibit 4.2 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 25, 1994).
	9.1	Voting Agreement, dated as of July 15, 1989, among John Hamra, Abe J. Gustin, Jr. and Johyne Hamra Reck, as amended by Acknowledgment and Amendment to Stockholders' Voting Agreement dated February 11, 1992 (incorporated by reference to Exhibit 9.1 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 25, 1994).
	9.2	Amendment to Stockholder's Voting Agreement dated March 17, 1995 (incorporated by reference to Exhibit 9.1 of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 26, 1995).
	10.1	Indemnification Agreement, dated March 16, 1988, between John Hamra and Applebee's International, Inc. (incorporated by reference to Exhibit 10.1 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 25, 1994).
	10.2	Indemnification Agreement, dated March 16, 1988, between Abe J. Gustin, Jr. and Applebee's International, Inc. (incorporated by reference to Exhibit 10.2 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 25, 1994).
	10.3	Indemnification Agreement, dated March 16, 1988, between Johyne Reck and Applebee's International, Inc. (incorporated by reference to Exhibit 10.3 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 25, 1994).
	10.4	Form of Applebee's Development Agreement (incorporated by reference to Exhibit 10.4 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995).

Exhibit	Number	Description of Exhibit
	10.5	Form of Applebee's Franchise Agreement (incorporated by reference to Exhibit 10.5 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995).

- 10.6 Schedule of Applebee's Development and Franchise Agreements as of December 27, 1998.
 - 10.7 Form of Rio Bravo Cantina Development Agreement (incorporated by reference to Exhibit 10.7 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 1996).
 - 10.8 Form of Rio Bravo Cantina Franchise Agreement (incorporated by reference to Exhibit 10.8 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 1996).
 - 10.9 Schedule of Rio Bravo Cantina Development and Franchise Agreements as of December 27, 1998.
 - 10.10 Purchase Rights Agreement dated January 17, 1990 by and between Applebee's International, Inc. and Apple Star, Inc. (incorporated by reference to Exhibit 10.7 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 25, 1994).
 - 10.11 Credit Agreement dated as of March 30, 1998 (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 1998).
 - 10.12 Asset Purchase Agreement dated December 23, 1997 by and among Applebee's International, Inc. and Apple South, Inc. (incorporated by reference to the Registrant's Current Report on Form 8-K dated December 23, 1997).
- Management Contracts and Compensatory Plans or Arrangements
- 10.13 1995 Equity Incentive Plan, as amended.
 - 10.14 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.14 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 1997).
 - 10.15 Employment Agreement, dated January 1, 1996, with Abe J. Gustin, Jr. (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1996) and First Amendment to Employment Agreement, dated December 31, 1997, with Abe J. Gustin, Jr. (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 1998).
 - 10.16 Employment Agreement, dated January 27, 1994, with Lloyd L. Hill (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 27, 1994).

E-2

Exhibit

Number Description of Exhibit

- | Exhibit | Description of Exhibit |
|---------|--|
| 10.17 | Severance and Noncompetition Agreement, dated January 27, 1994, with Lloyd L. Hill (incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 27, 1994). |
| 10.18 | Employment Agreement, dated March 1, 1995, with George D. Shadid (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 26, 1995). |
| 10.19 | Amended Consulting Agreement, dated March 1, 1996, between Applebee's International, Inc. and Kenneth D. Hill (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 1997). |
| 10.20 | Form of Indemnification Agreement (incorporated by reference to Exhibit 10.29 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 25, 1994). |
| 10.21 | Schedule of parties to Indemnification Agreement. |
| 10.22 | Previous Form of Change in Control Agreement (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report |

on Form 10-Q for the fiscal quarter ended March 29, 1998) and schedule of parties thereto.

- 10.23 New Form of Change in Control Agreement and schedule of parties thereto.
 - 21 Subsidiaries of Applebee's International, Inc.
- 23.1 Consent of Deloitte & Touche LLP.
- 24 Power of Attorney (see page 32 of the Form 10-K).
- 27 Financial Data Schedule.

APPLEBEE'S INTERNATIONAL, INC.
DEVELOPMENT AND FRANCHISE AGREEMENT SCHEDULE
AS OF DECEMBER 27, 1998

<TABLE>
<CAPTION>

(1) DEVELOPER NAME AND ADDRESS	(2) PRINCIPALS	(3) DATE OF DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT	(4) TERRITORY (all or part of the states/countries listed) OR LOCATION	(5) DEVELOPMENT SCHEDULE (total restaurants/ deadline)
<S>	<C>	<C>	<C>	<C>
AB ENTERPRISES 804 E. Cypress Suite B Redding, CA 96002	Joseph K. Wong Anna Wong	(DA.A) 09-24-93 Amended: 03-10-95	CA, OR	5/09-20-96
		(FA.A1) 09-20-94	1801 Hilltop Drive Redding, CA	
		(FA.A2) 04-30-96	2030 Business Lane Chico, CA	
		(FA.A3) 11-26-96	1388 Biddle Road Medford, OR	
		(FA.A4) 09-28-98	2750 Campus Drive Klamath Falls, OR	
A.N.A., INC. 601 Vestavia Parkway Suite 1000 Birmingham, AL 35216	Glenn D. Durham Fred W. Gustin	(DA.A) 10-10-91 Amended: 06-01-93 06-06-95 05-01-97	AL, TN	13/04-30-99
		(FA.A1) 02-14-89	601 Brookwood Village Mall Homewood, AL	
		(FA.A2) 10-09-90	1240 Eastdale Mall Montgomery, AL	
		(FA.A3) 02-26-92	3028 S. Memorial Parkway Huntsville, AL	
		(FA.A4) 11-19-92	100 Century Plaza 7520 Crestwood Boulevard Birmingham, AL	
		(FA.A5) 10-12-93	1700 Rainbow Drive Gadsden, AL	
		(FA.A6) 05-03-94	62 McFarland Boulevard Northport, AL	
		(FA.A7) 10-31-94	2041-A Beltline Road, S.W. Decatur, AL	
		(FA.A8) 01-24-95	302 Hughes Road Madison, AL	
		(FA.A9) 02-28-95	3001 Carter Hill Road Montgomery, AL	
		(FA.A10) 10-04-95	360 Cahaba Valley Pelham, AL	
		(FA.A11) 05-27-98	1917 Cobbs Ford Rd. Prattville, AL	
		(FA.A12) 09-29-98	3195 Taylor Road Montgomery, AL	

APPLE AMERICAN OF DELAWARE 8905 Lake Avenue Cleveland, OH 44102	Donald W. Strang, Jr. Allen S. Musikantow	(FA.A13) 11-17-98 (DA.A) 04-10-96 Amended: 03-01-97 01-01-98	2271 Florence Blvd. Florence, AL	4/06-01-99
		(FA.A1) 04-22-97	909 N. DuPont Highway Dover, DE	
APPLE AMERICAN LIMITED PARTNERSHIP OF INDIANA 8905 Lake Avenue Cleveland, OH 44102	Donald W. Strang, Jr. Allen S. Musikantow	(DA.A) 06-25-89 Amended: 01-15-90 04-24-91 06-24-92 07-19-93 01-01-95 01-01-97	IN	22/12-31-98
		(FA.A1) 10-16-89	5046 W. Pike Plaza Indianapolis, IN	
		(FA.A2) 06-18-90	4040 E. 82nd Street Indianapolis, IN	
		(FA.A3) 12-18-90	1436 W. 86th Street Indianapolis, IN	
		(FA.A4) 05-12-92	1050 Broad Ripple Avenue Indianapolis, IN	
		(FA.A5) 08-08-92	2415 Sagamore Pkwy., South Lafayette, IN	
		(FA.A6) 11-10-92	1241 U.S. 31 North, #L-5 Greenwood, IN	
		(FA.A7) 12-14-93	1900 25th Street Columbus, IN	
		(FA.A8) 06-08-94	14711 U.S. 31 North Carmel, IN	
		(FA.A9) 11-03-94	1423 W. McGalliard Road Muncie, IN	
		(FA.A10) 05-02-95	119 N. Baldwin Marion, IN	
		(FA.A11) 05-09-95	1922 E. 53rd Street Anderson, IN	
		(FA.A12) 05-31-95	3720 S. Reed Road Kokomo, IN	
		(FA.A13) 06-12-95	2894 E. 3rd Street Bloomington, IN	
		(FA.A14) 11-21-95	5664 Crawfordsville Road Indianapolis, IN	
		(FA.A15) 02-13-96	700 N. Morton Street Franklin, IN	
		(FA.A16) 02-27-96	8310 East 96th Fishers, IN	
		(FA.A17) 08-13-96	109 S. Memorial Drive New Castle, IN	
		(FA.A18) 10-15-96	2659 E. Main Street Plainfield, IN	
		(FA.A19) 12-12-96	1516 S. Washington Street Crawfordsville, IN	
		(FA.A20) 01-28-97	7345 E. Washington Street Indianapolis, IN	

(FA.A21) 12-16-97 3009 Northwestern Avenue
West Lafayette, IN

(FA.A22) 11-23-98 17801 Foundation Drive
Noblesville, IN

(FA.A23) 12-08-98 101 Lee Blvd.
Shelbyville, IN

-3-

APPLE AMERICAN
LIMITED
PARTNERSHIP OF
NEW JERSEY
8905 Lake Avenue
Cleveland, OH 44102

Donald W. Strang, Jr.
Allen S. Musikantow

(DA.A) 04-10-96 NJ 8/12-31-99
Amended: 01-01-98

(FA.A1) 02-04-97 880 Berlin Road
Voorhees, NJ

(FA.A2) 03-02-98 700 Consumer Square
Mays Landing, NJ

(FA.A3) 09-21-98 3849 Delsea Drive
Vineland, NJ

APPLE AMERICAN
LIMITED
PARTNERSHIP OF
OHIO
8905 Lake Avenue
Cleveland, OH 44102

Donald W. Strang, Jr.
Allen S. Musikantow

(DA.A) 11-11-92 OH 23/12-31-98
Amended: 07-19-93
12-01-94
03-10-95
07-31-95
01-01-97

(FA.A1) 04-02-90 5658 Mayfield Road
Lyndhurst, OH

(FA.A2) 06-26-90 5010 Great Northern
Plaza South
North Olmstead, OH

(FA.A3) 11-20-91 3000 Westgate Mall
Fairview Park, OH

(FA.A4) 01-19-93 4981 Dressler Road
N. Canton, OH

(FA.A5) 08-31-93 508 Howe Avenue
Cuyahoga Falls, OH

(FA.A6) 09-24-93 6871 Pearl Road
Middlesburg Heights, OH

(FA.A7) 12-07-93 3989 Burbank Road
Wooster, OH

(FA.A8) 12-06-94 8174 Mentor Avenue
Mentor, OH

(FA.A9) 12-13-94 1023 N. Lexington-Springmill Rd.
Ontario, OH

(FA.A10) 12-15-94 6140 S.O.M. Center Road
Solon, OH

-4-

(FA.A11) 01-24-95 7159 Macedonia Commons Blvd.
Macedonia, OH

(FA.A12) 05-23-95 4800 Ridge Road
Brooklyn, OH

(FA.A13) 06-06-95 5503 Milan Road
Sandusky, OH

(FA.A14) 10-31-95 1540 W. River Road
Elyria, OH

(FA.A15) 02-20-96 4115 Pearl Street
Medina, OH

		(FA.A16)	03-05-96	411 Northfield Road Bedford Heights, OH	
		(FA.A17)	08-07-96	233 Graff Road, S.E. New Philadelphia, OH	
		(FA.A18)	09-04-96	17771 S. Park Center Strongsville, OH	
		(FA.A19)	11-18-96	4296 Kent Road Stow, OH	
		(FA.A20)	04-22-97	3938 W. Market Street Copley Township, OH	
		(FA.A21)	11-11-97	1020 High Street Wadsworth, OH	
APPLE AMERICAN LIMITED PARTNERSHIP OF WASHINGTON 8905 Lake Avenue Cleveland, OH 44102	Donald W. Strang, Jr. Allen S. Musikantow	(DA.A) Amended:	05-07-91 03-01-92 07-19-93 12-01-94 02-12-96	WA	14/12-31-99
		(FA.A1)	12-03-92	1842 S. SeaTac Mall Federal Way, WA	
		(FA.A2)	03-11-93	4626 196th Street, Southwest Lynnwood, WA	
		(FA.A3)	06-08-94	806 S.E. Everett Mall Way Everett, WA	
		(FA.A4)	11-30-94	3510 S. Meridian Puyallup, WA	
		(FA.A5)	07-18-95	17790 Southcenter Parkway Tukwila, WA	
		(FA.A6)	01-02-96	1919 S. 72nd Street Tacoma, WA	
		(FA.A7)	12-08-97	1300A N. Miller Street Wenatchee, WA	
		(FA.A8)	03-30-98	3138 NW Randall Way Silverdale, WA	
APPLE ARKANSAS, INC. P.O. Box 1867 Texarkana, TX 75504	Joe S. Thomson El Chico Restaurants of Arkansas	(DA.A)	04-09-96	AR, LA, OK, TX	8/05-31-98
		(FA.A1)	06-15-93	5110 Summerhill Road Texarkana, TX	
		(FA.A2)	10-19-93	9088 Mansfield Road Shreveport, LA	
		(FA.A3)	03-08-94	6818 Rogers Avenue Ft. Smith, AR	
		(FA.A4)	04-09-96	2126 Airline Drive Bossier City, LA	
		(FA.A5)	05-29-96	4078 N. College Fayetteville, AR	
		(FA.A6)	10-07-97	1517 Bert Kouns Shreveport, LA	
APPLE BY THE BAY, INC.* c/o Grubb & Ellis Co. 1732 N. First Street Suite 1000 San Jose, CA 95112	Ronald A. Caselli	(DA.A)	08-01-98	CA	6/12-31-00
		(FA.1)	05-05-94	8200 Arroyo Circle Gilroy, CA	

-5-

(FA.2) 08-22-95 84 Ranch Drive
Milpitas, CA

(FA.3) 03-05-96 3900 Sisk Road
Modesto, CA

* Territory and restaurants previously held split with other Principal
Shareholder, Christian J. Knox, on 08/01/98.

-6-

APPLE CENTRAL INVESTMENTS, LTD. c/o Mr. Athos Chrysanthou Chrysanthou & Chrisoforo Th. Dernis & Florinis Street Cy-1502 Nicosia CYPRUS	Donald Flynn	(DA.A)	04-08-98	British Columbia, Canada	9/12-15-03
		(FA.A1)	04-08-98	(To be determined)	
APPLE CORE ENTERPRISES, INC.* 1225 S. Broadway Minot, ND 58701	Myron Thompson	(DA.A)	-98	MN, ND	5/10-31-98
		(FA.A1)	11-13-90	2302 15th Street, S.W. Minot, ND	
		(FA.A2)	04-14-92	434 S. 3rd Bismarck, ND	
		(FA.A3)	12-07-93	2351 S. Columbia Road Grand Forks, ND **	
		(FA.A4)	11-08-94	2800 13th Avenue, Southwest Fargo, ND **	
		(FA.A5)	12-19-95	289 15th Street, West Dickinson, ND **	
		(DA.B)	10-26-98	AZ, CA	3/06-30-00
		(FA.B1)	04-16-96	3101 S. Fourth Avenue Yuma, AZ ***	
		(FA.B2)	08-12-97	32400 Date Palm Drive Cathedral City, CA ***	

* Name change from EJM Enterprises.

** Acquired from affiliated entity Grand Apple, L.L.C. on 10/26/98.

*** Acquired from Apple Desert, L.C. on 10/26/98.

-7-

APPLE CORPS, L.P. * 1877 North Rock Road Wichita, KS 67206	David K. Rolph Darrell L. Rolph	(DA.A)	08-03-98	IL, WI, IA, MO	18/06-30-01
		(FA.A1)	08-03-98	6301 University Ave. Cedar Falls, IA	
		(FA.A2)	08-03-98	105 Chestnut Ames, IA	
		(FA.A3)	08-03-98	3838 Elmore Ave. Davenport, IA	
		(FA.A4)	08-03-98	11410 Forest Clive, IA	
		(FA.A5)	08-03-98	6301 S.E. 14th Street West Des Moines, IA	
		(FA.A6)	08-03-98	303 Collins Road Cedar Rapids, IA	
		(FA.A7)	08-03-98	3900 Merle Hay Rd. Des Moines, IA	
		(FA.A8)	08-03-98	1001 E. First Street Ankeny, IA	
		(FA.A9)	08-03-98	3805 41st Ave. Moline, IL	

(FA.A10)	08-03-98	3920 E. Lincoln Way Sterling, IL
(FA.A11)	08-03-98	306 Cleveland Muscatine, IA
(FA.A12)	08-03-98	3101 S. Center Street Marshalltown, IA
(FA.A13)	08-03-98	2810 5th Avenue South Fort Dodge, IA
(FA.A14)	08-03-98	2414 Lincoln Way Clinton, IA
(FA.A15)	08-03-98	3006 Fourth Street S.W. Mason City, IA
(FA.A16)	08-03-98	200 12th Avenue Center Coralville, IA

* Acquired all Restaurants from Avado Brands, Inc. on 8/3/98.

-8-

APPLE del NORESTE, S.A. de C.V. Ave. Vasconcelos #210 Ote. Residencial San Agustin Garza Garcia, Nuevo Leon C.P. 66260 Mexico	Ricardo Garza Jorge Garza Trevino	(DA.A) 08-04-98	Nuevo Leon, Coahuila and Tamaulipas, Mexico	4/12-31-01
		(FA.A1) 08-04-98	Vasconcelos #158 Santa Engracia Ote. Garza Garcia, Nuevo Leon 66260 Mexico	
APPLE EAST, INC. 89 Taunton Hill Road Newtown, CT 06470	Edwin F. Scheibel Cynthia H. Scheibel	(DA.A) 08-05-94 Amended: 02-28-95 01-04-96 11-01-96	CT	4/12-01-98
		(FA.A1) 10-21-97	57 Federal Road Danbury, CT	
APPLE FOOD SERVICE* OF NEW YORK, LLC 7 Pearl Court Allendale, NJ 07401	Edward W. Doherty William A. Johnsen	(DA.A) 05-04-98	NY	16/12-31-02
		(FA.A1) 05-04-98	938 S. Broadway Hicksville, NY	
		(FA.A2) 05-04-98	Veterans Hwy. & Smithtown Ave. Bohemia, NY	
		(FA.A3) 05-04-98	2660 Sunrise Highway Bellmore, NY	
		(FA.A4) 05-04-98	1985 Jericho Turnpike New Hyde Park, NY	
		(FA.A5) 05-04-98	2550 Sunrise Hwy. East Islip, NY	
		(FA.A6) 05-04-98	1935 N. Ocean Avenue Farmingville, NY	
		(FA.A7) 05-04-98	3145 Middle Country Rd. Lake Grove, NY	
		(FA.A8) 11-24-98	360 Walt Whitman Rd. Huntington Station, NY	

* Acquired 7 restaurants from Applebee's International on 05/04/98.

-9-

APPLE GOLD, INC. 170 Windchime Court Raleigh, NC 27615	Michael D. Olander	(DA.A) 07-01-94 Amended: 02-01-96	NC, VA	29/01-31-98
		(FA.A1) 06-10-85	1389 Kildair Farm Road	

Cary, NC

(FA.A2) 06-28-85 7471 Six Forks Road
Raleigh, NC

(FA.A3) 01-28-87 4004 Capital Boulevard
Raleigh, NC

(FA.A4) 01-28-87 1508 E. Franklin Road
Chapel Hill, NC

(FA.A5) 08-21-87 3400 Westgate Drive
Durham, NC

(FA.A6) 09-10-87 2001 N. Main
High Point, NC

(FA.A7) 06-13-88 476 Western Boulevard
Jacksonville, NC

(FA.A8) 02-01-89 1120 N. Wesleyan Boulevard
Rocky Mount, NC

(FA.A9) 01-22-90 3103 Garden Road
Burlington, NC

(FA.A10) 07-31-90 202 S.W. Greenville Blvd.
Greenville, NC

(FA.A11) 12-18-90 9616 E. Independence Blvd.
Matthews, NC

(FA.A12) 01-03-91 3625 Hillsborough Street
Raleigh, NC

(FA.A13) 07-01-91 10921 Carolina Place Pkwy.
Pineville, NC

(FA.A14) 03-24-92 4406 W. Wendover Avenue
Greensboro, NC

(FA.A15) 05-18-93 2180 Highway 70, Southeast
Hickory, NC

(FA.A16) 09-29-93 1115 Glenway Drive
Statesville, NC

(FA.A17) 07-19-94 901 N. Spence Avenue
Goldsboro, NC

(FA.A18) 10-18-94 8700 J.W. Clay
Charlotte, NC

(FA.A19) 01-10-95 3200 Battleground Avenue
Greensboro, NC

(FA.A20) 05-16-95 2239 W. Roosevelt Boulevard
Monroe, NC

(FA.A21) 09-19-95 5120 New Center Drive
Wilmington, NC

(FA.A22) 11-07-95 1990 Griffin Road
Winston-Salem, NC

(FA.A23) 12-19-95 1403 N. Sand Hills Blvd.
Aberdeen, NC

(FA.A24) 03-05-96 1240 U.S. Highway 29 North
Concord, NC

(FA.A25) 04-29-96 3400 Clairndon Blvd.
New Bern, NC

(FA.A26) 11-12-96 2300 Forest Hills Road
Wilson, NC

(FA.A27) 02-11-97 501 E. Six Forks Road
Raleigh, NC

(FA.A28) 04-22-97 2702 Raeford Road

APPLE J, L.P.*
31 Rushmore Dr.
Greenville, SC 29615

Pat Williamson
William A. Klepper
Allan S. Huston

		Fayetteville, NC	
(FA.A29)	10-07-97	1165 Highway 70 Garner, NC	
(FA.A30)	12-16-97	205 Faith Road Salisbury, NC	
(FA.A31)	02-03-98	5110 Piper Station Dr. Charlotte, NC	
(FA.A32)	06-02-98	1961 Skibo Road Fayetteville, NC	
(FA.A33)	11-03-98	3628 E. Franklin Blvd. Gastonia, NC	
(DA.A)	09-14-98	GA, NC, SC	32/12-31-02
(FA.A1)	09-14-98	430 Congaree Rd. Greenville, SC	
(FA.A2)	09-14-98	2344 Broad River Rd. @I20 Columbia, SC	
(FA.A3)	09-24-98	3441 Clemson Blvd. Anderson, SC	
(FA.A4)	09-14-98	9 Park Lane Hilton Head, SC	
(FA.A5)	09-14-98	4505 Devine Street Columbia, SC	
(FA.A6)	09-14-98	7602 Greenville Hwy. Spartanburg, SC	
(FA.A7)	09-14-98	841 Broad Street Sumter, SC	
(FA.A8)	09-14-98	1635 Four Seasons Blvd. Hendersonville, NC	
(FA.A9)	09-14-98	1922 Augusta Street Greenville, SC	
(FA.A10)	09-14-98	1360 Whiskey Road Aiken, SC	
(FA.A11)	09-14-98	5055 Calhoun Memorial Blvd. Easley, SC	
(FA.A12)	09-14-98	115 Tunnel Road Asheville, NC	
(FA.A13)	09-14-98	245 O'Neil Court Columbia, SC	
(FA.A14)	09-14-98	704 Wade Hampton Blvd. Greer, SC	
(FA.A15)	09-14-98	696 Bypass 123 Seneca, SC	
(FA.A16)	09-14-98	1617 Bypass 72 N.E. Greenwood, SC	
(FA.A17)	09-14-98	2227 Dave Lyle Blvd. Rock Hill, SC	
(FA.A18)	09-14-98	3944 Grandview Dr. Simpsonville, SC	
(FA.A19)	09-14-98	64 Beacon Drive Greenville, SC	
(FA.A20)	09-14-98	1512 W. Floyd Baker Ave. Gaffney, SC	

(FA.A21) 09-14-98 1268 Hwy. 9 Bypass
Lancaster, SC

-12-

(FA.A22) 09-14-98 5185 Fernadina Rd.
Columbia, SC

(FA.A23) 09-14-98 605 Columbia Ave.
Lexington, SC

(FA.A24) 09-14-98 1655 Hendersonville Rd.
Asheville, NC

(FA.A25) 09-14-98 1065 S. Big A Road
Toccoa, GA

(FA.A26) 09-14-98 2360 Chestnut Street
Orangeburg, SC

(FA.A27) 09-14-98 2338 Boundary Street
Beaufort, SC

(FA.A28) 09-14-98 1221 Woodruff Rd.
Greenville, SC

(FA.A29) 09-14-98 1985 E. Main Street
Spartanburg, SC

* Restaurants acquired from Avado Brands, Inc. 09/14/98.

APPLE MIDDLE EAST
RESTAURANT
COMPANY, LLC
P.O. Box 209
Safat 13070 KUWAIT

Abdel Mohsen Al Homaizi
Apple Middle East LLC

(DA.A) 09-28-96 Bahrain, Egypt, Kuwait,
Lebanon, United Arab
Emirates

12/08-01-01

(FA.A1) 09-28-96 (to be determined)

APPLE NORTE,
S.A. de C.V.
Av. Tecnologico
1335 Altos
Fracc. Almos Tecnologico
Cd. Juarez, Chihuahua C.P.
32500 Mexico

Eduardo Orozco
Joaquin Martinez

(DA.A) 05-26-98 Chihuahua, Mexico

4/12-31-00

(FA.A1) 05-26-98 (to be determined)

APPLE NORTH, INC.
99 New Unionville Rd.
Wallkill, NY 12589

Martin Hittinger
Eddie G. Hittinger

(FA.A1) 03-11-92 Wappinger Plaza
1271 Route 9
Wappinger Falls, NY

No Development
Rights

-13-

(FA.A2) 08-10-93 194 Colonie Center Mall
Albany, NY

(FA.A3) 11-21-95 18 Park Avenue
Clifton Park, NY

APPLE
RESTAURANTS, INC.
6620 McGinnis Ferry Rd.
Suite B, Building 12D
Duluth, GA 30097

William F. Palmer

(DA.A) 02-01-89
Amended: 04-08-92
07-31-92
03-25-93
04-05-94

17/12-31-98

(FA.A1) 02-01-89 655 Georgia Highway 120
Lawrenceville, GA

(FA.A2) 10-01-89 2445 Mall Boulevard
Kennesaw, GA

(FA.A3) 10-15-90 1152 Old Salem Road
Conyers, GA

(FA.A4) 03-11-91 Perimeter Mall, Suite 2054

4400 Ashford-Dunwoody Rd.
Atlanta, GA

(FA.A5) 11-25-91 826 Turner McCall Boulevard
Rome, GA
(FA.A6) 08-10-92 1705 Browns Bridge Road
Gainesville, GA
(FA.A7) 05-03-93 504 Lakeland Plaza
Cumming, GA
(FA.A8) 02-21-94 2728 Spring Road
Smyrna, GA
(FA.A9) 12-19-94 3676 Highway 138
Stockbridge, GA
(FA.A10) 03-21-95 226 W. Broad Street
Athens, GA
(FA.A11) 05-08-95 1925 Highway 124
Snellville, GA
(FA.A12) 02-05-96 185 Cherokee Place
Cartersville, GA
(FA.A13) 06-17-96 971 Bullsboro Drive
Newnan, GA

-14-

(FA.A14) 02-24-97 1105 S. Park Street
Carrollton, GA
(FA.A15) 03-16-98 1421 Riverstone Pkwy.
Canton, GA
(FA.A16) 06-15-98 4210 Johns Creek Pkwy.
Suwanee, GA
(FA.A17) 08-10-98 125 Gwinco Blvd.
Suwanee, GA

APPLE RESTAURANTS
EUROPE, B.V.
One Main Plaza
Suite 1000
Kansas City, MO 64111

Benoit Wesley
Roger L. Cohen

(DA.A) 07-01-94 The Netherlands, Belgium,
Amended: 05-04-95 Luxembourg
12-28-95
12-09-96

24/07-31-04

(FA.A1) 07-04-94 In De Cramer 169
6412 PM Heerlen
The Netherlands
(FA.A2) 05-17-96 Gevers Deynootplein 32
2586CK Scheveningen
HOLLAND
(FA.A3) 09-03-96 Wychenseweg 174
6538SX Nijmegen
HOLLAND
(FA.A4) 06-30-97 Pierre de Coubertinweg 1
6225 XT Maastricht
HOLLAND
(FA.A5) 08-17-98 Rijksweg Zuid #250
6161 BZ Geleen
HOLLAND

APPLE SAUCE, INC.
741 Centre View Blvd.
Suite 100
Crestview Hills, KY 41017

W. Curtis Smith
James Paul Borke

(DA.A) 02-11-92 IN, OH
Amended: 10-20-92
08-25-94
10-05-94
03-02-97

19/03-01-99

(FA.A1) 11-03-92 650 W. Lincoln Highway
Schererville, IN
(FA.A2) 08-24-93 5788 Coventry Lane
Et. Wayne, IN

(FA.A3)	12-21-93	4510 N. Clinton Street Ft. Wayne, IN	
(FA.A4)	11-15-94	4057 S. Franklin Street Michigan City, IN	
(FA.A5)	04-25-95	670 Morthland Valparaiso, IN	
(FA.A6)	07-04-95	6615 N. Main Street Granger, IN	
(FA.A7)	09-19-95	266 E. Alexis Road Toledo, OH	
(FA.A8)	11-07-95	3241 Interchange Drive Elkhart, IN	
(FA.A9)	12-05-95	531 Dussel Road Maumee, OH	
(FA.A10)	06-11-96	4702 Monroe Street Toledo, OH	
(FA.A11)	06-17-96	8425 Broadway Merrillville, IN	
(FA.A12)	07-30-96	3296 Elida Road Lima, OH	
(FA.A13)	09-10-97	6525 Lima Road Ft. Wayne, IN	
(FA.A14)	10-28-97	2531 Tiffan Avenue Findlay, OH	
(FA.A15)	11-25-97	1150 Ireland Road South Bend, IN	
(FA.A16)	12-09-97	330 Ridge Road Munster, IN	
(FA.A17)	07-14-98	2621 E. Center St. Warsaw, IN	
(FA.A18)	10-20-98	1807 Reith Blvd. Goshen, IN	
(DA.B)	09-09-92	FL	8/12-31-00
Amended:	09-30-93		
	10-05-94		
	03-28-95		

(FA.B1)	04-12-94	10135 Pines Boulevard Pembroke Pines, FL	
(FA.B2)	07-12-94	12719 W. Sunrise Boulevard Sunrise, FL	
(FA.B3)	02-15-95	1179 S. University Drive Plantation, FL	
(FA.B4)	09-12-95	2729 University Drive Coral Springs, FL	
(FA.B5)	10-10-96	9815 N.W. 41st Street Miami, FL	
(DA.A)	11-09-98	Alberta, Canada	10/12-31-03
(FA.A1)	11-09-98	13006 50th Street * Edmonton, Alberta Canada	

APPLE SEED VENTURES
160 Mount Laurel Crescent
Winnipeg, Manitoba,
R2J 4C4 CANADA

Steven L. Millard
Tad A. Fugate

* Acquired from Can-Apple Investments, Ltd. 11/09/98.

APPLE-BAY EAST, INC.
1811 Santa Rita Rd.
Suite 215
Pleasanton, CA 94566

Richard L. Winders

(DA.A) 12-18-92 CA
Amended: 02-19-94
03-01-97
02-05-98

8/09-30-98

(FA.A1) 06-14-94 2263 South Shore Center
Alameda, CA
(FA.A2) 09-27-94 4301 N. 1st Street
Livermore, CA
(FA.A3) 01-08-96 24041 Southland Drive
Hayward, CA
(FA.A4) 12-17-96 2819 Ygnacio Valley Road
Walnut Creek, CA
(FA.A5) 07-28-97 1369 Fitzgerald Drive
Pinole, CA
(FA.A6) 08-05-98 2737 Hillcrest Ave.
Antioch, CA

APPLE-METRO, INC.
550 Mamaroneck Ave.
Suite 301
Harrison, NY 10528

Roy Raeburn
Zane Tankel

(DA.A) 03-23-94 NY
Amended: 04-01-95

8/11-10-99

-17-

(FA.A1) 10-25-94 Staten Island Mall
2655 Richmond Avenue
Staten Island, NY
(FA.A2) 06-06-95 640 E. Boston Post Road
Mamaroneck, NY
(FA.A3) 11-07-95 430 New Dorp Lane
Staten Island, NY
(FA.A4) 04-29-97 185 Bedford Road
Mt. Kisco, NY
(FA.A5) 11-18-97 1 Mall Walk West
Yonkers, NY
(FA.A6) 04-21-98 1451 Richmond Ave.
Staten Island, NY
(FA.A7) 11-17-98 3127 E. Main St.
Mohegan Lake, NY

APPLEBAY
FOODS, INC.
100 W. El Camino Real
Suite 76
Mountain View, CA
94040

Leonard E. Rhode
Beverly A. Rhode

(DA.A) 03-18-93 CA
Amended: 05-27-94
07-27-94
03-07-95

7/03-31-98

(FA.A1) 12-19-95 2250 Santa Rosa Avenue
Santa Rosa, CA
(FA.A2) 06-07-96 5301 Old Redwood Hwy.
Petaluma, CA

APPLEILLINOIS, L.L.C.
741 Centre View Blvd.
Suite 100
Crestview Hills, KY 41017

J. Timothy Brugh
James P. Borke
Curtis J. Smith

(DA.A) 11-18-98 IL
(FA.A1) 11-18-98 354 W. Army Trail Rd.
Bloomington, IL
(FA.A2) 11-18-98 60 Waukegan Road
Deerfield, IL
(FA.A3) 11-18-98 999 Elmhurst Road
Mt. Prospect, IL
(FA.A4) 11-18-98 880 S. Barrington Rd.
Steamwood, IL

36/12-31-03

(FA.A5) 11-18-98 9380 Joliet Road
Hodgkins, IL

(FA.A6) 11-18-98 5690 Northwest Hwy.
Crystal Lake, IL

(FA.A7) 11-18-98 4937 W. Cal-Sag Road
Crestwood, IL

(FA.A8) 11-18-98 1040 N. Kenzie
Bradley, IL

(FA.A9) 11-18-98 2411 Sycamore Road
DeKalb, IL

(FA.A10) 11-18-98 1296 W. Boughton Rd.
Bolingbrook, IL

(FA.A11) 11-18-98 125 S. Randall Road
Elgin, IL

(FA.A12) 11-18-98 2795 Plainfield Road
Joliet, IL

(FA.A13) 11-18-98 1690 S. Randall Road
Geneva, IL

(FA.A14) 11-18-98 6447 Grand Avenue
Gurnee, IL

(FA.A15) 11-18-98 1700 N. Richmond Rd.
McHenry, IL

(FA.A16) 11-18-98 251 N. Randall Rd.
Lake in the Hills, IL

(FA.A17) 11-18-98 16200 S. Harlem Ave.
Tinley Park, IL

(FA.A18) 11-18-98 17575 Halsted Avenue
Homewood, IL

(FA.A19) 11-18-98 741 E. Dundee
Palatine, IL

(FA.A20) 11-18-98 400 Town Center
Matteson, IL

(FA.A21) 11-18-98 449 S. Route 59
Aurora, IL

(FA.A22) 11-18-98 6656 W. Grand Ave.
Chicago, IL

(FA.A23) 11-18-98 418 E. Rollins Rd.
Round Lake Beach, IL

APPLEJAM, INC.
P.O. Box 956308
Duluth, GA 30096

Frank DeAngelo

(DA.A) 08-01-88
Amended: 11-18-91
08-20-93
03-10-94
10-12-94
10-01-96
11-20-97

8/10-01-98

(FA.A1) 12-01-88 1170 Appalachee Parkway
Tallahassee, FL

(FA.A2) 02-14-89 1400 Village Square Blvd.
Tallahassee, FL

(FA.A3) 04-17-90 637 Westover Boulevard
Albany, GA

(FA.A4) 06-25-91 678 W. 23rd Street
Panama City, FL

(FA.A5)	12-08-92	3050 Ross Clark Circle, S.W. Dothan, AL	
(FA.A6)	05-10-94	1301 S. Augustine Road Valdosta, GA	
(FA.A7)	08-23-94	1005 N.W. 13th Street Gainesville, FL	
(FA.A8)	05-21-96	1401 Capital Circle, N.W. Tallahassee, FL	
(FA.A9)	09-21-98	808 West 7th Street Tifton, GA	
(DA.B)	01-15-92	TX	6/12-31-98
Amended:	06-24-93		
	02-28-95		
	02-12-96		
(FA.B1)	07-19-93	5809 Loop 410 Northwest San Antonio, TX	
(FA.B2)	04-12-94	97 Loop 410 Northeast San Antonio, TX	
(FA.B3)	09-19-95	995 I-35 New Braunfels, TX	
(FA.B4)	03-18-97	7880 Interstate Hwy. 35 N. San Antonio, TX	
(FA.B5)	11-24-97	8224 Fredericksburg San Antonio, TX	
(DA.A)	01-22-96	Kingdom of Sweden	04/04-01-99
(FA.A1)	01-22-96	Infra City Uplands-Vasby SWEDEN	
(FA.A2)	03-18-98	Majorsvagen 2-4 1777 10 Jarfalla Stockholm Quality Outlet Barkaby, Sweden	
(DA.A)	01-06-85	GA, NC, SC	
Amended:	03-04-91		
	01-10-92		
	05-14-93		
	01-26-94		
	06-22-94		
	02-24-95		
	06-29-98		
			Terminated: 09-14-98
(DA.B)	09-24-86	FL	
Amended:	05-31-90		
	03-04-91		
	01-10-92		
	01-26-94		
			Terminated: 08-03-98
(DA.C)	06-06-88	AL, AR, MO, MS, TN	
Amended:	03-04-91		
	01-10-92		
	01-01-94		
	01-26-94		
	06-29-98		
			Terminated: 10-26-98
(DA.D)	06-19-88	IN, KY, MD, NC, OH, PA,	
Amended:	03-04-91	VA, WV, DC	
	01-10-92		

-20-

APPLEROCKET
FRANCHISING AB
Hotel Restaurant Toor
Stationsplein 2
2405 Bk Alphen a/d Rijn
HOLLAND

Cees Toor
Gerard Toor

AVADO BRANDS, INC.*
Hancock @ Washington
Madison, GA 30650

Tom E. DuPree, Jr.

Terminated: 09-14-98

Terminated: 08-03-98

Terminated: 10-26-98

12-23-94
02-24-95
03-30-98

(FA.D1) 05-01-89 4535 Outer Loop
Louisville, KY

(FA.D2) 04-11-89 9201 Hurstbourne Lane
Louisville, KY

(FA.D3) 09-24-90 2225 Taylorsville Road
Louisville, KY

(FA.D4) 07-15-91 Greentree Mall
Hwy. 131 & Greentree Blvd.
Clarksville, IN

(FA.D5) 03-27-92 4717 Dixie Highway
Louisville, KY

(FA.D6) 01-29-93 12913 Shelbyville Road
Louisville, KY

(FA.D7) 09-07-93 14441 Brookfield Tower Dr.
Chantilly, VA

(FA.D8) 09-20-93 12970 Fair Lakes Shopping Center
Fairfax, VA

(FA.D9) 02-08-94 10600 Dixie Highway
Louisville, KY

(FA.D10) 06-13-94 9625 Lee Highway
Closed: 10-18-98 Fairfax, VA

(FA.D11) 06-26-94 6310 Richmond Highway
Alexandria, VA

(FA.D12) 07-11-94 7913 Sudley Road
Closed: 10-18-98 Manassas, VA

(FA.D13) 12-19-94 4100 N.W. Crain Highway
Bowie, MD

(FA.D14) 02-06-95 3610 Crain Highway
Waldorf, MD

(FA.D15) 05-29-95 5000 Shelbyville Road
Louisville, KY

(FA.D16) 07-31-95 755 Foxcroft Drive
Martinsburg, WV

(FA.D17) 10-16-95 13850 Noblewood Plaza
Woodbridge, VA

(FA.D18) 10-26-95 45480 Miramar Way
California, MD

(FA.D19) 11-27-95 955 Edwards Ferry Road
Leesburg, VA

(FA.D20) 12-04-95 1050 Wayne Avenue
Chambersburg, PA

(FA.D21) 02-05-96 1481 Wesel Boulevard
Hagerstown, MD

(FA.D22) 06-17-96 5613 Spectrum Drive
Frederick, MD

(FA.D23) 06-17-96 7272 Baltimore Avenue
College Park, MD

(FA.D24) 06-17-96 19 Mall Road
Barboursville, WV

(FA.D25) 09-05-96 389 S. John Scott Avenue
Steubenville, OH

(FA.D26) 09-05-96 2851 Plank Road
Fredericksburg, VA

(FA.D27) 09-22-96 3 Dudley Farms Lane
Charleston, WV

(FA.D28) 10-07-96 1000 Largo Center Drive
Largo, MD

(FA.D29) 10-14-96 127 E. Broad Street
Falls Church, VA

(FA.D30) 10-14-96 50655 Valley Frontage Road
St. Clairsville, OH

(FA.D31) 10-21-96 21048 Frederick Road
Germantown, MD

(FA.D32) 11-18-96 802 Grand Central Avenue
Vienna, WV

(FA.D33) 12-09-96 45979 Denizen Plaza
Sterling, VA

(FA.D34) 05-20-97 100 Hylton Lane
Beckley, WV

-23-

(FA.D35) 05-20-97 791 N. Dual Highway
Seaford, DE

(FA.D36) 06-23-97 60 Liberty Square
Hurricane, WV

(FA.D37) 07-28-97 105 West Lee Highway
Warrenton, VA

(FA.D38) 09-15-97 123 Meadowfield Lane
Princeton, WV

(FA.D39) 11-17-97 555 N. Solomons Island Road
Prince Frederick, MD

(FA.D40) 11-24-97 1135 Third Avenue
Huntington, WV

(FA.D41) 12-15-97 1270 Ocean Outlet
Rehoboth Beach, DE

(FA.D42) 01-26-98 531 Emily Drive
Clarksburg, WV

(FA.D43) 02-23-98 482 Pike Street
Marietta, OH

(FA.D44) 03-23-98 202 Kanawha Mall
Charleston, WV

(FA.D45) 06-22-98 505 Armco Road
Ashland, KY

(FA.D46) 07-06-98 3447 Donnell Drive
Forestville, MD

(DA.E) 04-24-91 KY, TN
Amended: 01-10-92
01-26-94
07-27-94
08-24-98

Terminated: 10-26-98

(DA.F) 05-12-92 FL, GA
Amended: 01-26-94
07-27-94

Terminated: 08-03-98

(DA.G) 11-28-89 GA, KY, NC, TN, VA
Amended: 08-23-91

-24-

04-15-92
04-12-94
07-27-94

Terminated: 06-29-98

(DA.H) 04-25-95 IA, IL, MO, WI
Amended: 06-15-98
08-03-98

Terminated: 08-24-98

(DA.I) 07-11-90 MI, MN, WI
Amended: 04-08-93
08-03-94
08-24-98

Terminated: 12-07-98

(DA.J) 06-30-95 IL, WI
Amended: 08-24-98

Terminated: 11-18-98

* Formerly known as Apple South, Inc.

In process of divesting all restaurants, which is estimated to be completed
2nd Quarter 1999.

-25-

B.T. WOODLIPP, INC.
Towne Centre Offices
1789 S. Braddock Avenue
Suite 340
Pittsburgh, PA 15218

Larry Brown
James T. Thomas
Apple-Penn, Inc.
John L. Turley
Dan B. Turley, Jr.
Larry Graves

(DA.A) 11-15-95 PA, WV

11/12-31-98

(FA.A1) 06-11-90 The Bourse Shops
2101 Greentree Road
Pittsburgh, PA
(FA.A2) 05-28-91 North Hills Village Mall
4801 McKnight Road
Pittsburgh, PA
(FA.A3) 11-12-91 Edgewood Towne Centre
1601 S. Braddock Avenue
Pittsburgh, PA
(FA.A4) 08-09-93 2045 Lebanon Church Road
West Mifflin, PA
(FA.A5) 01-10-94 4039 Washington Road
McMurray, PA
(FA.A6) 10-21-96 425 Galleria Drive
Johnstown, PA
(FA.A7) 01-13-97 3440 William Penn Highway
Pittsburg, PA
(FA.A8) 12-08-97 1065 Van Voorhis Road
Morgantown, WV
(FA.A9) 01-12-98 110 Logan Valley Road
Altoona, PA

BROOKLYN-
APPLE, LTD.
4240 Bell Blvd., #303
Bayside, NY 11361

Nicholas Katos
Michael Katos
Stephen Katos

(DA.A) 12-07-94 NY

4/06-30-98

BRUNSWICK, GmbH Brunswick Recreation Centers 1 North Field Court Lake Forest, IL 60045	Warren Hardie Bart Burger	(DA.A)	03-11-96	Berlin, Sachsen and Sachsen-Anhalt in Federal Republic of Germany	5/12-31-97
		(FA.A1)	03-11-96	1m US-Play im Elebe Park Peschel Strasse 31 Dresden, GERMANY	
		(FA.A2)	08-26-96	AM Pfalberg 3 Magdeberg, GERMANY	
		(FA.A3)	09-02-96 Closed: 12-31-97	Handelsstrasse 4 Leipzig, GERMANY	
CA ONE SERVICES, INC. 6033 W. Century Blvd. Suite 418 Los Angeles, CA 09945	Jack Onyett	(FA.A1)	08-07-98	2500 Airport Drive Ontario, CA	No Development Rights
CAFE VENTURES, INC. 6620 McGinnis Ferry Road Suite B, Building 12D Duluth, GA 30097	William F. Palmer		04-11-83 (Employment Agreement)		No Additional Development Rights
		(FA.A1)	10-01-85	475 Franklin Road Marietta, GA	
		(FA.A2)	05-12-86	2095 Pleasant Hill Duluth, GA	
		(FA.A3)	07-18-87	11070 Alpharetta Roswell, GA	
		(FA.A4)	05-26-88	5200 Highway 78 Stone Mountain, GA	
CALABEE'S, INC. 500 W. Bonita Ave., #3 San Dimas, CA 91773	John R. Bifone	(DA.A)	08-27-92 Amended: 09-29-92 09-30-93 08-01-94 05-01-95	CA	2/09-01-94
		(FA.A1)	08-10-93	674 W. Arrow Highway San Dimas, CA	
		(FA.A2)	10-31-94	300 S. California West Covina, CA	
		(FA.A3)	09-17-96	502 W. Huntington Drive Monrovia, CA	
		(FA.A4)	12-16-96	9241 Monte Vista Avenue Montclair, CA	
CAN-APPLE INVESTMENTS INC. P.O. Box 540790 14243 Hamilton Street Omaha, NE 68154	Joseph Mandolfo Nancy Mandolfo	(DA.A)	05-19-93 Amended: 03-24-94 10-24-94 12-30-94 02-28-95	Manitoba, Canada	5/12-31-96
		(FA.A1)	06-24-94	2065 Pembina Highway Winnipeg, Manitoba CANADA	
		(FA.A2)	11-03-95	1150 Grant Avenue Winnipeg, Manitoba CANADA	
		(FA.A3)	12-09-97	1598 Regent Avenue Winnipeg, Manitoba CANADA	
		(FA.A4)	06-16-98	1204 18th Street Brandon, Manitoba CANADA	

-26-

(DA.B) 03-01-95
Terminated: 11-09-98 Alberta, CANADA *

(FA.B1) 03-01-95 109th Street
Closed: 11-04-98 Edmonton, AB
CANADA

* One restaurant sold to Apple Seed Ventures 11/09/98.

-27-

CASUAL RESTAURANT
CONCEPTS, INC.
Tampa Bay Marina Center
205 S. Hoover St., #305
Tampa, FL 33609

Franklin W. Carson

(DA.A) 06-23-89 FL
Terminated: 08-23-91

No Development
Rights

(FA.A1) 01-23-90 5110 East Bay Drive
Clearwater, FL

(FA.A2) 05-15-90 30180 U.S. Highway 19 N.
Clearwater, FL

(DA.B) 08-11-92 FL
Amended: 05-14-93
11-15-93
02-02-94
08-03-94
02-28-95
03-01-97
07-30-97

12/06-30-99

(FA.B1) 06-07-93 5779 E. Fowler Avenue
Temple Terrace, FL

(FA.B2) 02-02-94 4301 Cortez Road
Bradenton, FL

(FA.B3) 01-16-95 4700 4th Street, North
St. Petersburg, FL

(FA.B4) 07-03-95 10911 Starkey Road
Largo, FL

(FA.B5) 06-18-96 3255 University Pkwy.
Bradenton, FL

(FA.B6) 06-18-96 3702 W. McKay Avenue, S.
Tampa, FL

(FA.B7) 04-14-97 829 Providence Road
Brandon, FL

(FA.B8) 07-21-97 4835 S. Florida Avenue
Lakeland, FL

(FA.B9) 09-29-97 1465 McMullen Booth Road

Clearwater, FL

(FA.B10) 03-16-98 8537 Little Road
New Port Richey, FL

-28-

(FA.B11) 07-20-98 4651 Commercial Way
Spring Hill, FL

(FA.B12) 10-19-98 15090 N. Dale Mabry Hwy.
Carrollwood, FL

CHRISTIAN J. KNOX *
& ASSOCIATES, INC.
633 E. Victor Road
Suite E
Lodi, CA 95240

Christian J. Knox

(DA.A) 08-01-98 CA

12/12-31-00

(FA.A1) 12-19-94 311 Lake Merced
Daly City, CA

(FA.A2) 03-15-94 1041 Admiral Callaghan Lane

Vallejo, CA

- (FA.A3) 07-26-94 9105 E. Stockton Boulevard
Elk Grove, CA
- (FA.A4) 11-08-94 2170 Golden Centre Lane
Gold River, CA
- (FA.A5) 04-04-95 160 Nut Tree Parkway
Vacaville, CA
- (FA.A6) 10-02-95 2442 N. Kettleman Lane
Lodi, CA
- (FA.A7) 08-18-97 6700 Stanford Ranch Road
Roseville, CA
- (FA.A8) 12-08-97 2659 W. March Lane
Stockton, CA
- (FA.A9) 08-24-98 400 Iron Point Road
Folsom, CA
- (FA.A10) 11-16-98 3601 Truxel
Sacramento, CA

* Territory and restaurants split from Apple By The Bay 08/01/98.

-29-

CONCORD
HOSPITALITY, INC.
1701 Windhoek Drive
P.O. Box 6212
Lincoln, NE 68516

Lawrence S. Bird

- (DA.A) 07-01-91 KS, MO, NE
- Amended: 07-05-91
- 11-27-94
- 01-31-95
- 09-01-95
- 09-01-97

8/08-31-99

- (FA.A1) 04-07-92 100 Manhattan Town Center
3rd & Poyntz, Suite P-5
Manhattan, KS
- (FA.A2) 06-03-92 5928 S.W. 17th Street
Topeka, KS
- (FA.A3) 04-20-93 3730 Village Drive
Lincoln, NE
- (FA.A4) 08-09-94 4004 Frederick Boulevard
St. Joseph, MO
- (FA.A5) 08-15-95 102 Platte Oasis Parkway
North Platte, NE
- (FA.A6) 07-30-96 6100 O Street
Lincoln, NE
- (FA.A7) 09-22-98 2901 Eaglecrest Dr.
Emporia, KS

- (DA.B) 09-07-93 OK, NM, TX
- Amended: 09-01-94
- 11-27-94
- 11-29-95
- 09-30-96
- 10-01-96

5/09-30-98

- (FA.B1) 04-22-94 2714 Soney Road
Amarillo, TX
- (FA.B2) 05-27-94 4025 S. Loop 289
Lubbock, TX
- (FA.B3) 10-16-95 2911 Kemp Boulevard
Wichita Falls, TX
- (FA.B4) 09-16-96 6211 N.W Cache Road
Lawton, OK
- (FA.B5) 11-10-98 2680 W. Broadway
Ardmore, OK

(DA.C) 10-25-95 NE, WY 3/12-31-98
Amended: 07-01-97

(FA.C1) 08-03-94 2621 5th Avenue
Scottsbluff, NE

-30-

(FA.C2) 10-22-96 3209 Grand Avenue
Laramie, WY

DELTA BLUFF, LLC
35 Union Avenue
Suite 301
Memphis, TN 38103

Harold Jordan
Elmer Jordan
James L. Hudson

(DA.A) 10-26-98 MO, TN, AR, MS 15/12-31-01

(FA.A1) 10-26-98 2114 Union Ave.
Memphis, TN

(FA.A2) 10-26-98 6025 Winchester Rd.
Memphis, TN

(FA.A3) 10-26-98 4835 American Way
Memphis, TN

(FA.A4) 10-26-98 2890 Bartlett Road
Bartlett, TN

(FA.A5) 10-26-98 3448 Poplar Ave.
Memphis, TN

(FA.A6) 10-26-98 584 Carriage House Dr.
Jackson, TN

(FA.A7) 10-26-98 1106 Germantown Pkwy.
Cordova, TN

(FA.A8) 10-26-98 6482 Poplar Avenue
Memphis, TN

(FA.A9) 10-26-98 710 DeSoto Cove
Horn Lake, MS

(FA.A10) 10-26-98 929 Poplar
Collierville, TN

(FA.A11) 10-26-98 3954 Austin Peay Hwy.
Memphis, TN

(FA.A12) 10-26-98 2700 Lake Road
Dyersburg, TN

(FA.A13) 10-26-98 7515 Goodman Road
Olive Branch, MS

EHI REALTY, INC.
7 Pearl Court
Allendale, NJ 07401

Edward W. Doherty
William A. Johnson

(DA.A) 08-30-91 NJ 11/06-30-99
Amended: 12-10-92
07-31-93
08-03-94
07-01-97

-31-

(FA.A1) 10-26-93 1282 Centennial Avenue
Piscataway, NJ

(FA.A2) 12-07-93 14 Park Road
Tinton Falls, NJ

(FA.A3) 11-09-94 Fashion Center Mall
17 North & Ridgewood East
Paramus, NJ

(FA.A4) 06-13-95 1599 Route 22, West
Watchung, NJ

(FA.A5) 11-21-95 52 Brick Plaza
Brick, NJ

(FA.A6) 04-16-96 Rt. 46 @ Riverview Drive

			Totowa, NJ	
		(FA.A7)	11-12-96 251 Woodbridge Ctr. Drive Woodbridge, NJ	
		(FA.A8)	08-19-97 112 Eisenhower Parkway Livingston, NJ	
		(FA.A9)	08-09-96 1057 Route 46 East Parsippany, NJ	
		(DA.B)	11-06-96 NJ	3/08-31-00
EL APPLE, INC. 5835 Onix, Suite 300 El Paso, TX 79912	John M. Verlander James J. Gore	(DA.A) Amended:	05-23-94 NM, TX 03-07-95 07-31-97	7/05-31-98
		(FA.A1)	05-27-94 5800 N. Mesa El Paso, TX	
		(FA.A2)	03-13-95 1766 Airway Boulevard El Paso, TX	
		(FA.A3)	11-01-95 7956 Gateway East El Paso, TX	
		(FA.A4)	06-27-96 2501 E. Lohman Las Cruces, NM	
		(FA.A5)	08-29-96 4700 Woodrow Bean El Paso, TX	
		(FA.A6)	03-25-97 1985 George Dieter El Paso, TX	

-32-

FLORIDA APPLE * EAST, L.L.C. 250 S. Australian Ave. Suite 1110 West Palm Beach, FL 33401	Laura Georgas William Georgas Gregory Georgas	(DA.A)	08-03-98 FL	12/12-31-00
		(FA.A7)	12-31-97 4333 Sherwood Way San Angelo, TX	
		(FA.A1)	08-03-98 10501 S. U.S. Highway 1 Port St. Lucie, FL	
		(FA.A2)	08-03-98 6775 W. Indiantown Road Jupiter, FL	
		(FA.A3)	08-03-98 6706 Forrest Hill Boulevard Green Acres, FL	
		(FA.A4)	08-03-98 4890 Okeechobee Road Ft. Pierce, FL	
		(FA.A5)	08-03-98 1975 Military Trail W. Palm Beach, FL	
		(FA.A6)	08-03-98 3373 S.E. Federal Highway Stuart, FL	
		(FA.A7)	08-03-98 5335 20th Street Vero Beach, FL	
		(FA.A8)	08-03-98 1720 S. Federal Highway Delray Beach, FL	
		(FA.A9)	08-03-98 100 U.S. Highway 441 Royal Palm Beach, FL	
		(FA.A10)	08-03-98 3167 N. Lake Blvd. Lake Park, FL	
		(FA.A11) Closed:	08-03-98 701 N. Congress Blvd. 09-27-98 Boynton Beach, FL	

* Acquired all Restaurants from Avado Brands, Inc. 08/03/98.

-33-

FLORIDA APPLE *
NORTH, L.L.C.
250 S. Australian Ave.
Suite 1110
West Palm Beach, FL 33401

Laura Georgas
William Georgas
Gregory Georgas

(DA.A) 08-03-98 FL, GA

16/12-31-01

(FA.A1) 08-03-98 10502 San Jose Boulevard
Jacksonville, FL

(FA.A2) 08-03-98 492 Blanding Boulevard
Orange Park, FL

(FA.A3) 08-03-98 4194 S. 3rd Street
Jacksonville Beach, FL

(FA.A4) 08-03-98 9498 Atlantic Boulevard
Jacksonville, FL

(FA.A5) 08-03-98 9485 Bay Meadows Road
Jacksonville, FL

(FA.A6) 08-03-98 225 State Road 312
St. Augustine, FL

(FA.A7) 08-03-98 177 Altama Connector
Brunswick, GA

(FA.A8) 08-03-98 1901 Memorial Drive
Waycross, GA

(FA.A9) 08-03-98 574 Busch Drive
Jacksonville, FL

(FA.A10) 08-03-98 113 The Lake Boulevard
Kingsland, GA

(FA.A11) 08-03-98 Route 17, Box 2219
Lake City, FL

(FA.A12) 08-03-98 6251 103rd Street
Jacksonville, FL

(FA.A13) 08-03-98 13201 Atlantic Blvd.
Jacksonville, FL

(FA.A14) 08-03-98 5055 J. Turner Butler Blvd.
Jacksonville, FL

* Acquired all Restaurants from Avado Brands, Inc. 08/03/98.

-34-

FLORIDA APPLE *
WEST, L.L.C.
250 S. Australian Ave.
Suite 1110
West Palm Beach, FL 33401

Laura Georgas
William Georgas
Gregory Georgas

(DA.A) 08-03-98 FL

12/12-31-01

(FA.A1) 08-03-98 13550 S. Tamiami Trail
Ft. Myers, FL

(FA.A2) 08-03-98 3971 S. Tamiami Trail
Sarasota, FL

(FA.A3) 08-03-98 15151 N. Cleveland Avenue
N. Ft. Myers, FL

(FA.A4) 08-03-98 20 Electric Drive
Sarasota, FL

(FA.A5) 08-03-98 4329 S. Tamiami Trail
Venice, FL

(FA.A6) 08-03-98 5082 Airport Pulling Rd., N.
Naples, FL

(FA.A7) 08-03-98 19010 Murdock Circle
Port Charlotte, FL

(FA.A8) 08-03-98 2228 Del Prado Blvd. South
Cape Coral, FL

(FA.A9) 08-03-98 26801 S. Tamiami Trail
Bonita Springs, FL

* Acquired all Restaurants from Avado Brands, Inc. 08/03/98.

-35-

GOLDEN WEST * RESTAURANTS, INC. 555 W. Redondo Beach Blvd. Suite 211 Gardena, CA 90248	Anand D. Gala	(DA.A) 02-13-98	CA	10/02-15-01
		(FA.A1) 06-23-92	Fig Garden Village 5126 N. Palm Avenue Fresno, CA	
		(FA.A2) 08-31-93	98 Shaw Avenue Clovis, CA	
		(FA.A3) 12-12-94	1665 W. Lacey Boulevard Hanford, CA	
		(FA.A4) 06-20-95	7007 N. Cedar Fresno, CA	
		(FA.A5) 03-05-96	3604 West Shaw Fresno, CA	
		(FA.A6) 06-10-97	5325 Avenida De Los Robles Visalia, CA	
		(FA.A7) 08-12-97	9000 Ming Avenue, Suite M Bakersfield, CA	

* Acquired Restaurants from Marano Enterprises 02/13/98.

-36-

GULF COAST RESTAURANTS, INC. 2386 Clower Street Building G, Suite 202 Snellville, GA 30078	Thomas G. Kellogg Kathryn G. Kellogg	(DA.A) 04-30-96 Amended: 02-19-97 04-01-97	LA, MS	7/03-31-99
		(FA.A1) 08-14-89	1000 W. Esplanada Avenue Kenner, LA	
		(FA.A2) 06-18-90	3701 Veterans Memorial Boulevard Metairie, LA	
		(FA.A3) 04-07-92	850 I-10 Service Road Slidell, LA	
		(FA.A4) 03-02-93	315 N. Highway 190 Covington, LA	
		(FA.A5) 12-21-93	5630 Johnston Street Lafayette, LA	
		(FA.A6) 11-14-95	4005 General DeGaulle New Orleans, LA	
		(FA.A7) 01-14-97	1220 Clearview Pkwy. Harahan, LA	
		(FA.A8) 05-12-98	1039 W. Tunnel Blvd. Houma, LA	
		(FA.A9) 07-13-98	3142 Highway 190 Hammond, LA	
		(DA.B) 01-30-96 Amended: 02-19-97	LA, MS	6/12-31-98
		(FA.B1) 07-18-94	3006 College Drive Baton Rouge, LA	
		(FA.B2) 05-09-95	4808 S. Sherwood Forest Baton Rouge, LA	
		(FA.B3) 01-30-96	9702 Airline Highway	

Baton Rouge, LA

(FA.B4) 06-04-96 1500 MacArthur Drive
Alexandria, LA

-37-

(FA.B5) 07-29-97 3624 Ryan
Lake Charles, LA

J.S. VENTURES, INC.
2400 N. Woodlawn
Suite 140
Wichita, KS 67220

James H. Stevens

(DA.A) 10-10-92 IA, KS, MO, NE
Amended: 05-14-93
10-20-93
02-28-95
01-01-97

12/12-31-98

(FA.A1) 08-07-89 6730 W. Central
Wichita, KS

(FA.A2) 01-15-91 2035 N. Rock Road, Ste. 101
Wichita, KS

(FA.A3) 09-22-92 3350 S. 143rd Place
Omaha, NE

(FA.A4) 12-14-93 2875 S. 9th
Salina, KS

(FA.A5) 07-05-94 4760 S. Broadway
Wichita, KS

(FA.A6) 11-08-94 7450 W. Dodge Street
Omaha, NE

(FA.A7) 02-28-95 1609 E. 17th Street
Hutchinson, KS

(FA.A8) 06-04-96 13208 W. Maple Road
Omaha, NE

(FA.A9) 01-21-97 4101 N. Vine
Hays, KS

(FA.A10) 08-11-97 1230 N. Washington
Omaha, NE

(FA.A11) 10-20-98 601 Manchester Lane
Newton, KS

KEYSTONE
APPLE, INC.
1205 Manor Drive
Suite 201
P.O. Box 2055
Mechanicsburg, PA 17055

Stephen H. Davenport

(DA.A) 05-14-93 PA
Amended: 03-28-95
02-01-96

6/12-31-99

(FA.A1) 05-04-94 4401 Jonestown Road
Harrisburg, PA

-38-

(FA.A2) 05-16-95 1181 Mae Street
Hummelstown, PA

(FA.A3) 06-17-97 2321 Lincoln Highway
Lancaster, PA

(FA.A4) 08-19-97 6055 Carlisle Pike
Mechanicsburg, PA

KS APPLE, INC.
4240 Bell Blvd.
Suite 303
Bayside, NY 11361

Nicholas Katos
Michael S. Shaevitz

(DA.A) 12-07-94 NY
Amended: 03-07-95

6/06-30-99

(FA.A1) 04-30-97 213-29 26th Avenue
Bayside, NY

MARANO
ENTERPRISES, INC.
96 Shaw Avenue
Suite 232

Leon J. Marano

(DA.A) 06-25-91
Amended: 03-01-93
06-30-94
Terminated: 02-13-98

* Restaurants acquired by Golden West Restaurants, Inc. 02/13/98.

-39-

MILLER APPLE LIMITED PARTNERSHIP G-4488 Bristol Road Flint, MI 48507	William M. Wentworth Elizabeth Wentworth	(DA.A) 07-20-92 Amended: 11-04-92 09-28-93 07-18-94 02-28-95 05-15-97	MI, WI	9/12-31-98
		(FA.A1) 11-16-93	G3131 Miller Road Flint, MI	
		(FA.A2) 12-15-94	2260 Tittabawassee Saginaw, MI	
		(FA.A3) 11-28-95	4135 N. Court Street Burton, MI	
		(FA.A4) 06-04-96	2384 U.S. 31 South Traverse City, MI	
		(FA.A5) 07-01-97	3500 Wilder Bay City, MI	
		(FA.A6) 10-28-97	8800 Main Street Birch Run, MI	
MILOMEL THESSALONIKI, LTD. 1050 Crown Pointe Pkwy. Crown Pointe Tower 2000 Suite 310 Atlanta, GA 30338	Nikos Koubatis Mihalis Papaloupulos Alec Papadakis	(DA.A) 10-27-96	Bulgaria, Serbia & Scopia, Romania Hellenic Rep. of Greece Greece controlled Island Island of Cyprus	9/12-31-02
11th Kilometer National Rd.		(FA.A1) 10-27-96	Thessaloniki National Airport Thessaloniki, 57001 GREECE	
40				
O.K. APPLE, INC. 170 Windchime Court Raleigh, NC 27615	Michael D. Olander	(DA.A) 03-01-96 Amended: 07-19-96	KS, OK	10/12-31-98
		(FA.A1) 01-26-93	3900 S. Elm Place Broken Arrow, OK	
		(FA.A2) 06-15-93	4733 S. Yale Avenue Tulsa, OK	
		(FA.A3) 09-21-93	9409 E. 71st Street Tulsa, OK	
		(FA.A4) 06-20-95	3521 S. Broadway Edmond, OK	
		(FA.A5) 05-01-96	317 N. Perkins Stillwater, OK	
		(FA.A6) 07-30-96	500 Ed Noble Pkwy. Norman, OK	
		(FA.A7) 03-04-97	415 W. Shawnee Muskogee, OK	
		(FA.A8) 05-13-97	3616 W. Garriot Enid, OK	
		(FA.A9) 04-21-98	4825 Northwest Expressway Oklahoma City, OK	
		(DA.B) 10-29-96	AR, MO	6/12-31-99
		(FA.B1) 09-13-93	4333 Warden Road Little Rock, AR	
		(FA.B2) 11-09-94	4426 Central Avenue	

-41-

		(FA.B3)	06-19-95	12110 Chenal Parkway Little Rock, AR	
PACIFIC APPLE CALIFORNIA, INC. 7311 Greenhaven Drive Suite 270 Sacramento, CA 95831	Joseph J. Lal Renu Lal	(DA.A) Terminated:	01-01-96 10-31-98		
PACIFIC APPLE FOODS CORPORATION 7311 Greenhaven Drive Suite 270 Sacramento, CA 95831	Joseph J. Lal Renu Lal	(DA.A) Amended: Terminated:	09-24-93 10-11-93 02-28-95 10-31-98		
PACIFIC APPLE OREGON, INC. 7311 Greenhaven Drive Suite 270 Sacramento, CA 95831	Joseph J. Lal Renu Lal	(DA.A) Terminated:	04-30-97 10-31-98		
PACIFIC GOLD, INC. 170 Windchime Court Raleigh, NC 27615	Michael Olander	(DA.A)	04-03-96	CA	10/06-30-01
		(FA.A1)	11-15-94	18279 Brookhurst Street Fountain Valley, CA	
		(FA.A2)	04-03-96	1238 W. Imperial Highway La Habra, CA	
		(DA.B)	10-14-96	CA	11/12-31-99
		(FA.B1)	01-01-96	4070 E. Highland Avenue Highland, CA	
		(FA.B2)	01-01-96	2046 Redlands Blvd. Redlands, CA	
		(FA.B3)	01-01-96	3820 Mulberry Riverside, CA	
		(FA.B4)	01-01-96	521 N. McKinley	

* Restaurants acquired by West Coast Management, LLC on 10/31/98.

-42-

				Corona, CA	
		(FA.B5)	01-01-96	3956 Grand Avenue Chino, CA	
		(FA.B6)	01-01-96	10709 Foothill Blvd. Rancho Cucamonga, CA	
		(FA.B7)	10-07-97	26531 Aliso Creek Road Aliso Viejo, CA	
PORTER APPLE COMPANY 4305 S. Louise Avenue Suite 101-B Sioux Falls, SD 57106	Todd G. Porter	(DA.A) Amended:	10-09-92 03-28-94 10-01-95 10-01-97	IA, MN, MT, NE, SD, WY	5/09-30-99
		(FA.A1)	06-05-91	3800 S. Louise Avenue Sioux Falls, SD	
		(FA.A2)	08-17-93	1700 Hamilton Boulevard Sioux City, IA	
		(FA.A3)	08-09-94	4555 Southern Hills Dr., #106 Sioux City, IA	
		(FA.A4)	12-05-95	2160 Haines Avenue Rapid City, SD	

QUALITY RESTAURANT
CONCEPTS, L.L.C. *
601 Vestavia Pkwy.
Suite 1000
Birmingham, AL 35216

Fred Gustin
Glenn D. Durham
John Jones

(DA.A)	06-29-98	KY, TN, VA, AL, GA, NC	19/12-31-00
(FA.A1)	06-29-98	261 N. Peters Road Knoxville, TN	
(FA.A2)	06-29-98	6928 Kingston Pike Knoxville, TN	
(FA.A3)	06-29-98	1213 Oak Ridge Turnpike Oak Ridge, TN	
(FA.A4)	06-29-98	1661 E. Stone Drive Kingsport, TN	
(FA.A5)	06-29-98	1322 W. Walnut Avenue Dalton, GA	
(FA.A6)	06-29-98	2342 Shallowford Village Rd. Chattanooga, TN	

-43-

(FA.A7)	06-29-98	2100 North Roane St. Johnson City, TN	
(FA.A8)	06-29-98	358 Northgate Mall Chattanooga, TN	
(FA.A9)	06-29-98	2564 Alcoa Highway Alcoa, TN	
(FA.A10)	06-29-98	5316 Central Ave. Pike Knoxville, TN	
(FA.A11)	06-29-98	168 Paul Huff Pkwy. Cleveland, TN	
(FA.A12)	06-29-98	3216 East Towne Mall Circle Knoxville, TN	
(FA.A13)	06-29-98	5536 Decatur Pike Athens, TN	
(FA.A14)	06-29-98	2771 E. Andrew Johnson Hwy. Greeneville, TN	
(FA.A15)	06-29-98	437 Parkway Gatlinburg, TN	
(FA.A16)	06-29-98	2328 W. Andrew Jackson Morristown, TN	
(FA.A17)	06-29-98	425 Volunteer Pkwy. Bristol, TN	
(DA.B)	06-29-98	MS, AL	13/12-31-00
(DA.B1)	06-29-98	900 E. County Line Rd. Ridgeland, MS	
(DA.B2)	06-29-98	3703 Hardy Street Hattiesburg, MS	
(DA.B3)	06-29-98	885 Barnes Crossing Rd. Tupelo, MS	
(DA.B4)	06-29-98	2332 Highway 45 North Columbus, MS	
(DA.B5)	06-29-98	814 Highway 12 West Starkville, MS	
(DA.B6)	06-29-98	9319 Highway 49 Gulfport, MS	
(DA.B7)	06-29-98	2389 Lakeland Dr. Flowood, MS	

(DA.B8) 06-29-98 106 Highway 11 & 80
Meridian, MS

(DA.B9) 06-29-98 2019 Highway 15 North
Laurel, MS

* Restaurants acquired from Avado Brands, Inc. on 06/29/98.
-44-

RCI IDAHO, LLC 400 Interstate N. Parkway Suite 1200 Atlanta, GA 30339	Stephen A. Grove	(DA.A)	08-29-96	ID, OR	4/06-30-99
		(FA.A1)	06-02-97	635 N. Utah Avenue Idaho Falls, ID	
		(FA.A2)	07-28-97	1587 Blue Lake Blvd. Twin Falls, ID	
		(FA.A3)	04-20-98	1441 Bench Road Pocatello, ID	
		(FA.A4)	07-20-98	7845 West Emerald Boise, ID	
RCI NEW MEXICO, LLC 400 Interstate N. Parkway Suite 1200 Atlanta, GA 30339	Stephen A. Grove	(DA.A)	08-10-96	NM	6/07-31-99
		(FA.A1)	12-16-96	2212 North Main Roswell, NM 88201	
		(FA.A2)	09-22-97	4246 Cerrillos Road Santa Fe, NM	
		(FA.A3)	10-27-97	4601D E. Main St. Farmington, NM	
R.C.I. WEST, INC. 400 Interstate N. Pkwy. Suite 1200 Atlanta, GA 30339	Stephen A. Grove	(DA.A)	12-21-88	CO	19/12-31-98
		Amended:	03-18-91		
			01-02-92		
			12-04-92		
			01-01-95		
			01-01-97		
		(FA.A1)	10-02-89	3301 Tamarac Drive Denver, CO	
		(FA.A2)	10-23-90	5250 S. Wadsworth Boulevard Lakewood, CO	
		(FA.A3)	06-08-92	4306 S. College Avenue Ft. Collins, CO	
		(FA.A4)	09-07-92	14091 E. Iliff Avenue Aurora, CO	
		(FA.A5)	10-05-92	8292 S. University Boulevard Littleton, CO	
		(FA.A6)	04-12-93	410 S. Colorado Boulevard Glendale, CO	
(FA.A7)	11-15-93	100 W. 104th Avenue Northglenn, CO			
(FA.A8)	01-24-94	9010 N. Wadsworth Parkway Westminster, CO			
(FA.A9)	03-21-94	6405 W. 120th Avenue Broomfield, CO			
(FA.A10)	05-30-94	1250 S. Hover Road Building 10-A Longmont, CO			
(FA.A11)	08-29-94	1906 28th Street Boulder, CO			

-45-

(FA.A12) 10-31-94 10625 W. Colfax Avenue
Lakewood, CO

(FA.A13) 12-19-94 297 E. 120th Avenue
Thornton, CO

(FA.A14) 03-13-95 592 S. McCaslin Boulevard
Louisville, CO

(FA.A15) 06-26-95 10440 E. Arapahoe Road
Englewood, CO

(FA.A16) 10-23-95 5265 Wadsworth Boulevard
Arvada, CO

(FA.A17) 05-06-96 4100 West 10th Street
Greeley, CO

(FA.A18) 12-08-97 213 E. 29th
Loveland, CO

-46-

(FA.A19) 06-08-98 6482 S. Parker Rd.
Aurora, CO

(FA.A20) 11-02-98 16485 E. 40th Circle
Aurora, CO

(DA.B) 12-22-92 CO 6/06-02-98
Amended: 03-19-93
07-19-94
03-07-95
09-01-95
10-31-97

(FA.B1) 10-03-94 1360 Cragin Road
Colorado Springs, CO

(FA.B2) 04-03-95 3428 N. Elizabeth
Pueblo, CO

(FA.B3) 07-10-95 3708 E. Galley
Colorado Springs, CO

(FA.B4) 11-27-95 711 Horizon Drive
Grand Junction, CO

(FA.B5) 05-18-98 495 Garden of The Gods Rd.
Colorado Springs, CO

RENAISSANT
DEVELOPMENT
CORPORATION
8000 I-10 West
Suite 1150
San Antonio, TX 78230

Anthony R. Alvarez
Estella M. Alvarez

(DA.A) 08-27-92 TX 3/03-31-95
Amended: 10-20-93
05-01-95

(FA.A1) 12-07-93 514 E. Expressway 83
McAllen, TX

(FA.A2) 08-25-94 4601 N. 10th Street
N. McAllen, TX

(FA.A3) 10-18-94 7601 San Dario
Laredo, TX

(FA.A4) 07-25-95 2960 Boca Chica Boulevard
Brownsville, TX

(FA.A5) 10-23-95 1519 W. Harrison
Harlingen, TX

(DA.B) 10-23-95 TX 2/10-31-97

-47-

(FA.B1) 12-19-95 6490 N. Navarro

RESTAURANT
 CONCEPTS, INC.
 400 Interstate N. Pkwy.
 Suite 1200
 Atlanta, GA 30339

Stephen A. Grove

(DA.A) 11-02-90
 Amended: 10-10-93
 07-01-94
 06-30-96

AL, GA

14/06-30-98

(FA.A1) 06-17-85 2301 Airport Thruway, #F-1
 Columbus, GA

(FA.A2) 06-17-85 3150 Wrightsboro Road
 Augusta, GA

(FA.A3) 01-28-87 3117 Washington Road
 Augusta, GA

(FA.A4) 08-21-87 480 Mall Boulevard
 Savannah, GA

(FA.A5) 04-01-91 595 Bobby Jones Expressway
 Augusta, GA

(FA.A6) 06-28-92 165 Tom Hill, Sr. Boulevard
 Macon, GA

(FA.A7) 05-17-93 3229 Gentian Boulevard
 Columbus, GA

(FA.A8) 07-26-93 1627-34 Opelika Road
 Auburn, AL

(FA.A9) 10-25-93 11120 Abercorn
 Savannah, GA

(FA.A10) 04-04-94 314 Russell Parkway
 Warner Robbins, GA

(FA.A11) 09-05-94 4705 Highway 80
 Savannah Island, GA

(FA.A12) 12-05-94 612 E. Hamric Avenue
 Oxford, AL

(FA.A13) 06-05-95 2574 Riverside Drive
 Macon, GA

(FA.A14) 10-30-95 3652 Eisenhower
 Macon, GA

-48-

(FA.A15) 05-11-98 2004 Veterans Blvd.
 Dublin, GA

(FA.A16) 06-22-98 804 U.S. Highway 80 East
 Statesboro, GA

(FA.A17) 07-27-98 5460 Augusta Road
 Garden City, GA

(FA.A18) 08-17-98 100 Valley Drive
 Perry, GA

ROSE CASUAL
 DINING, L.P.
 826 Newton Yardley Rd.
 Suite 200
 Newtown, PA 18940

Harold T. Rose

(DA.A) 08-04-93
 Amended: 09-09-94
 02-28-95
 02-15-96
 06-30-97

MD

10/06-30-00

(FA.A1) 01-17-95 2141 Generals Highway
 Annapolis, MD

(FA.A2) 10-31-95 2703 N. Salisbury Boulevard
 Salisbury, MD

(FA.A3) 05-13-96 6505 Baltimore National Pike
 Catonsville, MD

(FA.A4) 12-10-96 8610 LaSalle Road
 Towson, MD

		(FA.A5)	11-11-97	634 Baltimore Blvd. Westminster, MD	
		(FA.A6)	12-31-98	7760 Eastpoint Mall Route 6; Scranton-Carbondale Hwy. Dickson City, PA	
Amended: 03-01-97		(DA.B)	02-01-96	PA	3/12-31-98
		(FA.B1)	06-02-97	939 New Berwick Highway Bloomsburg, PA	
		(FA.B2)	07-07-98	2 Weis Lane West Hazelton, PA	
		(FA.B3)	08-26-98	253 Wilkes-Barre Township Blvd. Wilkes-Barre Township, PA	
		(FA.B4)	12-08-98	1115 Susquehanna Valley Mall Selinsgrove, PA	
		(DA.C)	02-01-96	NJ	3/08-31-99
		Amended:	09-01-97		
		(FA.C1)	01-21-97	3330 Brunswick Pike Lawrenceville, NJ	
		(FA.C2)	03-04-97	333 State Route 33 Trenton, NJ	
		(FA.C3)	06-02-98	1745 Easton Road Doylestown, PA	
RYAN RESTAURANT CORPORATION 2038 Overland Avenue Billings, MT 59102	William O. Ryan Beverly R. Ryan	(DA.A)	03-05-96	MT	7/12-31-99
		Amended:	01-01-98		
		(FA.A1)	11-23-93	740 24th Street, West Billings, MT	
		(FA.A2)	03-05-96	1108 North 7th Avenue Bozeman, MT	
		(FA.A3)	07-24-96	4041 Highway 93 South Missoula, MT	
		(FA.A4)	12-10-96	1200 E. Idaho Kalispell, MT	
		(FA.A5)	09-02-97	1212 Custer Helena, MT	
		(FA.A6)	12-31-98	204 Main Billings, MT	
SCOTT'S APPLE, INC. 4045 W. 12th Street Erie, PA 16505	Nicholas C. Scott	(DA.A)	08-26-92	PA	2/10-31-94
		Amended:	10-30-93		
		(FA.A1)	01-24-94	7790 Peach Street Erie, PA	
		(FA.A2)	03-21-95	2911 W. 12th Street Erie, PA	
		(FA.A3)	12-12-97	11227 Shaw Avenue Meadville, PA	
		(DA.A)	08-11-94	CA	10/11-30-00
SPECTRUM APPLE, L.P. P.O. Box 80340 Rancho Santa Margarita, CA 92688	John D. Gantes Linda B. Gantes	Amended:	03-28-95		

-49-

-50-

		(FA.A1)	09-05-95	23626 Valencia Boulevard Santa Clarita, CA	
		(FA.A2)	04-16-96	39720 N. 10th Street West Palmdale, CA	
		(FA.A3)	07-30-96	291 Ventura Blvd. Camarillo, CA	
		(FA.A4)	08-26-97	3980 Thousand Oaks Blvd. Thousand Oaks, CA	
SUNSHINE APPLE (GEORGIA), LIMITED PARTNERSHIP 5555 Oakbrook Pkwy. Suite 355 Norcross, GA 30093	Lois J. Sedowicz	(DA.A)	03-20-97	FL	18/12-31-00
		(FA.A1)	07-26-93	1545 Palm Bay Road Melbourne, FL	
		(FA.A2)	11-22-93	100 Sykes Creek Pkwy. North Merritt Island, FL	
		(FA.A3)	04-18-94	12103 Collegiate Way Orlando, FL	
		(FA.A4)	06-26-95	2599 Enterprise Road Orange City, FL	
		(FA.A5)	10-23-95	3001 W. Eau Gellie Blvd. Melbourne, FL	
		(FA.A6)	02-12-96	150 Williamson Blvd. Ormond Beach, FL	
		(FA.A7)	08-19-96	1390 Dunlawton Avenue Port Orange, FL	
TLC CENTRAL, LLC 201 ATP Tour Blvd. Suite 120 Ponte Vedra Beach, FL 32082	Matthew J. Fairbairn David Stein	(DA.A)	08-31-98	NY, PA	11/12-31-00
		(FA.A1)	01-10-96	877 Country Route 64 Elmira, NY	
		(FA.A2)	09-09-97	3701 Vestal Parkway East Vestal, NY	
		(FA.A3)	02-03-98	1205 Union Avenue Newburg, NY	
		(FA.A4)	11-10-98	Woodbury Common #488 Evergreen Court Central Valley, NY	
TLC WEST, LLC 201 ATP Tour Blvd. Suite 120 Ponte Vedra Beach, FL 32082	Matthew J. Fairbairn David Stein	(DA.A)	08-31-98	NY, PA	18/06-30-99
		(FA.A1)	03-12-91	3050 Winton Road South Rochester, NY	
		(FA.A2)	09-30-91	5017 Transit Road Williamsville, NY	
		(FA.A3)	06-23-92	4405 Milestrip Road Blasdell, NY	
		(FA.A4)	07-21-92	585 Moseley Road Fairport, NY	
		(FA.A5)	08-24-93	200 Paddy Creek Circle Rochester, NY	
		(FA.A6)	09-28-93	3189 Erie Boulevard, East De Witt, NY	
		(FA.A7)	07-06-94	628 S. Main Street N. Syracuse, NY	

(FA.A8) 08-23-94 1683 E. Ridge Road
Rochester, NY

(FA.A9) 10-04-94 1900 Military Road
Niagara Falls, NY

(FA.A10) 11-22-94 1641 Niagara Falls Boulevard
Amherst, NY

(FA.A11) 02-13-95 3975 Route 31
Liverpool, NY

(FA.A12) 06-20-95 1955 Empire Boulevard
Webster, NY

(FA.A13) 08-29-95 5822 S. Transit Road
Lockport, NY

-52-

(FA.A14) 04-02-96 340 E. Fairmount Avenue
Lakewood, NY

(FA.A15) 07-30-96 2656 Delaware Avenue
Buffalo, NY

(FA.A16) 04-22-97 3637 Union Road
Cheektowaga, NY

(FA.A17) 11-17-98 1283 Arsenal Street
Watertown, NY

T.S.S.O., INC.
5555 Oakbrook Parkway
Suite 355
Norcross, GA 30093

Lois J. Sedowicz

(DA.A) 01-15-92 AL, FL, MS
Amended: 08-30-93
03-28-95
08-01-95
07-01-97

7/06-30-99

(FA.A1) 04-30-85 5760 Airport Boulevard
Mobile, AL

(FA.A2) 03-31-86 5091 Bayou Boulevard
Pensacola, FL

(FA.A3) 08-15-88 330 Mary Esther Cutoff
Mary Esther, FL

(FA.A4) 01-24-91 5701 Emerald Coast
Parkway - Sandestin
Destin, FL

(FA.A5) 12-06-93 4940 Government Boulevard
Mobile, AL

(FA.A6) 07-10-95 165 E. Nine Mile Road
Pensacola, FL

(DA.B) 11-20-91 IA, IL, MO
Amended: 04-07-93
08-16-93
06-15-98

6/12-31-97

(FA.B1) 11-02-92 3335 Veterans Parkway
Springfield, IL

(FA.B2) 08-16-93 1966 N. Henderson Street
Galesburg, IL

(FA.B3) 08-29-94 405 N. Main
E. Peoria, IL

-53-

(FA.B4) 10-17-94 1275 S. Route 51
Forsyth, IL

(FA.B5) 11-07-94 502 N. Veterans Parkway

			Bloomington, IL	
		(FA.B6)	08-28-95 116 S. Roosevelt Burlington, IA	
		(FA.B7)	02-26-96 3827 Broadway Quincy, IL	
		(FA.B8)	06-09-97 3540 Vermilion Street Danville, IL	
		(FA.B9)	10-27-97 3540 Court Street Pekin, IL	
		(FA.B10)	08-10-98 2121 N. Prospect Champaign, IL	
		(FA.B11)	06-15-98 6844 N. War Memorial Peoria, IL	
THE BLOOMIN' APPLE, L.L.C. 1470 Ben Sawyer Blvd. Suite 4 Mt. Pleasant, SC 29464	Mariann B. Allardice Kevin P. Allardice Ronald C. Williams Andrew C. Robertson	(DA.A)	08-24-98 IL, WI	5/12-31-00
		(FA.A1)	08-24-98 6845 E. State St. Rockford, IL	
		(FA.A2)	08-24-98 3024 Milton Ave. Janesville, WI	
		(FA.A3)	08-24-98 1675 E. Riverside Rd. Rockford, IL	
		(FA.A4)	08-24-98 1802 S. West St. Freeport, IL	
THE OZARK APPLES, INC. 3252 Roanoke Kansas City, MO 64111	Gregory R. Walton	(DA.A) Amended:	05-21-92 AR, MO 04-21-93 07-01-93 11-15-93 01-29-96 01-01-97	5/12-31-98
		(FA.A1)	06-15-93 1855 E. Primrose Springfield, MO	
		(FA.A2)	01-03-94 2010 I-70 Drive, Southwest Columbia, MO	
		(FA.A3)	06-01-94 1836 W. Highway 76 Branson, MO	
		(FA.A4)	06-27-95 2319 Missouri Boulevard Jefferson City, MO	
		(DA.B)	01-29-96 AR, KS, MO, OK	3/12-31-97
		(FA.B1)	07-19-94 2825 E. 32nd Street Joplin, MO	
		(FA.B2)	06-19-96 528 N. 47th Street Rogers, AR	
THOMAS & KING, INC. 249 E. Main St. Suite 101 Lexington, KY 40507	Michael J. Scanlon Ronald T. Reynolds Douglas M. Wilson	(DA.A) Amended:	05-31-88 IN, KY, OH 05-31-91 08-06-93 06-07-95 07-30-96 05-30-97	35/05-30-99
		(FA.A1)	08-01-88 2573 Richmond Road Lexington, KY	
		(FA.A2)	11-14-88 7383 Turfway Road Florence, KY	

(FA.A3) 02-24-89 105 N. Springsboro Pike
W. Carrollton, OH

(FA.A4) 05-11-89 340 Glensprings Drive
Springdale, OH

(FA.A5) 10-09-89 4009 Nicholasville Road
Block B
Lexington, KY

(FA.A6) 04-11-89 10635 Techwood Circle
Blue Ash, OH

(FA.A7) 03-12-90 9660 Mason-Montgomery
Mason, OH

(FA.A8) 05-11-90 2755 Brice Road
Reynoldsburg, OH

-55-

(FA.A9) 08-20-90 2555 Shiloh Springs Road
Trotwood, OH

(FA.A10) 12-11-90 6669 Dublin Center Drive
Dublin, OH

(FA.A11) 07-15-91 967 Hebron Road
Heath, OH

(FA.A12) 12-16-91 5050 Crookshank
Cincinnati, OH

(FA.A13) 08-17-92 4440 Glen Este-
Withamsville Road
Batavia, OH

(FA.A14) 11-09-92 4600 East Broad Street
White Hall, OH

(FA.A15) 03-01-93 1389 U.S. 127 South
Frankfort, KY

(FA.A16) 04-05-93 30 Crestview Hills Mall Road
Crestview Hills, KY

(FA.A17) 06-21-93 480 Ackerman Road
Columbus, OH

(FA.A18) 09-06-93 700 Washington Blvd., N.W.
Hamilton, OH

(FA.A19) 10-04-93 853 Eastern Bypass
Richmond, KY

(FA.A20) 01-17-94 Northgate Mall
9595 Colrain Avenue
Cincinnati, OH

(FA.A21) 04-11-94 910 Beaumont Center Pkwy.
Lexington, KY

(FA.A22) 06-13-94 3240 Towne Boulevard
Middletown, OH

(FA.A23) 10-03-94 8331 Old Troy Pike
Huber Heights, OH

(FA.A24) 12-02-94 1800 W. 1st Street
Springfield, OH

(FA.A.25) 05-29-95 4425 National Road East
Richmond, IN

-56-

(FA.A26) 08-07-95 1615 Rivervalley Circle North
Lancaster, OH

(FA.A27)	01-29-96	1525 N. Lexington Avenue Winchester, KY	
(FA.A28)	01-30-96	1 Madison Avenue Covington, KY	
(FA.A29)	05-20-96	3894 Morse Road Columbus, OH	
(FA.A30)	07-25-96	1759 W. Main Street Troy, OH	
(FA.A31)	09-23-96	1514 Mt. Vernon Avenue Marion, OH	
(FA.A32)	03-24-98	5561 Westchester Woods Blvd. Columbus, OH	
(FA.A33)	06-30-98	1836 Alesheba Way Lexington, KY	
(FA.A34)	12-15-98	6242 Wilmington Pike Dayton, OH	
(DA.B)	02-24-94	OH, PA	3/12-31-98
Amended:	02-28-95		
	05-01-95		
(FA.B1)	08-28-95	904 Great East Plaza Niles, OH	
(FA.B2)	02-25-97	201 S. Hermitage Road Hermitage, PA	
(FA.B3)	11-17-98	6691 South Avenue Boardman, OH	
(DA.C)	10-23-90	AZ	17/08-15-98
Amended:	10-21-94		
	06-01-95		
	09-16-96		
	01-08-98		
(FA.C1)	03-31-93	2053 S. Alma School Road Mesa, AZ	
(FA.C2)	12-18-90	2720 W. Bell Road Phoenix, AZ	
(FA.C3)	07-08-91	565 E. Wetmore Tucson, AZ	
(FA.C4)	12-08-92	6259 E. Southern Avenue Mesa, AZ	
(FA.C5)	05-17-93	Park Mall, Building E 5870 East Broadway Tucson, AZ	
(FA.C6)	06-14-93	2032 E. Baseline Road Mesa, AZ	
(FA.C7)	09-27-93	8001 W. Bell Road Peoria, AZ	
(FA.C8)	06-26-94	1655 W. Elliott Tempe, AZ	
(FA.C9)	05-22-95	2547 N. 44th Street Phoenix, AZ	
(FA.C10)	10-09-95	2 East Camelback Phoenix, AZ	
(FA.C11)	11-20-95	4924 E. Shea Boulevard Phoenix, AZ	
(FA.C12)	02-26-96	1881 West Highway 69 Prescott, AZ	

(FA.C13)	08-19-96	5880 W. Peoria Glendale, AZ	
(FA.C14)	03-24-97	2230 W. Ina Road Tucson, AZ	
(FA.C15)	04-22-97	909 E. Broadway Tempe, AZ	
(FA.C16)	11-18-97	1245 W. Chandler Blvd. Chandler, AZ	
(FA.C17)	10-20-98	1143 N. Higley Rd. Mesa, AZ	
(DA.D)	11-14-94	IL, IN, KY, MO, TN	8/09-30-98
Amended:	10-01-95		
	03-25-96		
	09-30-97		

-58-

	(FA.D1)	09-26-91	202 S. Broadview Cape Girardeau, MO	
	(FA.D2)	10-27-92	3990 Hinkleville Roady Paducah, KY	
	(FA.D3)	07-06-93	5120 Frederica Owensboro, KY	
	(FA.D4)	12-13-94	2506 S. 3rd Street Terre Haute, IN	
	(FA.D5)	04-04-95	1125 E. Main Carbondale, IL	
	(FA.D6)	08-01-95	5100 E. Morgan Evansville, IN	
	(FA.D7)	07-22-97	1475 Chelsa Drive Madisonville, KY	
	(FA.D8)	06-30-98	2712 W. DeYoung St. Marion, IL	
THUNDER APPLE NORTH, INC. 920 Tungsten Street Thunder Bay, ON P7B 5Z6 CANADA	(DA.A)	08-08-94	City of Thunder Bay, Ontario, Canada	1/06-29-97
	Amended:	09-20-95		
		08-29-96		
	(FA.A1)	08-08-94	1155 Alloy Drive Thunder Bay, Ontario CANADA P7B 6M8	
TRUE NORTH RESTAURANTS, INC. 46 Dawlish Avenue Toronto, Ontario M4N 1H1 Canada	(DA.A)	04-24-97	Ontario, Canada	1/12-01-97
	(FA.A1)	04-24-97	155 Kingston Road East Ajax, Ontario Canada L1S 7J4	
WEST COAST MANAGEMENT, LLC 400 Interstate N. Parkway Suite 1200 Atlanta, GA 30339	(DA.A)	10-31-98	WA, OR, ID, CA	29/12-31-02
	(FA.A1)	10-31-98	1220 N.W. 185th Avenue Beaverton, OR	
	(FA.A2)	10-31-98	6325 S.W. Meadows Road Lake Oswego, OR	

-59-

(FA.A3)	10-31-98	1415 S. Bradley Santa Maria, CA	
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(FA.A4) 10-31-98 280 Hanley
Coeur D'Alene, ID

(FA.A5) 10-31-98 305 Madonna Road
San Luis Obispo, CA

(FA.A6) 10-31-98 12217 E. Mission Avenue
Spokane, WA

(FA.A7) 10-31-98 Lancaster Mall
747 Lancaster Drive, N.E.
Salem, OR

(FA.A8) 10-31-98 606 N. Columbia Ctr. Blvd.
Kennewick, WA

(FA.A9) 10-31-98 12717 S.E. 2nd Circle
Vancouver, MA

(FA.A10) 10-31-98 4007 29th Street
Spokane, WA

(FA.A11) 10-31-98 1439 N.E. Halsey
Portland, OR

(FA.A12) 10-31-98 1301 N. Davis Rd.
Salinas, CA

(FA.A13) 10-31-98 10004 NE Halsey
Portland, OR

(FA.A14) 10-31-98 10172 SE 82nd Street
Clakamas, OR

WHG REAL ESTATE
NORTH, LLC
2500 N. Mayfair Road
Suite G117
Wauwatosa, WI 43226

Mark L. Dillon
James T. Query
David S. Israel

(DA.A) 12-07-98 MN, WI 5/12-31-00

(FA.A1) 12-07-98 4745 Golf Road
Eau Clarie, WI

(FA.A2) 12-07-98 2221 W. Stewart Ave.
Wausau, WI

(FA.A3) 12-07-98 5609 Hwy. 10 East
Stevens Point, WI

-60-

WHIT-MART, INC. *
609 Pecan Lane
Whiteville, NC 28472

Gary P. Whitman

(FA.A4) 12-07-98 9364 Hwy. 16
Onalaska, WI

(DA.A) 06-29-98 SC, NC 15/06-30-02

(FA.A1) 06-29-98 7818 Rivers Ave.
N. Charleston, SC

(FA.A2) 06-29-98 1859 Sam Rittenburg
Charleston, SC

(FA.A3) 06-29-98 811 S. Irby Street
Florence, SC

(FA.A4) 06-29-98 24 N. Market Street
Charleston, SC

(FA.A5) 06-29-98 88 Old Trolley Road
Summerville, SC

(FA.A6) 06-29-98 1486 Stuart Engles Blvd.
Mt. Pleasant, SC

(FA.A7) 06-29-98 7915 N. Kings Highway
Myrtle Beach, SC

(FA.A8) 06-29-98 1271 Folly Road
Charleston, SC

(FA.A9) 06-29-98 4910 Ashely Phosphate Rd.
North Charleston, SC

(FA.A10) 06-29-98 1647 Church Street
Conway, SC

(FA.A11) 06-29-98 203 S. Fifth Street
Hartsville, SC

(FA.A12) 06-29-98 3256 Highway 17 South
Murrells Inlet, SC

* Acquired restaurants from Avado Brands, Inc. 06/29/98.

-61-

WILD WEST APPLE
VENTURES, A
LIMITED LIABILITY
COMPANY
2220 Dell Range Blvd.
Suite 102
Cheyenne, WY 82009

Calvin E. Keller
Linda A. Keller

(FA.A1) 07-07-92 1401 Dell Range Boulevard
Cheyenne, WY

WILLIAM TELL, INC.
136 E. South Temple
Suite 1740
Salt Lake City, UT 84111

John B. Prince

(DA.A) 05-14-93 ID, NV, UT
Amended: 03-01-95
12-01-96

7/06-30-98

(FA.A1) 04-12-94 6123 S. State Street
Murray, UT

(FA.A2) 12-19-94 5678 S. Redwood Road
Taylorsville, UT

(FA.A3) 01-22-96 1622 N. 1000 West
Layton, UT

(FA.A4) 04-29-96 1125 W. Riverdale Road
Riverdale, UT

(FA.A5) 08-19-96 680 West 1300 South
Orem, UT

(FA.A6) 11-11-96 7047 S. 1300 East
Midvale, UT

WISCONSIN HOSPITALITY*
GROUP, LLC
2500 N. Mayfair Rd.
Suite G117
Wauwatosa, WI 53226

David S. Israel
James T. Query
Mark L. Dillon

(DA.A) 08-24-98 WI, MI

24/05-31-04

(FA.A1) 08-24-98 2500 N. Mayfair Road
Wauwatosa, WI

(FA.A2) 08-24-98 20101 W. Bluemound Road
Waukesha, WI

(FA.A3) 08-24-98 5100 S. 76th Street
Greendale, WI

(FA.A4) 08-24-98 5900 N. Port Washington Rd.
Glendale, WI

(FA.A5) 08-24-98 660 S. Whitney Way
Madison, WI

(FA.A6) 08-24-98 4710 E. Towne Boulevard
Madison, WI

(FA.A7) 08-24-98 3730 W. College Avenue
Appleton, WI

(FA.A8) 08-24-98 900 Hansen Road
Ashwaubenon, WI

-62-

(FA.A9) 08-24-98 2521 S. Greenbay Road
Racine, WI

(FA.A10) 08-24-98 6950 75th Street
Kenosha, WI

(FA.A11)	08-24-98	1700 S. Koeller Road Oshkosh, WI
(FA.A12)	08-24-98	2420 W. Mason Street Greenbay, WI
(FA.A13)	08-24-98	4435 Calumet Avenue Manitowoc, WI
(FA.A14)	08-24-98	841 W. Johnson Street Fond Du Lac, WI
(FA.A15)	08-24-98	2510 W. Washington West Bend, WI
(FA.A16)	08-24-98	3040 E. College Avenue East Appleton, WI
(FA.A17)	08-24-98	526 S. Taylor Drive Sheboygan, WI
(FA.A18)	08-24-98	W 180 N 9469 Premier Lane Menomonee Falls, WI
(FA.A19)	08-24-98	1267 Capital Drive Pewaukee, WI

* Acquired restaurants from Avado Brands, Inc. 08/24/98.

-63-

WOODLAND GROUP, *
INC.
105 Westwood Place
Suite 125
Brentwood, TN 37027

Walter J. Horin, Sr.
Sanford R. Penn, Jr.
Walter J. Horin, Jr.

(DA.A)	08-24-98	KY, TN	17/12-31-01
(FA.A1)	08-24-98	335 Harding Place Nashville, TN	
(FA.A2)	08-24-98	718 Thompson Lane Nashville, TN	
(FA.A3)	08-24-98	7645 U.S. Hwy. 70 South Nashville, TN	
(FA.A4)	08-24-98	5270 Hickory Hollow Pkwy. Antioch, TN	
(FA.A5)	08-24-98	170 Old Fort Parkway Murfreesboro, TN	
(FA.A6)	08-24-98	5055 Old Hickory Blvd. Hermitage, TN	
(FA.A7)	08-24-98	1420 Interstate Drive Cookeville, TN	
(FA.A8)	08-24-98	2545 Scottsville Road Bowling Green, KY	
(FA.A9)	08-24-98	230 E. Main Street Hendersonville, TN	
(FA.A10)	08-24-98	1957 N. Jackson Street Tullahoma, TN	
(FA.A11)	08-24-98	3066 Wilma Rudolph Blvd. Clarksville, TN	
(FA.A12)	08-24-98	1557 N. Gallatin Pike Madison, TN	
(FA.A13)	08-24-98	705 S. James Campbell Blvd. Columbia, TN	
(FA.A14)	08-24-98	4089 Fort Campbell Blvd. Hopkinsville, KY	
(FA.A15)	08-24-98	609 N. Cumberland Lebanon, TN	

* Acquired Restaurants from Avado Brands, Inc. on 08/24/98.

-64-

</TABLE>

RIO BRAVO INTERNATIONAL, INC.
DEVELOPMENT AND FRANCHISE AGREEMENT SCHEDULE
AS OF DECEMBER 27, 1998

(1) DEVELOPER NAME AND ADDRESS	(2) PRINCIPALS	(3) DATE OF DEVELOPMENT AGREEMENT (DA) OR FRANCHISE AGREEMENT (FA)	(4) TERRITORY (all or part of the states/countries listed) OR LOCATION	(5) DEVELOPMENT SCHEDULE (total restaurants/ deadline)
<S>	<C>	<C>	<C>	<C>
APPLE-METRO, INC. 550 Mamaroneck Ave. Suite 301 Harrison, NY 10528	Roy Raeburn Zane Tankel	(DA.A) 03-26-97 Amended: 01-01-98 11-01-98	NY	5/05-15-01
		(FA.A1) 03-26-97 Amended: 01-01-98 11-01-98	2690 Hylan Blvd. Staten Island, NY	
		(FA.A2) 08-26-97 Amended: 01-01-98 11-01-98	2655 Richmond Ave. Staten Island, NY	
APPLE SAUCE, INC. 741 Centre View Blvd. Suite 100 Crestview Hills, KY 41017	W. Curtis Smith James P. Borke	(DA.A) 08-15-96 Amended: 01-01-98 11-01-98	IN, OH	5/01-31-01
		(FA.A1) 08-15-96 Amended: 01-01-98 11-01-98	500 E. 81st Avenue Merrillville, IN	
APPLE SAUCE, INC. 741 Centre View Blvd. Suite 100 Crestview Hills, KY 41017	W. Curtis Smith James P. Borke	(DA.B) 08-15-96 Amended: 01-01-98 11-01-98	FL	5/01-31-01
		(FA.B1) 08-15-96	(to be determined)	
BRAVO AMERICAN CHICAGO LIMITED LIABILITY COMPANY 8905 Lake Avenue Cleveland, OH 44102	Donald W. Strang, Jr. Allen S. Musikantow	(DA.A) 04-22-97 Amended: 01-01-98 11-01-98	IL	5/07-15-01
		(FA.A1) 04-22-97 Amended: 01-01-98 11-01-98	3080 Warrenville Road Lisle, IL	
BRAVO AMERICAN INDIANA LIMITED LIABILITY COMPANY 8905 Lake Avenue Cleveland, OH 44102	Donald W. Strang, Jr. Allen S. Musikantow	(DA.A) 11-11-96 Amended: 01-01-98 11-01-98	IN	5/01-31-01
		(FA.A1) 11-11-96 Amended: 01-01-98 11-01-98	2525 Sagamore Pkwy. S. Lafayette, IN	
BRAVO AMERICAN OHIO LIMITED LIABILITY COMPANY 8905 Lake Avenue Cleveland, OH 44102	Donald W. Strang, Jr. Allen S. Musikantow	(DA.A) 02-07-96 Amended: 01-01-98 11-01-98	OH	5/06-30-00
		(FA.A1) 02-07-96 Amended: 01-01-98 11-01-98	1541 Golden Gate Plaza Mayfield Heights, OH	
		(FA.A2) 03-25-97 Amended: 01-01-98 11-01-98	17227 SouthPark Center Strongsville, OH	

BRAVO HOSPITALITY, LLC 7 Pearl Court Allendale, NJ 07401	Edward W. Doherty William A. Johnsen	(DA.A) 08-06-97 Amended: 01-01-98 11-01-98 (FA.A1) 08-06-97 (to be determined)	NJ	4/03-31-01
DAKOTA RIO, INC. 101B Empire Office Ctr. 4305 S. Louise Avenue Sioux Falls, SD 57106	Todd G. Porter	(DA.A) 06-25-97 Amended: 01-01-98 12-23-98 11-01-98 (FA.A1) 06-25-97 Amended: 01-01-98 11-01-98	SD, MT, WY, NE, MN, IA 2801 S. Louise Ave. Sioux Falls, SD	2/08-01-99
HEARTLAND RIO, INC. 2400 N. Woodlawn Suite 140 Wichita, KS 67220	James H. Stevens	(DA.A) 01-16-96 Amended: 01-01-98 11-01-98 (FA.A1) 01-16-96 Amended: 01-01-98 11-01-98 (FA.A2) 12-09-97 Amended: 01-01-98 11-01-98	KS, IA, MO, NE 8310 E. 21st Street Wichita, KS 8406 W. Central Avenue Wichita, KS	3/10-31-98
MANZANA GRANDE, INC. 1225 S. Broadway Minot, ND 58701	Myron Thompson Engen Eckmann	(DA.A) 01-15-97 Amended: 01-01-98 11-01-98 (FA.A1) 01-15-97 Amended: 01-01-98 11-01-98	ND, SD, MN 3000 32nd Ave. South Grand Forks, ND	3/08-15-99
-2-				
MISS-ALA-RIO, INC. 601 Vestavia Pkwy. Suite 1000 Birmingham, AL 35216	Glenn D. Durham Fred Gustin	(DA.A) 01-24-96 Amended: 01-01-98 11-01-98 (FA.A1) 01-24-96 Amended: 01-01-98 11-01-98	AL, GA, TN, FL, MS 2070 Eastern Blvd. Montgomery, AL	5/06-30-00
OZARK RIO, INC. 3252 Roanoke Kansas City, MO 64111	Gregory R. Walton	(DA.A) 02-29-96 Amended: 01-01-98 11-01-98 (FA.A1) 02-29-96 Amended: 01-01-98 11-01-98 (FA.A2) 08-26-97 Amended: 01-01-98 11-01-98	MO, AR, OK, KS 2040 E. Independence Ave. Springfield, MO Hwy. 71 Bypass & College Fayetteville, AR	4/08-31-99
RCI CANTINA, LLC 400 Interstate N. Pkwy. Suite 1200 Atlanta, GA 30339	Stephen A. Grove	(DA.A) 02-01-96 Amended: 01-01-98 11-01-98 (FA.A1) 02-01-96 Amended: 01-01-98 11-01-98 (FA.A2) 12-03-96 Amended: 01-01-98 11-01-98 (FA.A3) 06-25-97 Amended: 01-01-98 11-01-98	AL, GA, SC 2128 Washington Road Augusta, GA 169 Tom Hill Senior Macon, GA 3327 Gentian Blvd. Columbus, GA	4/08-31-99

RCI CANTINA II, LLC 400 Interstate N. Pkwy. Suite 1200 Atlanta, GA 30339	Stephen A. Grove	(DA.A)	01-22-98	TN, GA, AL, NC, KY,	5/08-01-02
		Amended:	01-22-98 11-01-98	MO, AR	
		(FA.A1)	01-22-98	7020 Shallowford Road	
		Amended:	11-01-98	Chattanooga, TN	

-3-

RCI CANTINA III, LLC 400 Interstate N. Pkwy. Suite 1200 Atlanta, GA 30339	Stephen A. Grove	(DA.A)	01-22-98	CO	5/08-01-02
		Amended:	01-22-98 11-01-98		
		(FA.A1)	01-22-98	6676 S. Parker Rd.	
		Amended:	11-01-98	Aurora, CO	

RIO ROSE, L.P. 826 Newton Yardley Rd. Suite 200 Newtown, PA 18940	Harry T. Rose	(DA.A)	09-16-97	NJ, PA	5/04-14-02
		Amended:	01-01-98 11-01-98		
		(FA.A1)	09-16-97	(to be determined)	

RIORO, INC. 170 Windchime Court Raleigh, NC 27615	Michael Olander	(DA.A)	02-29-96	NC, SC	5/06-30-00
		Amended:	01-01-98 11-01-98		
		(FA.A1)	02-29-96	9813 South Blvd.	
		Amended:	01-01-98 11-01-98	Pineville, NC	

RIORO, INC. 170 Windchime Court Raleigh, NC 27615	Michael Olander	(DA.B)	02-29-96	WV, NC	5/06-30-00
		Amended:	08-29-96 01-01-98 11-01-98		
		(FA.B1)	02-29-96	(to be determined)	

SOUTH COAST CANTINAS, INC. 6620 McGinnis Ferry Road Suite B Duluth, GA 30155	William F. Palmer	(DA.A)	02-22-96	FL	5/06-30-00
		Amended:	03-13-97 01-01-98 11-01-98		
		(FA.A1)	02-29-96	(to be determined)	

SOUTH COAST CANTINAS, INC. 6620 McGinnis Ferry Road Suite B Duluth, GA 30155	William F. Palmer	(DA.B)	02-22-96	NC, SC, GA	5/06-30-00
		Amended:	03-13-97 01-01-98 11-01-98		
		(FA.B1)	02-22-96	34 Tunnel Road	
		Amended:	01-01-98 11-01-98	Asheville, NC	
		(FA.B2)	06-30-97	21 Roper Mountain Road	
		Amended:	01-01-98 11-01-98	Greenville, SC	

-4-

		(FA.B3)	09-09-97	838 Turner McCall Blvd.	
		Amended:	01-01-98 11-01-98	Rome, GA	
		(FA.B4)	02-16-98	1701 Browns Bridge Road	
		Amended:	11-01-98	Gainesville, GA	

T & K PARTNERS, LTD. 249 E. Main Street Suite 101 Lexington, KY 40507	Michael J. Scanlon	(DA.A)	02-29-96	KY, OH, IN	5/06-30-00
		Amended:	08-15-96 01-01-98 11-01-98		

		(FA.A1)	02-29-96	2349 Richmond Road	
		Amended:	01-01-98	Lexington, KY	
		Closed:	09-14-98		
		(FA.A2)	08-15-96	7980 Hosbrook Road	
		Amended:	01-01-98	Madeira, OH	
		Closed:	09-14-98		
T & K PARTNERS, LTD. 249 E. Main Street Suite 101 Lexington, KY 40507	Michael J. Scanlon	(DA.A)	02-29-96	OH, IN, PA	5/06-30-00
		Amended:	08-14-96		
			01-01-98		
			11-01-98		
		(FA.A)	02-29-96	40 Hutchinson Avenue	
		Closed:	11-24-97	Worthington, OH	
THE RIO TRIO CORPORATION 3305 Breckenridge Blvd. Suite 126 Duluth, GA 30096	Frank DeAngelo	(DA.A)	01-17-96	FL, GA	4/08-31-99
		Amended:	11-20-97		
			01-01-98		
			11-01-98		
		(FA.A1)	01-17-96	1926 Capital Circle, N.E.	
		Amended:	01-01-98	Tallahassee, FL	
			11-01-98		
THE RIO TRIO CORPORATION 3305 Breckenridge Blvd. Suite 126 Duluth, GA 30096	Frank DeAngelo	(DA.B)	08-10-96	VA, WV, NC	5/01-31-01
		Amended:	11-20-97		
			01-01-98		
			11-01-98		
		(FA.B1)	08-10-96	4105 Chesapeake Square Blvd.	
		Amended:	01-01-98	Chesapeake, VA	
			11-01-98		
TLC-EAST, INC. 201 ATP Tour Blvd. Suite 120 Ponte Vedra Beach, FL 32082 (fka DSMF, INC.)	Matthew J. Fairbairn David Stein	(DA.A)	02-06-97	NY, PA	5/04-15-01
		Amended:	01-01-98		
			11-01-98		
		(FA.A1)	02-06-97	(to be determined)	

-5-

6

</TABLE>

APPLEBEE'S INTERNATIONAL, INC.

1995 EQUITY INCENTIVE PLAN

SECTION 1

PURPOSE AND DURATION

1.1 Effective Date. This Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Performance Units and Performance Shares. This Plan shall become effective upon the affirmative vote of the holders of a majority of the Shares which are present in person or by proxy and entitled to vote at the 1995 Annual Meeting of Stockholders.

1.2 Purpose of this Plan. This Plan is intended to attract, motivate, and retain (a) employees of the Company and its Affiliates, (b) consultants who provide significant services to the Company and its Affiliates, and (c) directors of the Company who are employees of neither the Company nor any Affiliate. This Plan also is designed to further the growth and financial success of the Company and its Affiliates by aligning the interests of the Participants, through the ownership of Shares and through other incentives, with the interests of the Company's stockholders.

SECTION 2

DEFINITIONS

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

"1934 Act" means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the 1934 Act or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

"Affiliate" means any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by or under common control with the Company.

"Affiliated SAR" means an SAR that is granted in connection with a related Option, and that automatically will be deemed to be exercised at the same time that the related Option is exercised.

"Award" means, individually or collectively, a grant under this Plan of

Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Performance Units or Performance Shares.

"Award Agreement" means the written agreement setting forth the terms and provisions applicable to each Award granted under this Plan.

"Board" or "Board of Directors" means the Board of Directors of the Company.

"Change in Control" shall have the meaning assigned to such term in Section 13.2.

"Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

"Committee" means the committee appointed by the Board (pursuant to Section 3.1) to administer this Plan.

"Company" means Applebee's International, Inc., a Delaware corporation, and any successor thereto. With respect to the definitions of the Performance Goals, the Committee in its sole discretion may determine that "Company" means Applebee's International and its consolidated subsidiaries.

"Consultant" means any consultant, independent contractor or other person who provides significant services to the Company or its Affiliates, but who is neither an Employee nor a Director.

"Director" means any individual who is a member of the Board of Directors of the Company.

"Disability" means a permanent and total disability within the meaning of Code section 22(e)(3), provided that in the case of Awards other than Incentive Stock Options, the Committee in its sole discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Committee from time to time.

"Earnings Per Share" means as to any Fiscal Year, the Company's Net Income or a business unit's Pro Forma Net Income, divided by a weighted average number of Shares outstanding and dilutive equivalent Shares deemed outstanding.

"Employee" means any employee of the Company or of an Affiliate, whether such employee is so employed at the time this Plan is adopted or becomes so employed subsequent to the adoption of this Plan.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended. Reference to a specific section of ERISA or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

"Exercise Price" means the price at which a Share may be purchased by a Participant pursuant to the exercise of an Option.

"Fair Market Value" means the last quoted per share selling price at which Shares are traded on any given date, or if no Shares are traded on such date, the most recent prior date on which Shares were traded, as reported in The Wall Street Journal. Notwithstanding the preceding, for federal, state and local income tax reporting purposes, fair market value shall be determined by the Committee (or its delegate) in accordance with uniform and nondiscriminatory standards adopted by it from time to time.

"Fiscal Year" means the fiscal year of the Company.

"Freestanding SAR" means a SAR that is granted independently of any Option.

"Grant Date" means, with respect to an Award, the date that the Award was granted.

"Incentive Stock Option" means an Option to purchase Shares which is designated as an Incentive Stock Option and is intended to meet the requirements of section 422 of the Code.

"Individual MBOs" means as to a Participant, the objective and measurable goals set by a "management by objectives" process and approved by the Committee (in its sole discretion).

"Net Income" means as to any Fiscal Year, the income after taxes of the Company for the Fiscal Year determined in accordance with generally accepted accounting principles; provided, however, that prior to the Fiscal Year, the Committee shall determine whether any significant item(s) shall be included or excluded from the calculation of Net Income with respect to one or more Participants.

"Nonemployee Director" means a Director who is not an employee of the Company or of any Affiliate.

"Nonqualified Stock Option" means an Option to purchase Shares which is not an Incentive Stock Option.

"Option" means an Incentive Stock Option or a Nonqualified Stock Option.

"Participant" means an Employee, Consultant or Nonemployee Director who has an outstanding Award.

"Performance Goals" means the goal(s) (or combined goal(s)) determined by the Committee (in its sole discretion) to be applicable to a Participant with respect to an Award. As determined by the Committee, the Performance Goals applicable to an Award may provide for a targeted level or levels of achievement using one or more of the following measures: (a) Earnings Per Share, (b) Individual MBOs, (c) Net Income, (d) Pro Forma Net Income, (e) Return on Designated Assets, (f) Return on Revenues, and (g) Satisfaction MBOs. The Performance Goals may differ from Participant to Participant and from Award to Award.

"Performance Period" shall have the meaning assigned to such term in Section 8.3.

"Performance Share" means an Award granted to a Participant pursuant to Section 8.

"Performance Unit" means an Award granted to a Participant pursuant to Section 8.

"Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and, therefore, the Shares are subject to a substantial risk of forfeiture. As provided in Section 7, such restrictions may be based on the passage of time, the achievement of target levels of performance or the occurrence of other events as determined by the Committee in its sole discretion.

"Plan" means the Applebee's International, Inc. 1995 Equity Incentive Plan, as set forth in this instrument and as hereafter amended from time to time.

"Pro Forma Net Income" means as to any business unit for any Fiscal Year, the portion of Company's Net Income allocable to such business unit; provided, however, that prior to such Fiscal Year, the Committee shall determine the basis on which such allocation shall be made.

"Restricted Stock" means an Award granted to a Participant pursuant to Section 7.

"Retirement" means, in the case of an Employee, a Termination of Service by reason of the Employee's retirement at or after age sixty-five (65). With respect to a Consultant, no Termination of Service shall be deemed to be on account of "Retirement". With respect to a Nonemployee Director, "Retirement" means termination of service on the Board at or after age seventy (70).

"Return on Designated Assets" means as to any Fiscal Year, (a) the Pro Forma Net Income of a business unit, divided by the average of beginning and ending business unit designated assets, or (b) the Net Income of the Company, divided by the average of beginning and ending designated corporate assets.

"Return on Revenues" means as to any Fiscal Year, the percentage equal to the Company's Net Income or the business unit's Pro Forma Net Income, divided by the Company's or the business unit's Annual Revenue.

4

"Rule 16b-3" means Rule 16b-3 promulgated under the 1934 Act, and any future regulation amending, supplementing or superseding such regulation.

"Satisfaction MBOs" means as to any Participant, the objective and measurable individual goals set by a "management by objectives" process and approved by the Committee, which goals relate to the satisfaction of external or internal requirements.

"Section 16 Person" means a person who, with respect to the Shares, is subject to section 16 of the 1934 Act.

"Shares" means the shares of common stock of the Company.

"Stock Appreciation Right" or "SAR" means an Award, granted alone or in connection with a related Option, that is designated as a SAR pursuant to Section 7.

"Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"Tandem SAR" means an SAR that is granted in connection with a related Option, the exercise of which shall require forfeiture of the right to purchase an equal number of Shares under the related Option (and when a Share is purchased under the Option, the SAR shall be canceled to the same extent).

"Termination of Service" means (a) in the case of an Employee, a cessation of the employee-employer relationship between an employee and the Company or an Affiliate for any reason, including, but not limited to, a cessation by resignation, discharge, death, Disability, Retirement or the disaffiliation of an Affiliate, but excluding any such cessation where there is a simultaneous reemployment by the Company or an Affiliate, and (b) in the case of a Consultant, a cessation of the service relationship between a Consultant and the Company or an Affiliate for any reason, including, but not limited to, a cessation by resignation, discharge, death, Disability or the disaffiliation of an Affiliate, but excluding any such cessation where there is a simultaneous reengagement of the Consultant by the Company or an Affiliate.

SECTION 3

ADMINISTRATION

3.1 The Committee. This Plan shall be administered by the Committee. The Committee shall consist of not less than two (2) Directors. The members of the Committee shall be appointed from time to time by, and shall serve at the pleasure of, the Board of Directors. The Committee shall be comprised solely of Directors who both are (a) "non-employee directors" under Rule 16b-3, and (b) "outside directors" under section 162(m) of the Code.

5

3.2 Authority of the Committee. It shall be the duty of the Committee to administer this Plan in accordance with its provisions. The Committee shall have all powers and discretion necessary or appropriate to administer this Plan and to control its operation, including, but not limited to, the power to (a) determine which Employees and Consultants shall be granted Awards, (b) prescribe the terms and conditions of the Awards (other than the Options granted to Directors pursuant to Section 9), (c) interpret this Plan and the Awards, (d) adopt rules for the administration, interpretation and application of this Plan as are consistent therewith, and (e) interpret, amend or revoke any such rules.

3.3 Delegation by the Committee. The Committee, in its sole discretion and on such terms and conditions as it may provide, may delegate all or any part of its authority and powers under this Plan to one or more directors or officers of the Company; provided, however, that the Committee may not delegate its authority and powers (a) with respect to Section 16 Persons, or (b) in any way which would jeopardize this Plan's qualification under section 162(m) of the Code or Rule 16b-3.

3.4 Nonemployee Director Options. Notwithstanding any contrary provision of this Section 3, the Board shall administer Section 9 of this Plan, and the Committee shall exercise no discretion with respect to Section 9. In the Board's administration of Section 9 and the Options granted to Nonemployee Directors, the Board shall have all authority and discretion otherwise granted to the Committee with respect to the administration of this Plan.

3.5 Decisions Binding. All determinations and decisions made by the Committee, the Board and any delegate of the Committee pursuant to Section 3.3 shall be final, conclusive, and binding on all persons, and shall be given the maximum deference permitted by law.

SECTION 4

SHARES SUBJECT TO THIS PLAN

4.1 Number of Shares. Subject to adjustment as provided in Section 4.3, the total number of Shares available for grant under this Plan shall not exceed 2,000,000. Shares granted under this Plan may be either authorized but unissued Shares or treasury Shares, or any combination thereof.

4.2 Lapsed Awards. If an Award is settled in cash, or is cancelled, terminates, expires or lapses for any reason (with the exception of the termination of a Tandem SAR upon exercise of the related Option, or the termination of a related Option upon exercise of the corresponding Tandem SAR), any Shares subject to such Award thereafter shall be available to be the subject of an Award.

4.3 Adjustments in Awards and Authorized Shares. In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, stock split, Share combination, or other change in the corporate structure of the Company affecting the Shares, the Committee shall

6

adjust the number and class of Shares which may be delivered under this Plan, the number, class and price of Shares subject to outstanding Awards, and the numerical limits of Sections 4.1, 5.1, 6.1, 7.1 and 8.1, in such manner as the Committee (in its sole discretion) shall determine to be advisable or appropriate to prevent the dilution or diminution of such Awards. In the case of Options granted to Nonemployee Directors pursuant to Section 9, the foregoing adjustments shall be made by the Board with respect to Options granted and that may be granted thereafter from time to time pursuant to Section 9. Notwithstanding the preceding, the number of Shares subject to any Award always shall be a whole number.

SECTION 5

STOCK OPTIONS

5.1 Grant of Options. Subject to the terms and provisions of this Plan, Options may be granted to Employees and Consultants at any time and from time to time as determined by the Committee in its sole discretion. The Committee, in its sole discretion, shall determine the number of Shares subject to each Option; provided, however, that during any Fiscal Year, no Participant shall be granted Options covering more than 100,000 Shares. The Committee may grant Incentive Stock Options, Nonqualified Stock Options, or any combination thereof.

5.2 Award Agreement. Each Option shall be evidenced by an Award Agreement that shall specify the Exercise Price, the expiration date of the Option, the number of Shares to which the Option pertains, any conditions to exercise of the Option and such other terms and conditions as the Committee, in its sole discretion, shall determine. The Award Agreement also shall specify whether the Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.

5.3 Exercise Price. Subject to the provisions of this Section 5.3, the Exercise Price for each Option shall be determined by the Committee in its sole discretion.

5.3.1 Nonqualified Stock Options. In the case of a Nonqualified Stock Option, the Exercise Price shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the Grant Date.

5.3.2 Incentive Stock Options. In the case of an Incentive Stock Option, the Exercise Price shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the Grant Date; provided, however, that if on the Grant Date, the Employee (together with persons whose stock ownership is attributed to the Employee pursuant to section 424(d) of the Code) owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, the Exercise Price shall be not less than one hundred ten percent (110%) of the Fair Market Value of a Share on the Grant Date.

7

5.3.3 Substitute Options. Notwithstanding the provisions of Sections 5.3.1 and 5.3.2, in the event that the Company or an Affiliate consummates a transaction described in section 424(a) of the Code (e.g., the acquisition of property or stock from an unrelated corporation), persons who become Employees or Consultants on account of such transaction may be granted Options in substitution for options granted by such former employer or recipient of services. If such substitute Options are granted, the Committee, in its sole discretion and consistent with section 424(a) of the Code, may determine that such substitute Options shall have an exercise price less than one hundred (100%) of the Fair Market Value of the Shares on the Grant Date.

5.4 Expiration of Options.

5.4.1 Expiration Dates. Each Option shall terminate upon the earlier of the first to occur of the following events:

(a) The date for termination of the Option set forth in the Award Agreement; or

(b) The expiration of ten (10) years from the Grant Date; or

(c) The expiration of one (1) year from the date of the Optionee's Termination of Service for a reason other than the Optionee's death, Disability or Retirement (except as provided in Section 5.8.2 regarding Incentive Stock Options); or

(d) The expiration of three (3) years from the date of the Optionee's Termination of Service by reason of Disability (except as provided in Section 5.8.2 regarding Incentive Stock Options) or death; or

(e) The expiration of three (3) years from the date of the Optionee's Retirement (except as provided in Section 5.8.2 regarding Incentive Stock Options).

5.4.2 Committee Discretion. Subject to the limits of Section 5.4.1, the Committee, in its sole discretion, (a) shall provide in each Award Agreement when each Option expires and becomes unexercisable, and (b) may, after an Option is granted, extend the maximum term of the Option (subject to Section 5.8.4 regarding Incentive Stock Options).

5.5 Exercisability of Options. Options granted under this Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall determine in its sole discretion. After an Option is granted, the Committee, in its sole discretion, may accelerate the exercisability of the Option.

8

5.6 Payment. Options shall be exercised by the Participant's delivery of a written notice of exercise to the Secretary of the Company (or its designee), setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

Upon the exercise of any Option, the Exercise Price shall be payable to the Company in full in cash or its equivalent. The Committee, in its sole discretion, also may permit exercise (a) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price, or (b) by any other means which the Committee, in its sole discretion, determines (i) to provide legal consideration for the Shares, and (ii) to be consistent with the purposes of this Plan.

As soon as practicable after receipt of a written notification of exercise and full payment for the Shares purchased, the Company shall deliver to the Participant (or the Participant's designated broker), Share certificates (which may be in book entry form) representing such Shares.

5.7 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable or appropriate in its sole discretion, including, but not limited to, restrictions related to applicable Federal securities laws, the requirements of any national securities exchange or system upon which Shares are then listed or traded, and any blue sky or state securities laws.

5.8 Certain Additional Provisions for Incentive Stock Options.

5.8.1 Exercisability. The aggregate Fair Market Value (determined on the Grant Date(s)) of the Shares with respect to which Incentive Stock

Options are exercisable for the first time by any Employee during any calendar year (under all plans of the Company and its Subsidiaries) shall not exceed \$100,000.

5.8.2 Termination of Service. No Incentive Stock Option may be exercised more than three (3) months after the Participant's Termination of Service for any reason other than Disability or death, unless (a) the Participant dies during such three-month period, and (b) the Award Agreement or the Committee permits later exercise. No Incentive Stock Option may be exercised more than one (1) year after the Participant's termination of employment on account of Disability, unless (a) the Participant dies during such one-year period, and (b) the Award Agreement or the Committee permits later exercise.

5.8.3 Company and Subsidiaries Only. Incentive Stock Options may be granted only to persons who are employees of the Company or a Subsidiary on the Grant Date.

5.8.4 Expiration. No Incentive Stock Option may be exercised after the expiration of ten (10) years from the Grant Date; provided, however, that if the Option is granted to an Employee who, together with persons whose

9

stock ownership is attributed to the Employee pursuant to section 424(d) of the Code, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, the Option may not be exercised after the expiration of five (5) years from the Grant Date.

SECTION 6

STOCK APPRECIATION RIGHTS

6.1 Grant of SARs. Subject to the terms and conditions of this Plan, an SAR may be granted to Employees and Consultants at any time and from time to time as shall be determined by the Committee, in its sole discretion. The Committee may grant Affiliated SARs, Freestanding SARs, Tandem SARs, or any combination thereof.

6.1.1 Number of Shares. The Committee shall have complete discretion to determine the number of SARs granted to any Participant, provided that during any Fiscal Year, no Participant shall be granted SARs covering more than 100,000 Shares.

6.1.2 Exercise Price and Other Terms. The Committee, subject to the provisions of this Plan, shall have complete discretion to determine the terms and conditions of SARs granted under this Plan; provided, however, that the exercise price of a Freestanding SAR shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the Grant

Date. The exercise price of Tandem or Affiliated SARs shall equal the Exercise Price of the related Option.

6.2 Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable. With respect to a Tandem SAR granted in connection with an Incentive Stock Option: (a) the Tandem SAR shall expire no later than the expiration of the underlying Incentive Stock Option; (b) the value of the payout with respect to the Tandem SAR shall be for no more than one hundred percent (100%) of the difference between the Exercise Price of the underlying Incentive Stock Option and the Fair Market Value of the Shares subject to the underlying Incentive Stock Option at the time the Tandem SAR is exercised; and (c) the Tandem SAR shall be exercisable only when the Fair Market Value of the Shares subject to the Incentive Stock Option exceeds the Exercise Price of the Incentive Stock Option.

6.3 Exercise of Affiliated SARs. An Affiliated SAR shall be deemed to be exercised upon the exercise of the related Option. The deemed exercise of an Affiliated SAR shall not necessitate a reduction in the number of Shares subject to the related Option.

10

6.4 Exercise of Freestanding SARs. Freestanding SARs shall be exercisable on such terms and conditions as the Committee, in its sole discretion, shall determine.

6.5 SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the exercise price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

6.6 Expiration of SARs. An SAR granted under this Plan shall expire upon the date determined by the Committee, in its sole discretion, as set forth in the Award Agreement. Notwithstanding the foregoing, the terms and provisions of Section 5.4 also shall apply to SARs.

6.7 Payment of SAR Amount. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

(a) The positive difference between the Fair Market Value of a Share on the date of exercise over the exercise price; by

(b) The number of Shares with respect to which the SAR is exercised.

At the sole discretion of the Committee, the payment upon SAR exercise may

be in cash, in Shares of equivalent value, or in any combination thereof.

SECTION 7

RESTRICTED STOCK

7.1 Grant of Restricted Stock. Subject to the terms and provisions of this Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Employees and Consultants in such amounts as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Shares to be granted to each Participant; provided, however, that during any Fiscal Year, no Participant shall receive more than 100,000 Shares of Restricted Stock.

7.2 Restricted Stock Agreement. Each Award of Restricted Stock shall be evidenced by an Award Agreement that shall specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine. Unless the Committee, in its sole discretion, determines otherwise, Shares of Restricted Stock shall be held by the Company as escrow agent until the end of the applicable Period of Restriction.

11

7.3 Transferability. Except as provided in this Section 7, Shares of Restricted Stock may not be sold, transferred, gifted, bequeathed, pledged, assigned, or otherwise alienated or hypothecated, voluntarily or involuntarily, until the end of the applicable Period of Restriction.

7.4 Other Restrictions. The Committee, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate in accordance with this Section 7.4.

7.4.1 General Restrictions. The Committee may set restrictions based upon (a) the achievement of specific performance objectives (Company-wide, divisional or individual), (b) applicable Federal or state securities laws, or (c) any other basis determined by the Committee in its sole discretion.

7.4.2 Section 162(m) Performance Restrictions. For purposes of qualifying grants of Restricted Stock as "performance-based compensation" under section 162(m) of the Code, the Committee, in its sole discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals shall be set by the Committee on or before the latest date permissible to enable the Restricted Stock to qualify as "performance-based compensation" under section 162(m) of the Code. In granting Restricted Stock that is intended to qualify under Code section 162(m), the Committee shall follow any procedures determined by it in its sole discretion from time to time to be necessary, advisable or appropriate to ensure qualification of the Restricted Stock under Code section 162(m)

(e.g., in determining the Performance Goals).

7.4.3 Legend on Certificates. The Committee, in its sole discretion, may legend the certificates representing Restricted Stock to give appropriate notice of such restrictions. For example, the Committee may determine that some or all certificates representing Shares of Restricted Stock shall bear the following legend:

"THE SALE OR OTHER TRANSFER OF THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE, WHETHER VOLUNTARY, INVOLUNTARY, OR BY OPERATION OF LAW, IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE APPLEBEE'S INTERNATIONAL, INC. 1995 EQUITY INCENTIVE PLAN, AND IN A RESTRICTED STOCK AGREEMENT. A COPY OF THIS PLAN AND SUCH RESTRICTED STOCK AGREEMENT MAY BE OBTAINED FROM THE SECRETARY OF APPLEBEE'S INTERNATIONAL, INC."

7.5 Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under this Plan shall be released from escrow as soon as practicable after the end of

12

the applicable Period of Restriction. The Committee, in its sole discretion, may accelerate the time at which any restrictions shall lapse and remove any restrictions; provided, however, that the Period of Restriction on Shares granted to a Section 16 Person may not lapse until at least six (6) months after the Grant Date (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3). After the end of the applicable Period of Restriction, the Participant shall be entitled to have any legend or legends under Section 7.4.3 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant.

7.6 Voting Rights. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the applicable Award Agreement provides otherwise.

7.7 Dividends and Other Distributions. During the Period of Restriction, Participants holding Shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the applicable Award Agreement. If any such dividends or distributions are paid in Shares, the Shares shall be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

7.8 Return of Restricted Stock to Company. On the date set forth in the applicable Award Agreement, the Restricted Stock for which restrictions have not lapsed shall revert to the Company and thereafter shall be available for grant under this Plan.

SECTION 8

PERFORMANCE UNITS AND PERFORMANCE SHARES

8.1 Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Employees and Consultants at any time and from time to time, as shall be determined by the Committee, in its sole discretion. The Committee shall have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant; provided, however, that during any Fiscal Year, (a) no Participant shall receive Performance Units having an initial value greater than \$250,000, and (b) no Participant shall receive more than 100,000 Performance Shares.

8.2 Value of Performance Units/Shares. Each Performance Unit shall have an initial value that is established by the Committee on or before the Grant Date. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Grant Date.

13

8.3 Performance Objectives and Other Terms. The Committee shall set performance objectives in its sole discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units or Performance Shares, or both, that will be paid out to the Participants. The time period during which the performance objectives must be met shall be called the "Performance Period". Performance Periods of Awards granted to Section 16 Persons shall, in all cases, exceed six (6) months in length (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3). Each Award of Performance Units or Performance Shares shall be evidenced by an Award Agreement that shall specify the Performance Period, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

8.3.1 General Performance Objectives. The Committee may set performance objectives based upon (a) the achievement of Company-wide, divisional or individual goals, (b) applicable Federal or state securities laws, or (c) any other basis determined by the Committee in its discretion.

8.3.2 Section 162(m) Performance Objectives. For purposes of qualifying grants of Performance Units or Performance Shares as "performance-based compensation" under section 162(m) of the Code, the Committee, in its sole discretion, may determine that the performance objectives applicable to Performance Units or Performance Shares, as the case may be, shall be based on the achievement of Performance Goals. The Performance Goals shall be set by the Committee on or before the latest date permissible to enable the Performance Units or Performance Shares, as the case may be, to qualify as "performance-based compensation" under section 162(m) of the Code. In granting Performance Units or Performance Shares which are intended to qualify under Code section 162(m), the

Committee shall follow any procedures determined by it from time to time to be necessary or appropriate in its sole discretion to ensure qualification of the Performance Units or Performance Shares, as the case may be, under Code section 162(m) (e.g., in determining the Performance Goals).

8.4 Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units or Performance Shares shall be entitled to receive a payout of the number of Performance Units or Performance Shares, as the case may be, earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives have been achieved. After the grant of a Performance Unit or Performance Share, the Committee, in its sole discretion, may reduce or waive any performance objectives for such Performance Unit or Performance Share; provided, however, that Performance Periods of Awards granted to Section 16 Persons shall not be less than six (6) months (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3).

8.5 Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units or Performance Shares shall be made as soon as practicable after the end of the applicable Performance Period. The Committee,

14

in its sole discretion, may pay earned Performance Units or Performance Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units or Performance Shares, as the case may be, at the end of the applicable Performance Period), or in any combination thereof.

8.6 Cancellation of Performance Units/Shares. On the earlier of date set forth in the Award Agreement or the Participant's Termination of Service (other than by death, Disability or, with respect to an Employee, Retirement), all unearned or unvested Performance Units or Performance Shares shall be forfeited to the Company, and thereafter shall be available for grant under this Plan. In the event of a Participant's death, Disability or, with respect to an Employee, Retirement, prior to the end of a Performance Period, the Committee shall reduce his or her Performance Units or Performance Shares proportionately based on the date of such Termination of Service.

SECTION 9

DIRECTOR OPTIONS

The provisions of this Section 9 are applicable only to Options granted to Nonemployee Directors. The provisions of Section 5 are applicable to Options granted to Employees and Consultants (and to the extent provided in Section 9.2.6, to Director Options).

9.1 Granting of Options.

9.1.1 Nonemployee Director Grants. Each Nonemployee Director shall receive an annual grant of Director Options to purchase 5,000 shares of Stock. Such amount shall automatically increase (i) by 2,000 shares in the event that Net Income for the Fiscal Year immediately preceding the year in which the Director Option is granted (the "Measurement Year") exceeded by at least 20% the Net Income for the Fiscal Year immediately preceding the Measurement Year, and (ii) by 100 shares for each additional increment of 1% above 20% by which the Net Income for the Measurement Year exceeded the Net Income for the Fiscal Year immediately preceding the Measurement Year. In no event shall the number of Director Options granted in any Fiscal Year exceed 9,000 shares.

9.1.2 Employee Director Grants. Employee Directors shall only receive Options in their capacity as Employees and not in their capacity as Directors.

9.1.3 Date of Grant. All Director Options shall be granted at the annual meeting of the Board.

9.2 Terms of Options.

9.2.1 Option Agreement. Each Option granted pursuant to this Section 9 shall be evidenced by a written stock option agreement which shall be executed by the Optionee and the Company.

9.2.2 Exercise Price. The Exercise Price for the Shares subject to each Option granted pursuant to this Section 9 shall be 100% of the Fair Market Value of such Shares on the Grant Date.

9.2.3 Exercisability. Each Option granted pursuant to Section 9.1.1 shall become immediately exercisable on the first anniversary of the Grant Date. Notwithstanding the preceding, once an optionee ceases to be a Director, his or her Options which are not exercisable shall not become exercisable thereafter.

15

9.2.4 Expiration of Options. Each Option shall terminate upon the first to occur of the following events:

- (a) The expiration of ten (10) years from the Grant Date; or
- (b) The expiration of one (1) year from the date of the Optionee's termination of service as a Director for any reason.

9.2.5 Not Incentive Stock Options. Options granted pursuant to this Section 9 shall not be designated as Incentive Stock Options.

9.2.6 Other Terms. All provisions of this Plan not inconsistent with this Section 9 shall apply to Options granted to Nonemployee Directors; provided, however, that Section 5.2 (relating to the Committee's discretion to set the terms and conditions of Options) shall be inapplicable with respect to Nonemployee Directors.

SECTION 10

MISCELLANEOUS

10.1 Deferrals. The Committee, in its sole discretion, may permit a Participant to defer receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award. Any such deferral election shall be subject to such rules and procedures as shall be determined by the Committee in its sole discretion.

10.2 No Effect on Employment or Service. Nothing in this Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, with or without cause. For purposes of this Plan, transfer of employment of a Participant between the Company and any of its Affiliates (or between Affiliates) shall not be deemed a Termination of Service. Employment with the Company and its Affiliates is on an at-will basis only, unless otherwise provided by an applicable employment agreement between the Participant and the Company or its Affiliate, as the case may be.

10.3 Participation. No Employee or Consultant shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

10.4 Indemnification. Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from (a) any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under this Plan or any Award Agreement, and (b) from any and all amounts paid by him or her in settlement thereof, with the Company's prior written approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit or proceeding against him or her; provided, however, that he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

10.5 Successors. All obligations of the Company under this Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business or assets of the Company.

10.6 Beneficiary Designations. If permitted by the Committee, a Participant under this Plan may name a beneficiary or beneficiaries to whom any vested but unpaid Award shall be paid in the event of the Participant's death. Each such designation shall revoke all prior designations by the Participant and shall be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate and, subject to the terms of this Plan and of the applicable Award Agreement, any unexercised vested Award may be exercised by the administrator or executor of the Participant's estate.

10.7 Transferability. No Award granted under this Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution, or to the limited extent provided in Section 10.6; provided, however, that an Award granted under this Plan may be transferred to a holder's family members, to trusts created for the benefit of the holder or the holder's family members, or to charitable entities.

10.8 No Rights as Stockholder. Except to the limited extent provided in Sections 7.6 and 7.7, no Participant (nor any beneficiary thereof) shall have any of the rights or privileges of a stockholder of the Company with respect to any Shares issuable pursuant to an Award (or the exercise thereof), unless and until certificates representing such Shares shall have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant (or his or her beneficiary).

SECTION 11

AMENDMENT, TERMINATION, AND DURATION

11.1 Amendment, Suspension, or Termination. The Board, in its sole discretion, may amend or terminate this Plan, or any part thereof, at any time and for any reason; provided, however, that if and to the extent required to maintain this Plan's qualification under Rule 16b-3, any such amendment shall be subject to stockholder approval; further provided, however, that as required by Rule 16b-3, the provisions of Section 9 regarding the manner for determining the amount, exercise price, and timing of Director Options shall in no event be amended more than once every six (6) months, other than to comport with changes in the Code or ERISA. (ERISA currently is inapplicable to this Plan.) The amendment, suspension or termination of this Plan shall not, without the consent of the Participant, alter or impair any rights or obligations under any Award theretofore granted to such Participant. No Award may be granted during any period of suspension or after termination of this Plan.

11.2 Duration of this Plan. This Plan shall become effective on the date specified herein, and subject to Section 11.1 (regarding the Board's right to amend or terminate this Plan), shall remain in effect thereafter; provided, however, that without further stockholder approval, no Incentive Stock Option may be granted under this Plan after the tenth anniversary of the effective date of this Plan.

17

SECTION 12

TAX WITHHOLDING

12.1 Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or the exercise thereof), the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state and local taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or the exercise thereof).

12.2 Withholding Arrangements. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part, by (a) electing to have the Company withhold otherwise deliverable Shares, or (b) delivering to the Company Shares then owned by the Participant having a Fair Market Value equal to the amount required to be withheld. The amount of the withholding requirement shall be deemed to include any amount that the Committee agrees may be withheld at the time any such election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered shall be determined as of the date that the taxes are required to be withheld.

SECTION 13

CHANGE IN CONTROL

13.1 Change in Control. In the event of a Change in Control of the Company, all Awards granted under this Plan that then are outstanding and not then exercisable or are subject to restrictions, shall, unless otherwise provided for in the Agreements applicable thereto, become immediately exercisable, and all restrictions shall be removed, as of the first date that the Change in Control has been deemed to have occurred, and shall remain as such for the remaining life of the Award as provided herein and within the provisions of the related Agreements.

13.2 Definition. For purposes of Section 13.1 above, a Change in Control of

the Company shall be deemed to have occurred if the conditions set forth in any one or more of the following shall have been satisfied, unless such condition shall have received prior approval of a majority vote of the Continuing Directors, as defined below, indicating that Section 13.1 shall not apply thereto:

(a) any "person", as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities;

18

(b) during any period of two consecutive years (not including any period prior to the Effective Date of this Plan), individuals ("Existing Directors") who at the beginning of such period constitute the Board of Directors, and any new director (an "Approved Director") (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (b) or (c) of this Section 13.2) whose election by the Board of Directors or nomination for election by the Company's shareholders was approved by a vote of a least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election previously was so approved (Existing Directors together with Approved Directors constituting "Continuing Directors"), cease for any reason to constitute at least a majority of the Board of Directors; or

(c) the stockholders of the Company approve a merger or consolidation of the Company with any other person, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities for the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (ii) a merger in which no "person" (as defined in Section 13.2(a)) acquires more than thirty percent (30%) of the combined voting power of the Company's then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition

by the Company of all or substantially all of the Company's assets (or any transaction having a similar effect).

SECTION 14

LEGAL CONSTRUCTION

14.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

14.2 Severability. In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

19

14.3 Requirements of Law. The grant of Awards and the issuance of Shares under this Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required from time to time.

14.4 Securities Law Compliance. With respect to Section 16 Persons, Awards under this Plan are intended to comply with all applicable conditions of Rule 16b-3. To the extent any provision of this Plan, Award Agreement or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable or appropriate by the Committee in its sole discretion.

14.5 Governing Law. This Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of Kansas (excluding its conflict of laws provisions).

14.6 Captions. Captions are provided herein for convenience of reference only, and shall not serve as a basis for interpretation or construction of this Plan.

20

AMENDMENT NO. 3

1995 EQUITY INCENTIVE PLAN

The following amendment to the 1995 Equity Incentive Plan was approved by the

Stockholders of Applebee's International, Inc. at their Annual Meeting of Stockholders held on May 14, 1997:

"That Section 4.1 of the Plan be amended so that the number of shares authorized under the Plan is increased to 2,300,000 shares."

IN WITNESS WHEREOF, I, as Secretary of Applebee's International, Inc. and as Secretary of the aforesaid Annual Meeting of Stockholders, have executed this amendment this 14th day of May, 1997.

Robert T. Steinkamp
Secretary

AMENDMENT NO. 4

1995 EQUITY INCENTIVE PLAN

THE FOLLOWING AMENDMENT to the 1995 Equity Incentive Plan (the "Plan") was adopted by the Executive Compensation Committee on December 16, 1998 and by the Board of Directors on December 17, 1998 at their regular meetings held on those dates, to be effective as to all grants made pursuant to the Plan on or after said December 17, 1998:

"The Amendment to Section 2 of the Plan adopted by the Board of Directors as of March 14, 1996 be, and the same hereby is, deleted and canceled, so that the definition of the term "Retirement" shall be as set forth in the Plan as originally adopted."

IN WITNESS WHEREOF, the Plan has been amended as of this 17th day of December, 1998.

APPLEBEE'S INTERNATIONAL, INC.

By: /s/ Lloyd L. Hill
Lloyd L. Hill, President/CEO

SCHEDULE OF PARTIES RECEIVING INDEMNIFICATION AGREEMENTS

W. Matthew Carpenter
Larry A. Cates
D. Patrick Curran
Edward J. Gleich
Abe J. Gustin, Jr.
Eric L. Hansen
Jack P. Helms
Kenneth D. Hill
Lloyd L. Hill
Robert A. Hoffmeister
James W. Kirkpatrick
John F. Koch
Steven K. Lumpkin
Robert A. Martin
Mark A. Peterson
Burton M. Sack
George D. Shadid
Robert T. Steinkamp
Harry B. Stroup
John A. Weber

PARTIES TO PREVIOUS FORM OF CHANGE IN CONTROL AGREEMENT

Steven K. Lumpkin
Robert A. Martin
Robert T. Steinkamp
Harry B. Stroup
John A. Weber

CHANGE OF CONTROL AGREEMENT

This Agreement is made as of , 19 , by and between APPLEBEE'S INTERNATIONAL, INC., a Delaware corporation (the "Company") and _____ (the "Executive").

WHEREAS, the Company believes it to be in its best interest to provide for continuity of management and to protect its management personnel against financial hardship in the event of a change in control of the Company.

NOW, THEREFORE, in consideration of premises and the mutual terms and conditions hereof, the company and the Executive hereby agree as follows:

1. Termination After Change in Control. In the event of a Change in Control, as defined below, any termination of Executive's employment with the Company within the 12 month period following such Change in Control, whether by Executive or by the Company and whether with or without cause, the following shall occur:

a. On the tenth business day following the effective date of such termination, the Executive shall receive a lump sum payment in cash equal to (i) his current fiscal year annualized salary times a multiple ("Multiple") and (ii) the greater of (a) the Multiple times the product of an amount equal to his/her prior year's bonus divided by 12 or (b) the Multiple times the product of all accrued but unpaid bonus amounts calculated under the Executive Bonus Plan for each prior fiscal quarter in the fiscal year in which the termination becomes effective, including the fiscal quarter in which the termination becomes effective (so long as the termination becomes effective after the ninth week of such fiscal quarter)divided by 12. Multiple is defined as a fraction, the denominator of which is twelve (12) and the numerator of which is a number equal to twenty (20). The term "Company" shall include Applebee's International and all of its subsidiaries and affiliated companies; and

b. The Executive shall be entitled to continuation of coverage for twelve (12) months (beginning with the month subsequent to the effective date of such termination) under all Company paid or partially paid health, disability, or group life insurance plans or any retirement, pension, or profit sharing plans, or any stock, restrictive stock, phantom stock or other such option or incentive plan, in each case at such level as had been available to the Executive immediately prior to the Change in Control; and

c. Any unvested portion of all stock options held by the Executive as of the day immediately preceding the effective date of such termination shall immediately vest and become exercisable and, for purposes of such options, such termination shall be deemed to be a termination by the Company not for cause. Further, any restricted stock held by the Executive shall be deemed unrestricted as of the day immediately preceding the effective date of such termination.

2. Definitions Related to Change of Control.

a. "Change of Control" means any one of the following: (i) continuing directors no longer constitute at least 2/3 of the Board of Directors; (ii) any person or group of persons (as defined in Rule 13d-5 under the Securities Exchange Act of 1934), together with its affiliates, become the beneficial owner, directly or indirectly, or 30% or more of the Company's then outstanding Common Stock or 30% or more of the voting power of the company's then outstanding securities entitled generally to vote for the election of the Company's Directors; (iii) the approval by the Company's stockholders of the merger or consolidation of the Company with any other corporation, the sale of substantially all of the assets of the company or the liquidation or dissolution of the company, unless, in the case of a merger or consolidation, then Continuing Directors in office immediately prior to such merger or consolidation will constitute at least 2/3 of the board of Directors of the surviving corporation of such merger or consolidation and any parent (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934) of such corporation; or (iv) at least 2/3 of the then Continuing Directors in office immediately prior to any other action proposed to be taken by the Company's Stockholders or by the Company's Board of Directors determine that such proposed action, if taken, would constitute a change of control of the Company and such action is taken.

b. "Continuing Director" means any individual who either (i) was a member of the Company's Board of Directors on the date hereof, or (ii) was designated (before initial election as a Director) as a continuing Director by a majority of the then Continuing Directors.

3. Arbitration of Disputes. Any dispute or claim arising out of or relating to this Agreement shall be settled by arbitration in Johnson County, Kansas in accordance with the then current rules of the American Arbitration Association, and judgment upon any award rendered therein may be entered in any court having proper jurisdiction. The Company shall bear the full cost of any arbitration, including the expenses and attorneys' fees incurred by the Executive related thereto and including any actions taken by either party to appeal or enforce the judgment rendered therein, regardless of the outcome of such arbitration, and the Company shall not be entitled to use any lawyer who is a Company employee to represent it in any dispute or arbitration related hereto. Notwithstanding the foregoing, if the Company refuses to arbitrate such a dispute and the same is submitted to a court for resolution, the Company shall

pay all attorneys fees and expenses as incurred by Executive in enforcing this Agreement, in addition to any such fees and expenses incurred by the Company. Conversely, if the Executive refuses to arbitrate such a dispute and the same is submitted to a court for resolution, the Company shall not be obligated to pay Executive's attorneys fees or expenses.

2

4. Mitigation. The Executive shall have no duty to attempt to mitigate the level of benefits payable by the Company to him hereunder and the Company shall not be entitled to set off against the amounts payable hereunder any amounts received by the Executive from any other source, including any subsequent employer.

5. General Provisions.

a. Law governing. This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas.

b. Termination. This Agreement shall remain in effect for a period of three (3) years from and after the date hereof and shall be automatically extended each year thereafter for additional terms of one (1) year each, unless either party has provided the other party written notice of the termination hereof sixty (60) days prior to the end of the then applicable term. Notwithstanding the foregoing, if a Change of Control occurs, this Agreement shall not terminate or be terminable by either party until twelve (12) months after the effective date of the change of control.

c. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and still be legal, valid or enforceable.

d. Entire Agreement. This Agreement sets forth the entire understanding of the parties and supersedes all prior agreements or understandings, whether written or oral, with respect to termination or severance benefits payable by the Company to the Executive. No terms, conditions, warranties, other than those contained herein, and no amendments or modifications hereto shall be binding unless made in writing and signed by the parties hereto.

e. Binding Effect. This Agreement shall extend to and be binding upon and inure to the benefit to the parties hereto, their respective heirs, representatives, successors and assigns. This Agreement may not be assigned by the Executive.

f. Waiver. The waiver by either party hereto of a breach of any term or provision of this Agreement shall not operate or be construed as a waiver of a subsequent breach of the same provision by any party or of the breach of any other term or provision of this Agreement.

g. Titles. Titles of the paragraphs herein are used solely for convenience and shall not be used for interpretation or construing any work, clause, paragraph, or provision of this Agreement.

h. Counterparts. this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written above.

EXECUTIVE: APPLEBEE'S INTERNATIONAL, INC.

By:

PARTIES TO CHANGE IN CONTROL AGREEMENT

Larry A. Cates
W. Matthew Carpenter
Robert A. Hoffmeister
Mark A. Peterson
Edward J. Gleich
James W. Kirkpatrick
John F. Koch
Julia A. Stewart
Lawrence M. Folk

APPLEBEE'S INTERNATIONAL, INC. SUBSIDIARY CORPORATIONS
(100% owned unless indicated)

A.I.I. Euro Services (Holland) B.V.
AII Services - Europe, Limited
AII Services, Inc.

1 Apple American Limited Partnership of Minnesota

2 Apple Vermont Restaurants, Inc.

3 Applebee's Beverage, Inc.

Applebee's Neighborhood Grill & Bar of Georgia, Inc.

Applebee's Northeast, Inc. (formerly known as Pub Ventures of New England, Inc.)

Applebee's of Michigan, Inc.

Applebee's of Minnesota, Inc.

Applebee's of Nevada, Inc.

Applebee's of New Mexico, Inc.

Applebee's of New York, Inc.

Applebee's of Pennsylvania, Inc.

Applebee's of Texas, Inc.

Applebee's of Virginia, Inc.

Gourmet Systems, Inc.

Gourmet Systems of Arizona, Inc.

Gourmet Systems of California, Inc.

Gourmet Systems of Georgia, Inc.

Gourmet Systems of Kansas, Inc.

Gourmet Systems of Minnesota, Inc.

Gourmet Systems of Nevada, Inc.

Gourmet Systems of Tennessee, Inc. (formerly known as Applebee's of Tennessee, Inc.)

4 GourmetWest of Nevada, Limited-Liability Company

5 Innovative Restaurant Concepts, Inc.

6 IRC Kansas, Inc.

Rio Bravo International, Inc.

7 Rio Bravo Restaurant, Inc.

8 Rio Bravo Services, Inc.

9 Summit Restaurants, Inc.

1 A Limited Partnership in which Gourmet Systems of Minnesota, Inc. is a general partner and Applebee's of Minnesota, Inc. is a limited partner.

2 This company is a wholly-owned subsidiary of Applebee's Northeast, Inc.

3 49% owned by Applebee's International, Inc.

4 50% owned by Gourmet Systems of Nevada, Inc./50% owned by Applebee's of Nevada, Inc.

5 This company is a wholly-owned subsidiary of Rio Bravo International, Inc.

6 This company is a wholly-owned subsidiary of Innovative Restaurant Concepts, Inc.

7 This company is a wholly-owned subsidiary of Rio Bravo International, Inc.

8 This company is a wholly-owned subsidiary of Rio Bravo International, Inc.

9 This company is a wholly-owned subsidiary of Innovative Restaurant Concepts, Inc.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-72282 of Applebee's International, Inc. on Form S-8 of our report dated February 26, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of Applebee's International, Inc. for the year ended December 27, 1998, and to the reference to us under the heading "Experts" in such Registration Statement.

We consent to the incorporation by reference in Registration Statement No. 33-59421 of Applebee's International, Inc. on Form S-3 of our report dated February 26, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of Applebee's International, Inc. for the year ended December 27, 1998, and to the reference to us under the heading "Experts" in such Registration Statement.

We consent to the incorporation by reference in Registration Statement No. 33-62419 of Applebee's International, Inc. on Form S-3 of our report dated February 26, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of Applebee's International, Inc. for the year ended December 27, 1998, and to the reference to us under the heading "Experts" in such Registration Statement.

We consent to the incorporation by reference in Registration Statement No. 333-01969 of Applebee's International, Inc. on Form S-8 of our report dated February 26, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of Applebee's International, Inc. for the year ended December 27, 1998, and to the reference to us under the heading "Experts" in such Registration Statement.

We consent to the incorporation by reference in Registration Statement No. 333-17823 of Applebee's International, Inc. on Form S-8 of our report dated February 26, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of Applebee's International, Inc. for the year ended December 27, 1998, and to the reference to us under the heading "Experts" in such Registration Statement.

We consent to the incorporation by reference in the Registration Statement No.

333-17825 of Applebee's International, Inc. on Form S-8 of our report dated February 26, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of Applebee's International, Inc. for the year ended December 27, 1998, and to the reference to us under the heading "Experts" in such Registration Statement.

Kansas City, Missouri

March 26, 1999

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<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THIS FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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