

APPLEBEE'S INTERNATIONAL, INC.

CORPORATE GOVERNANCE PRINCIPLES

A. **BOARD COMPOSITION**

1. **Selection of Chairman and CEO**

It is the responsibility of the Board to make these choices in the manner best for the Company under the circumstances at any given point in time. The Board will periodically reevaluate the best policy for the Company on whether the roles of CEO and Chairman should be separate and, if they are to be separate, whether the Chairman should be selected from the non-employee directors.

2. **Size of the Board**

The number of members of the Board of Directors shall be established by Resolution of the Board in accordance with the Board size designated in the Company's Bylaws which provide that the number of directors shall not be less than nine nor more than 13. The Corporate Governance/Nominating Committee periodically reviews the appropriate size of the Board.

3. **Majority of Independent Directors**

It is the policy of the Board that a majority of the directors will not be current employees of the Company and will otherwise meet appropriate standards of independence. In determining independence, the Board will consider the definition of independence in The Nasdaq Stock Market Inc. listing standards, as well as other factors that will contribute to effective oversight and decision-making by the Board.

4. **Management Directors**

The Board anticipates that the Company's CEO generally will be nominated to serve as a director. The Board may also appoint or nominate other members of the Company's management whose experience and role at the Company are expected to help the Board fulfill its responsibilities.

5. **Board Membership Criteria**

The Corporate Governance/Nominating Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, age, relevant experience in business and industry, government, finance and other areas - all in the context of an assessment of the perceived needs of the Board at that point in time. Generally, Board members may serve on no more than two other boards of directors of public companies, unless the Board determines that service on additional boards will not materially impact the director's service to the Company.

6. Director Responsibilities

Board members are expected to prepare for, attend, and participate in all Board and applicable Committee meetings. Directors will receive and review all meeting materials prior to each meeting. Each director is expected to ensure that other existing and planned future commitments do not materially interfere with service as a director. The Board believes that having directors own shares in the Company helps align them with the interests of stockholders. As a result, the Board has adopted outside director stock ownership guidelines.

7. Selection of New Director Candidates

The Board is responsible for nominating its own members. The Board delegates the screening process involved to the Corporate Governance/Nominating Committee. The Committee will use the same process to consider nominations by stockholders that it uses to evaluate others for nomination. Such nominations must be made in accordance with the Company's Bylaws to be considered.

8. Directors Who Change Their Present Job Responsibility

The Board does not believe that directors who retire or change from the position they held when they joined the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Corporate Governance/Nominating Committee, to review the continued appropriateness of Board membership under these circumstances. Accordingly, any such director shall offer to resign, which offer may or may not be accepted by the Board.

9. Term Limits

The Board does not believe it should establish term limits. Term limits present the disadvantage of losing the contribution of directors who over time have developed increasing insight into the Company and its operations and therefore provide an increasingly valuable contribution to the Board as a whole.

10. Retirement Policy

No director shall be nominated for election after he or she has reached the age of 75.

11. Board Compensation Review

It is appropriate for management to report from time to time to the Corporate Governance/Nominating Committee on the status of Board compensation in relation to other similar U.S. companies. Changes in Board compensation, if any, should come at the suggestion of the Corporate Governance/Nominating Committee, but with full discussion and concurrence by the Board.

12. Performance Review

The Board, through the Corporate Governance/Nominating Committee, shall periodically conduct a self-evaluation whether it and its Committees are functioning effectively.

13. Board Education

Board members are encouraged to attend seminars or other presentations designed to enhance knowledge of matters applicable to their service on the Board. In addition, the Board will schedule periodic sessions to stay abreast of legal and governance developments. Board members will comply with any education requirements mandated by applicable rules.

B. BOARD MEETINGS

1. Scheduling and Selection of Agenda Items for Board Meetings

Board meetings are scheduled in advance, and generally held every quarter for a full day. Typically, the meetings are held at the Company's headquarters in Overland Park, Kansas, but occasionally a meeting may be held at another location. The Chairman and the Secretary of the Company draft the agenda for each Board meeting and distribute it in advance to the Board. Board members are free to suggest the inclusion of items on the agenda.

2. Board Material Distributed in Advance

Information and data that are important to the Board's understanding of agenda items should be distributed in writing to the Board before the Board meets. As a general rule, materials on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that directors have about the material. Sensitive subject matters or new developments may be discussed without written materials being distributed in advance or at the meeting.

3. Board Presentations and Access to Associates and Outside Advisors

At any Board or Committee meeting, the Board has complete access to any Company associate and may request the presence of outside advisors to the Board as a whole, such as independent auditors and legal counsel. The Board encourages management to schedule internal and external persons to be present at Board meetings who can provide additional insight into the items being discussed. The Board and all Committees have the authority to engage their own advisors.

4. Independent Directors' Discussion

A separate meeting time for the independent directors is scheduled during all regularly scheduled Board meetings. The independent directors will appoint one of their members to assume the responsibility of leading their discussions and to bear such further responsibilities which the independent directors as a whole might designate from time to time. The Company's independent auditors, finance staff, legal counsel and other requested associates may be invited to participate in these discussions.

C. BOARD COMMITTEES

1. Number of Committees

The current Committees are Audit, Executive Compensation and Corporate Governance/Nominating. There will, from time to time, be occasions when the Board may want to form a new committee or disband a current committee, depending upon the circumstances.

The Audit Committee approves the Company's independent auditors, monitors the effectiveness of the audit effort, the Company's internal financial and accounting organization and controls and financial reporting and has such other responsibilities as set forth in its charter. All members shall be independent under applicable rules and at least one member shall be an "audit committee financial expert" as defined in the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

The Executive Compensation Committee administers the Company's stock option plans, including the review and grant of stock options to all executive officers, reviews and approves salaries and other matters relating to compensation of the executive officers of the Company and has such other responsibilities as set forth in its charter. All members shall be independent under applicable rules. Executive Compensation Committee members shall have no interlock relationships as described in the SEC proxy disclosure rules.

The Corporate Governance/Nominating Committee makes recommendations to the Board regarding the size and composition of the Board, establishes procedures for the nomination process, recommends candidates for election to the Board, reviews and reports to the Board on matters of corporate governance, reviews and addresses these Principles and recommends revisions as appropriate, and has such other responsibilities as set forth in its charter. All members shall be independent under applicable rules.

2. Assignment and Term of Service of Committee Members

The Board is responsible for the appointment of Committee Members and Committee Chairpersons and the terms that they serve. It is expected that, whenever possible, each Committee Chairperson will have had previous service on the applicable Committee.

3. Frequency and Length of Committee Meetings and Committee Agenda

Each Committee Chairperson, in accordance with any applicable Committee Charter, will determine the frequency and length of the Committee meetings and develop the Committee's agenda. The agendas and meeting minutes of the Committees will be shared with the full Board, and other Board members are generally welcome to attend Committee meetings.

D. MANAGEMENT REVIEW AND RESPONSIBILITY

1. Formal Evaluation of Executive Officers

The Executive Compensation Committee conducts, and reviews with the independent directors, an evaluation annually in connection with the determination of the salary and bonus of all executive officers, including the CEO.

2. Succession Planning and Management Development

The CEO shall review succession planning and management development with the Executive Compensation Committee and the Board on an annual basis.

3. Board Interaction with Institutional Investors, Press, Customers, Etc.

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the knowledge of management and, in most instances, at the request of management.

4. Financial Reporting, Legal Compliance and Ethical Conduct

The Board's governance and oversight functions do not relieve the Company's executive management of the primary responsibility for preparing financial statements that accurately and fairly present the Company's financial results and condition. Executive management shall maintain systems, procedures and a corporate culture that promote compliance with legal and regulatory requirements and the ethical conduct of the Company's business. Executive management shall promptly and fully disclose to the Board any relationships or activities that may give the appearance of impropriety or cast doubt on the ethical conduct of the executive.

Effective December 8, 2005