PAPA JOHNS INTERNATIONAL INC

FORM S-3

(Securities Registration Statement (simplified form))

Filed 04/23/96

Address	2002 PAPA JOHNS BOULEVARD LOUISVILLE, KY 40299-2334
Telephone	5022617272
CIK	0000901491
Symbol	PZZA
SIC Code	5812 - Eating Places
Industry	Restaurants
Sector	Services
Fiscal Year	12/31

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 23, 1996.

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PAPA JOHN'S INTERNATIONAL, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	61-1203323 (I.R.S. EMPLOYER IDENTIFICATION NO.)

11492 BLUEGRASS PARKWAY, SUITE 175
LOUISVILLE, KENTUCKY 40299-2334
(502) 266-5200

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF **REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)**

CHARLES W. SCHNATTER, ESQ.
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
PAPA JOHN'S INTERNATIONAL, INC.
P.O. BOX 99900
LOUISVILLE, KENTUCKY 40269-9990
(502) 266-5200
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, **OF AGENT FOR SERVICE)**

COPIES OF COMMUNICATIONS TO:

IVAN M. DIAMOND, ESQ. GREENEBAUM DOLL & MCDONALD PLLC 3300 NATIONAL CITY TOWER LOUISVILLE, KENTUCKY 40202-3197 (502) 589-4200	DAN BUSBEE, ESQ. LOCKE PURNELL RAIN HARRELL (A PROFESSIONAL CORPORATION) 2200 ROSS AVENUE, SUITE 2200 DALLAS, TEXAS 75201-6776 (214) 740-8000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: [_]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Common Stock, $.01 par value.....	977,500 Shares	$39.75	$38,855,625	$13,399

(1) Includes 127,500 shares which the Underwriters have the option to purchase to cover over-allotments, if any.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 promulgated under the Securities Act of 1933, and based upon the average of the high and low prices per share as reported on the Nasdaq National Market on April 18, 1996.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +

++

SUBJECT TO COMPLETION, DATED APRIL 23, 1996

850,000 SHARES

LOGO

COMMON STOCK

All of the shares of Common Stock offered hereby are being sold by Papa John's International, Inc. (the "Company"). The Common Stock is traded on the Nasdaq National Market tier of The Nasdaq Stock MarketSM under the symbol "PZZA." On April 22, 1996, the last sale price of the Common Stock as reported on the Nasdaq National Market was $42.75 per share. See "Price Range of Common Stock."

SEE "RISK FACTORS" BEGINNING ON PAGE 6 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE COMMON STOCK OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount(1)	Proceeds to Company(2)
Per Share	$	$	$
Total(3)	$	$	$

(1) See "Underwriting" for information concerning indemnification of the Underwriters and other matters.

(2) Before deducting expenses payable by the Company estimated at $200,000.

(3) The Company has granted to the Underwriters a 30-day option to purchase up to 127,500 additional shares of Common Stock solely to cover over- allotments, if any. If the Underwriters exercise this option in full, the Price to Public will total $, the Underwriting Discount will total $ and the Proceeds to Company will total $. See "Underwriting."

The shares of Common Stock are offered by the Underwriters named herein when, as and if delivered to and accepted by the Underwriters and subject to their right to reject any order in whole or in part. It is expected that delivery of certificates representing the shares will be made against payment therefor at the office of Montgomery Securities on or about , 1996.

Montgomery Securities Alex. Brown & Sons Incorporated

, 1996

[PHOTO OF "FREE-STANDING PAPA JOHN'S RESTAURANT"]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE COMMON STOCK OF THE COMPANY ON THE NASDAQ NATIONAL MARKET IN ACCORDANCE WITH RULE 10B-6A UNDER THE SECURITIES EXCHANGE ACT OF 1934. SEE "UNDERWRITING."

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company with the Commission can be inspected and copied, at the prescribed rates, at the public reference facilities of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices at 7 World Trade Center, Suite 1300, New York, New York 10048, and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can also be obtained from the Commission at prescribed rates by addressing written requests to the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. The Company's Common Stock is traded on the Nasdaq National Market. Reports, proxy statements and other information concerning the Company may be inspected at the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006.

The Company has filed with the Commission a Registration Statement on Form S-3 (together with all amendments, exhibits, schedules and supplements thereto, the "Registration Statement") under the Securities Act of 1933, as amended ("Securities Act"), with respect to the Common Stock offered hereby. This Prospectus, which is a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain portions of which have been omitted as permitted by the rules and regulations of the Commission. The Registration Statement may be inspected, and copied at prescribed rates, at the Commission's public reference facilities at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Statements made in this Prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete. With respect to each contract, agreement or other document, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission are hereby incorporated by reference into this Prospectus:

(1) Annual Report on Form 10-K for the fiscal year ended December 31, 1995;

(2) Form 10-C dated March 27, 1996; and

(3) the description of the Company's Common Stock contained in the Company's Registration Statement on Form 8-A, effective as of June 8, 1993, including any amendment filed for the purpose of updating such information.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering made hereby shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the respective dates of the filing of such documents. See "Available Information." Any statement or information contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to any person to whom this Prospectus is delivered, upon written or oral request, a copy of any or all of the documents incorporated herein by reference (other than exhibits to such documents not specifically incorporated by reference). Requests should be directed to Papa John's International, Inc., P.O. Box 99900, Louisville, Kentucky 40269-9990, (502) 266-5200, Attention: E. Drucilla Milby, Senior Vice President, Chief Financial Officer and Treasurer.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information, financial statements and financial data appearing elsewhere in this Prospectus or incorporated by reference herein. Unless otherwise noted, all information in this Prospectus assumes no exercise of the Underwriters' over-allotment option. Unless the context requires otherwise, all references to the "Company" in this Prospectus include Papa John's International, Inc. and its subsidiaries. All share and per share data in this Prospectus have been adjusted to reflect a 3-for-2 stock split effected in the form of a 50% stock dividend effective March 25, 1996 for stockholders of record on March 12, 1996.

THE COMPANY

The Company operates and franchises pizza delivery and carry-out restaurants under its primary trademark "Papa John's" in 25 states, principally in the Midwest, Mid-Atlantic, South and Southeast. The first Company-owned restaurant opened in 1985 and the first franchised restaurant opened in 1986. The Papa John's system has grown from 110 restaurants at the end of fiscal 1991 to 932 restaurants at March 31, 1996, consisting of 230 Company-owned and 702 franchised restaurants.

Papa John's restaurants offer a focused menu of high quality, value-priced pizza, breadsticks and cheesesticks. Papa John's original, medium thick crust is made from fresh dough (never frozen) produced in the Company's regional commissaries. Every pizza is prepared using real mozzarella cheese, pizza sauce made from fresh-packed tomatoes (not concentrate), a proprietary mix of savory spices and a choice of high quality meat and vegetable toppings in generous portions. This focused menu and use of quality ingredients enables Papa John's to concentrate on consistently "Delivering the Perfect Pizza!"(TM). Papa John's restaurants are typically 1,200 to 1,500 square feet in size and are located in strip shopping centers or free-standing buildings which provide visibility, curb appeal and accessibility.

The Company's objective is to become the leading chain of pizza delivery restaurants in each of its targeted markets. To accomplish this objective, the Company has developed a strategy designed to achieve high levels of customer satisfaction and repeat business. The key elements of this strategy include a focused menu of high quality pizza and related items, an efficient operating and distribution system, a commitment to employee training and development, targeted, cost-effective marketing and the development of a strong franchise system.

The Company believes its unit economics have been significantly better than most restaurant concepts. During the 53 weeks ended December 31, 1995, the 133 Company-owned restaurants that were open throughout the year generated average revenues of $657,000, average cash flow (operating income plus depreciation) of $114,000 and average restaurant operating income of $93,000 (or 14.1% of revenues). A significant number of these restaurants were opened in new markets. Sales and profitability in the initial months of operations at the Company's restaurants, particularly in new markets, historically have been lower than mature restaurants. The average cash investment for the 61 Company- owned restaurants opened during the year ended December 31, 1995 was approximately $205,000, exclusive of land and pre-opening costs. The Company opened a greater number of free-standing restaurants with increased signage during 1994 and 1995 and expects to continue this strategy. The Company expects the average cash investment for its restaurants opened in 1996 to approximate 1995 costs, although there can be no assurance that these costs will not increase. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Restaurant Design and Site Selection."

The Company's commissary system supplies pizza dough, food products and paper products twice weekly to each Company-owned and franchised restaurant in the system. This commissary system enables the Company to closely monitor and control product quality and consistency, while lowering food costs. The Company operates full-service commissaries in Louisville, Kentucky, Raleigh, North Carolina, Jackson, Mississippi and Orlando, Florida. The Company opened a distribution center in Dallas, Texas during the first quarter of 1996 and expects to open an additional full-service commissary in Denver, Colorado during the second quarter of 1996. The Company also intends to open either a distribution center or full-service commissary in Phoenix, Arizona during the first quarter of 1997. In addition, the Company expects to begin construction in mid-1996 of a new full-service commissary with additional dough capacity and corporate office space in Louisville, Kentucky, for occupancy in mid-1997. The Company provides its franchisees assistance with restaurant design and a complete equipment package for new restaurants. This provides franchisees with a convenient, cost-effective means of opening restaurants while ensuring a consistent restaurant appearance throughout the system.

The Company's expansion strategy focuses on clustering restaurants in targeted markets, thereby increasing consumer awareness and enabling the Company to take advantage of operational, distribution and advertising efficiencies. The Company believes these factors have contributed to increases in comparable annual sales for Company-owned restaurants of 10.9%, 13.8% and 9.0% during 1993, 1994 and 1995, respectively. During 1995, the Company opened 61 restaurants and acquired 23 restaurants from its franchisees, and its franchisees opened 190 restaurants. The Company plans to open 60 restaurants and anticipates that its franchisees will open 215 restaurants in 1996, of which 13 Company-owned and 43 franchised restaurants were opened during the first quarter ending March 31, 1996.

THE OFFERING

Common Stock offered by the Company.	850,000 shares
Common Stock to be outstanding after the offering.....	18,725,322 shares(1)
Use of proceeds.....	To fund restaurant and commissary expansion, construct office facilities, to fund a franchise loan program and for general corporate purposes.
Nasdaq National Market Symbol.....	PZZA

(1) Excludes 1,238,844 shares of Common Stock issuable upon the exercise of stock options as of March 31, 1996.

SUMMARY CONSOLIDATED FINANCIAL AND RESTAURANT DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA AND NUMBER OF RESTAURANTS)

	FISCAL YEAR ENDED(1)				
	DEC. 31, 1991	DEC. 27, 1992	DEC. 26, 1993	DEC. 25, 1994	DEC. 31, 1995
INCOME STATEMENT DATA:					
Total revenues.....	$23,735	$49,628	$89,233	$161,535	$253,355
Operating income.....	853	3,126	6,067	10,064	15,819
Income before income taxes.....	768	3,112	6,314	11,382	17,729
Net income.....	742	3,072	4,919	7,200	11,204
Net income per share.....				$ 0.46	$ 0.67
Weighted average shares outstanding.....				15,683	16,759
PRO FORMA INCOME STATEMENT DATA(2):					
Operating income.....		$ 3,999	$ 6,222		
Income before income taxes.....		3,985	6,468		
Net income.....		2,510	4,075		
Net income per share.....		$ 0.20	$ 0.30		
Weighted average shares outstanding.....		12,525	13,461		
RESTAURANT DATA:					
Percentage change in comparable Company-owned restaurant sales(3).....	23.3%	11.9%	10.9%	13.8%	9.0%
Average sales for Company-owned restaurants open for full period.....	$ 548	$ 607	$ 653	$ 663	$ 657
Number of restaurants open at end of period:					
Company-owned.....	26	39	76	133	217
Franchised.....	84	181	324	499	661
Total.....	110	220	400	632	878

	DECEMBER 31, 1995	
	ACTUAL	AS ADJUSTED(4)
BALANCE SHEET DATA:		
Total assets.....	$128,819	$163,231
Total debt, including current maturities.....	2,510	2,510
Stockholders' equity.....	106,282	140,693

(1) Effective January 1, 1992, the Company adopted a change in accounting period from a 12-month fiscal year ending December 31 of each year to a 52- 53 week fiscal year ending on the last Sunday of December of each year. The 1995 fiscal year consisted of 53 weeks, and the 1994, 1993 and 1992 fiscal years consisted of 52 weeks.
(2) Reflects the effect on the historical income statement data for the fiscal years ended December 27, 1992 and December 26, 1993, assuming that (i) the Company had been treated as a C corporation rather than an S corporation for income tax purposes, with assumed combined federal, state and local effective income tax rates aggregating 37% and (ii) the Company's compensation program for the top three executive officers that was adopted during 1993 had been in effect for all relevant periods which would have reduced compensation expense by $872,788 and $154,412 for the fiscal years ended December 27, 1992 and December 26, 1993, respectively. Information for years prior to 1992 is not meaningful.
(3) Includes only Company-owned restaurants open throughout the periods being compared.

(4) Adjusted to reflect the sale of the 850,000 shares of Common Stock by the Company in this offering at an assumed public offering price of

$42.75 per share and the application of the estimated net proceeds therefrom. See "Use of Proceeds" and "Capitalization."

UNAUDITED FIRST QUARTER 1996 RESULTS

Total revenues for the quarter ended March 31, 1996 were $76.7 million, representing a 47.5% increase over revenues of $52.0 million for the same period in 1995. Net income for the quarter ended March 31, 1996 was $3.5 million, or $0.20 per share, as compared to $2.2 million, or $0.14 per share, for the first quarter of 1995.

Comparable store sales for the quarter ended March 31, 1996 reflected increases of 8.6% for Company-owned restaurants and 5.1% for franchised restaurants. During the quarter, 13 Company-owned and 43 franchised restaurants were opened.

THE COMPANY

The Company operates and franchises pizza delivery and carry-out restaurants under the trademark "Papa John's" in 25 states, principally in the Midwest, Mid-Atlantic, South and Southeast. The first Company-owned restaurant opened in 1985 and the first franchised restaurant opened in 1986. The Papa John's system has grown from 110 restaurants at the end of fiscal 1991 to 932 restaurants at March 31, 1996, consisting of 230 Company-owned and 702 franchised restaurants.

The Company was organized as an Indiana corporation in 1985 and was reincorporated in Delaware in November 1991. The Company's principal executive offices are located at 11492 Bluegrass Parkway, Suite 175, Louisville, Kentucky 40299-2334, and its telephone number is (502) 266-5200.

RISK FACTORS

In addition to the other information contained elsewhere in this Prospectus, or incorporated herein by reference, prospective investors should consider the following factors in evaluating an investment in the Common Stock offered hereby:

EXPANSION

The Company has grown rapidly in recent periods and intends to continue to pursue an aggressive growth strategy. The 60 Company-owned and 215 franchised restaurants expected to be opened in the fiscal year ended December 31, 1996 (of which 13 Company-owned and 43 franchised restaurants had been opened through March 31, 1996) represent the largest number of restaurants opened in any fiscal year. The Company plans to open 65 to 70 restaurants and anticipates that its franchisees will open 220 to 230 restaurants in 1997. There can be no assurance that either the Company or its franchisees will be able to open the number of restaurants planned to be opened by them or that such restaurants will be opened on schedule. In the course of its expansion, the Company will enter new geographic regions in which it has no previous operating experience.

The Company's continued growth will depend upon the ability of the Company and its franchisees to open and operate additional restaurants profitably and the Company's continued ability to attract and retain qualified franchisees. The opening of new restaurants, both by the Company and franchisees, will depend on a number of factors, many of which are beyond the control of the Company and its franchisees. These factors include, among other things, selection and availability of suitable locations, negotiation of acceptable lease or financing terms, timely construction of restaurants, securing of required governmental permits and approvals and employment and training of qualified personnel. Opening of additional franchised restaurants will depend, in part, upon the ability of existing and future franchisees to obtain financing or investment capital adequate to meet their market development obligations. The Company opened a distribution center in Dallas, Texas during the first quarter of 1996 and expects to open an additional full-service commissary in Denver, Colorado during the second quarter of 1996. The Company also intends to open either a distribution center or full-service commissary in Phoenix, Arizona during the first quarter of 1997. The ability of the Company and its franchisees to expand into new geographic regions is dependent upon the Company's ability to open and successfully operate additional commissaries and distribution centers. There can be no assurance that the Company or its franchisees will be successful in maintaining their levels of recent growth in opening the number of restaurants anticipated, or that new restaurants opened by the Company or its franchisees will be operated profitably. See "Business-- Expansion."

RESTAURANT INDUSTRY AND COMPETITION

The restaurant industry is highly competitive and is affected by changes in consumer tastes, as well as national, regional and local economic conditions and demographic trends. The performance of individual restaurants can be affected by changes in traffic patterns, demographics and the type, number and location of competing restaurants. The quick-service restaurant industry is extremely competitive with respect to price, service, location and food quality. The Company and its franchisees compete with a variety of other restaurants in the quick-service restaurant industry, including those that offer dine-in, carry-out and delivery services. These competitors include national and regional chains, franchisees of other restaurant chains and

local owner-operated restaurants. Many competitors have been in existence longer and have a more established market presence and substantially greater financial, marketing and other resources than the Company and its franchisees. The Company competes for qualified franchisees with many other business concepts, including national and regional restaurant chains. See "Business-- Competition."

A risk to the Company, as with other companies which offer delivery services, is the potential for claims resulting from traffic accidents involving its delivery personnel. The Company does not have, and has not in the past offered, guaranteed delivery times nor does the Company penalize its drivers for late deliveries. In addition, the Company believes that it promotes safety among its delivery personnel through various measures, including conducting an education and safety program for delivery personnel, checking driving records of delivery personnel, limiting store delivery areas and offering safe driving awards. The Company maintains excess liability coverage on its delivery drivers in an amount believed by management to be adequate. However, a change in the cost or availability of such insurance, or the incurrence of a significant number of claims or liability in excess of policy limits, could adversely affect the Company.

LIMITED OPERATING HISTORY

The Company opened its first restaurant in 1985 and has experienced rapid growth in Company-owned and franchised restaurant openings, revenues and level of operations. At December 31, 1995, 120 of the 217 Company-owned restaurants (55.3%) and 359 of the 661 franchised restaurants (54.3%) had been open less than two years. Consequently, operating results achieved to date may not be indicative of the results that may be achieved by any existing or new restaurants in the future. The Company has a limited operating history upon which investors may evaluate the Company's performance and, although the Company has been profitable since 1988, there can be no assurance that the Company will be able to sustain profitability in the future.

DEPENDENCE UPON KEY PERSONNEL

Management of the Company is dependent on the continuing services of John Schnatter, the Company's Founder, Chairman and Chief Executive Officer, and other key personnel. The loss of the services of Mr. Schnatter or other key personnel could have a material adverse effect on the Company's business.

INCREASES IN OPERATING COSTS; AVAILABILITY OF SUPPLIES

An increase in operating costs could adversely affect profitability of the Company. Factors such as inflation, increased food costs, increased labor and employee benefit costs and the availability of qualified management and hourly employees may adversely affect operating costs. The Company currently purchases all of its cheese, which represents approximately 40% of food costs, from one supplier. However, the Company believes that alternative sources for the supply of cheese are readily available. Cheese, as well as other commodities, are subject to seasonal fluctuations, weather, demand and other factors. Most of the factors affecting costs are beyond the control of the Company. The Company maintains property, casualty and liability insurance on its business and employees, including excess liability coverage on its delivery drivers. Management believes its insurance coverages are adequate; however, a change in the cost or availability of such insurance, or the incurrence of a significant number of claims or liability in excess of policy limits, could adversely affect the Company. In addition, the dependence on frequent deliveries of food supplies, such as dough, cheese, pizza sauce and other products, to Company- owned and franchised restaurants could subject those restaurants to shortages or interruptions which could also adversely affect the Company.

CONTROL BY OFFICERS AND DIRECTORS

John Schnatter, the Company's Founder, Chairman and Chief Executive Officer, will own 33.5% of the outstanding Common Stock after this offering. As a result, Mr. Schnatter will have substantial control over matters requiring approval by the stockholders of the Company, including the election of directors. The Company's officers and directors will, in the aggregate, beneficially own approximately 36.2% of the outstanding Common Stock after this offering, including shares subject to currently exercisable options.

EFFECT OF CERTAIN ANTI-TAKEOVER PROVISIONS

The Company's Amended and Restated Certificate of Incorporation ("Restated Certificate") authorizes the issuance of one or more series of Preferred Stock, the terms of which may be fixed by the Board of Directors. Additionally, the Restated Certificate provides for a classified Board of Directors and limits the ability of stockholders to call special meetings or to amend the Company's Restated Certificate or By-Laws. The Restated Certificate also requires, among other things, that certain business combinations be approved by either a majority of the continuing directors or disinterested stockholders holding 75% of the voting securities of the Company. Each of these provisions, as well as the Delaware business combination statute to which the Company is subject, could have the effect of delaying or preventing a change in control of the Company.

GOVERNMENT REGULATION

The restaurant industry is subject to numerous federal, state and local government regulations, including those relating to the preparation and sale of food and building and zoning requirements. Also, the Company and its franchisees are subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. The Company is also subject to federal regulation and certain state laws which govern the offer and sale of franchises. Many state franchise laws impose substantive requirements on the franchise agreement, including limitations on non-competition provisions and termination or non- renewal of a franchise. Some states require that certain materials be registered before franchises can be offered or sold in that state. Bills have been introduced in Congress (one of which is now pending) which provide for federal regulation of substantive aspects of the franchisor-franchisee relationship. As proposed, such legislation would limit, among other things, the duration and scope of non-competition provisions, the ability of a franchisor to terminate or refuse to renew a franchise and the ability of a franchisor to designate sources of supply. The failure to obtain or retain food licenses or approvals to sell franchises, or an increase in the minimum wage rate, employee benefit costs or other costs associated with employees, could adversely affect the Company and its franchisees. Some states have set minimum wage requirements higher than the federal level, and there are currently bi- partisan proposals in Congress to increase the federal minimum wage. At the federal level, there have also been proposals to introduce a system of mandated health insurance. These and other initiatives, if implemented, could adversely affect the Company as well as the restaurant industry in general. See "Business--Government Regulation."

STOCK PRICE VOLATILITY

The Company's Common Stock has been quoted on the Nasdaq National Market tier of the Nasdaq Stock Market since June 8, 1993, and has experienced significant price volatility since such date. Quarterly operating results of the Company or other restaurant companies, changes in general conditions in the economy, the restaurant industry, or the financial markets, or other developments affecting the Company, its competitors or the financial markets, could cause the market price of the Common Stock to fluctuate significantly. In addition, the stock market has recently experienced extreme price and volume fluctuations. These broad market fluctuations may adversely affect the market price of the Common Stock. See "Price Range of Common Stock."

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 850,000 shares of Common Stock offered hereby at an assumed public offering price of $42.75 per share are estimated to be $34,411,469 ($39,603,189 if the Underwriters' over- allotment option is exercised in full). The net proceeds of the offering will be used primarily for the development of additional Company-owned restaurants, commissaries and distribution centers, the construction of corporate office facilities and to fund the implementation of a loan program for franchisees.

The Company plans to open 47 restaurants during the final three quarters of 1996 and 65 to 70 restaurants in 1997. The Company expects to open a full- service commissary in Denver, Colorado during the second quarter of 1996 and either a distribution center or full-service commissary in Phoenix, Arizona during the first quarter of 1997. The Company expects to begin construction in mid-1996 of a new full-service commissary with additional dough capacity and corporate office space in Louisville, Kentucky. During each of 1996 and 1997, the Company expects to fund approximately $6 to $8 million in loans to selected franchisees under a recently adopted loan program. However, the amounts actually provided during 1996 and 1997 may vary as the Company gains experience with the loan program. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources," "Business--Properties" and "Business--Franchise Program--Franchisee Loan Program."

A portion of the net proceeds of the offering also may be used to acquire restaurants from franchisees. Although the Company considers acquiring franchised restaurants from time to time, the Company does not have any pending agreements or arrangements for such acquisitions at the date of this Prospectus. The remaining net proceeds will be used for general corporate purposes. Pending such uses, the Company plans to invest the net proceeds in investment grade, interest-bearing securities.

DIVIDEND POLICY

The Company intends to retain any future earnings for use in its business and does not intend to pay cash dividends on the Common Stock in the foreseeable future. The payment of future dividends, if any, will be at the discretion of the Company's Board of Directors and will depend upon, among other things, future earnings, operations, capital requirements, restrictions in future financing agreements, the general financial condition of the Company and general business conditions.

PRICE RANGE OF COMMON STOCK

The Company's Common Stock began trading on the Nasdaq National Market tier of The Nasdaq Stock Market on June 8, 1993 under the trading symbol "PZZA." As of March 31, 1996, there were approximately 450 record holders of Common Stock, although the Company believes that the number of beneficial owners of its Common Stock is substantially greater. The table below sets forth for the calendar quarters indicated the reported high and low sale prices of the Company's Common Stock, as reported on the Nasdaq National Market. All sale prices have been adjusted to reflect a 3-for-2 stock split, effected in the form of a 50% stock dividend, effective March 25, 1996 for stockholders of record on March 12, 1996.

	HIGH	LOW
1994		
First quarter	$ 22.17	$16.50
Second quarter	20.00	14.00
Third quarter	19.67	15.83
Fourth quarter	21.67	16.00
1995		
First quarter	$ 25.00	$18.33
Second quarter	25.50	21.00
Third quarter	33.34	23.00
Fourth quarter	31.75	23.67
1996		
First quarter	$ 44.75	$25.21
Second quarter (through April 22, 1996)	44.75	38.50

On April 22, 1996, the last sale price of the Common Stock as reported on the Nasdaq National Market was $42.75.

CAPITALIZATION

The following table sets forth the actual capitalization of the Company as of December 31, 1995, and as adjusted to give effect to the issuance and sale by the Company of 850,000 shares of Common Stock in this offering at an assumed public offering price of $42.75 per share and the application of the net proceeds therefrom. See "Use of Proceeds." This table should be read in conjunction with the financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus or incorporated by reference herein.

	DECEMBER 31, 1995	
	ACTUAL	AS ADJUSTED
	(DOLLARS IN THOUSANDS)	
Short-term debt	$ --	$ --
Long-term debt, including current maturities	$ 2,510	$ 2,510
Stockholders' equity:		
Preferred stock, $.01 par value, 5,000,000 authorized; no shares outstanding	--	--
Common stock, $.01 par value, 35,000,000 shares authorized; 17,845,758 shares outstanding; 18,695,758 shares outstanding, as adjusted(1)	178	187
Additional paid-in capital	88,133	122,535
Unrealized loss on investments (net)	(263)	(263)
Deferred compensation (net)	(4)	(4)
Retained earnings	18,842	18,842
Reacquired treasury stock	(604)	(604)
Total stockholders' equity	106,282	140,693
Total capitalization	$108,792	$143,203

(1) Excludes at December 31, 1995 (a) options to purchase 1,150,205 shares of Common Stock, (b) 1,349,636 shares available for issuance under the Company's 1993 Stock Ownership Incentive Plan (subject to stockholder approval of an amendment increasing the number of shares reserved for issuance under the plan to 2,325,000) and (c) 91,500 shares available for issuance under the Company's 1993 Stock Option Plan for Non-Employee Directors.

SELECTED CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

The following table sets forth selected consolidated financial data of Papa John's International, Inc. and its subsidiaries. The selected consolidated income statement and balance sheet data of the Company are derived from the Company's Consolidated Financial Statements which have been audited by Ernst & Young LLP, independent auditors. The pro forma consolidated income statement data for the fiscal years ended December 27, 1992 and December 26, 1993, set forth below, are unaudited.

The Selected Consolidated Financial Data set forth below should be read in conjunction with, and are qualified in their entirety by, the Consolidated Financial Statements and related Notes and other financial information included elsewhere in this Prospectus or incorporated by reference herein.

	FISCAL YEAR ENDED(1)				
	DEC. 31, 1991	DEC. 27, 1992	DEC. 26, 1993	DEC. 25, 1994	DEC. 31, 1995
INCOME STATEMENT DATA:					
Revenues:					
Restaurant sales	$11,916	$20,033	$32,505	$ 66,267	$111,747
Franchise royalties	891	2,481	5,290	9,163	13,561
Franchise and development fees	659	1,374	2,379	3,274	3,508
Commissary sales	7,608	20,684	41,013	67,515	105,874
Equipment and other sales	2,661	5,056	8,046	15,316	18,665
Total revenues	23,735	49,628	89,233	161,535	253,355
Costs and expenses:					
Restaurant expenses:					
Cost of sales	3,209	5,561	9,334	19,095	31,703
Salaries and benefits	3,266	5,321	8,855	18,168	29,946
Advertising and related costs	941	1,559	2,452	5,887	10,513
Occupancy costs	461	766	1,357	3,358	5,896
Other operating expenses	1,734	2,617	4,872	10,011	14,913
	9,611	15,824	26,870	56,519	92,971
Commissary, equipment and other expenses:					
Cost of sales	8,621	21,702	41,571	68,745	101,342
Salaries and benefits	570	884	1,966	3,956	7,072
Other operating expenses	673	1,836	3,307	4,881	7,577
	9,864	24,422	46,844	77,582	115,991
General and administrative expenses	3,034	5,494	7,601	12,266	19,954
Depreciation	316	721	1,435	3,367	5,776
Amortization	57	41	416	1,737	2,844
Total costs and expenses	22,882	46,502	83,166	151,471	237,536
Operating income	853	3,126	6,067	10,064	15,819
Other income (expense):					
Investment income	13	67	247	1,156	1,659
Interest expense	(112)	(100)	(35)	--	--
Other, net	14	19	35	162	251
Income before income taxes	768	3,112	6,314	11,382	17,729
Income tax expense	26	40	1,395	4,182	6,525
Net income	$ 742	$ 3,072	$ 4,919	$ 7,200	$ 11,204
Net income per share				$ 0.46	$ 0.67
Weighted average shares outstanding				15,683	16,759
PRO FORMA INCOME STATEMENT DATA(2):					
Operating income		$ 3,999	$ 6,222		
Income before income taxes		3,985	6,468		
Income tax expense		1,475	2,393		
Net income		$ 2,510	$ 4,075		
Net income per share		$ 0.20	$ 0.30		
Weighted average shares outstanding		12,525	13,461		
BALANCE SHEET DATA (END OF PERIOD):					
Total assets	$ 5,291	$ 7,852	$27,789	$ 76,173	$128,819
Total debt, including current maturities	1,431	1,161	0	1,279	2,510

Stockholders' equity.....	1,045	2,418	19,269	62,609	106,282

(1) Effective January 1, 1992, the Company adopted a change in accounting period from a 12-month fiscal year ending December 31 of each year to a 52- 53 week fiscal year ending on the last Sunday of December of each year. The 1995 fiscal year consisted of 53 weeks, and the 1994, 1993 and 1992 fiscal years consisted of 52 weeks.

(2) Reflects the effect on the historical income statement data for the fiscal years ended December 27, 1992 and December 26, 1993, assuming that (i) the Company had been treated as a C corporation rather than an S corporation for income tax purposes, with assumed combined federal, state and local effective income tax rates aggregating 37% and (ii) the Company's compensation program for the top three executive officers that was adopted during 1993 had been in effect for all relevant periods which would have reduced compensation expense by $872,788 and $154,412 for the fiscal years ended December 27, 1992 and December 26, 1993, respectively. Information for years prior to 1992 is not meaningful.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The Company began operations in 1985 with the opening of its first Papa John's restaurant in Jeffersonville, Indiana. At March 31, 1996, there were 932 Papa John's restaurants in operation, consisting of 230 Company-owned and 702 franchised restaurants. The Company's revenues are derived from sales by Company-owned restaurants, franchise royalties, franchise and development fees, sales of food and paper products to franchisees, and sales of restaurant equipment and printing and promotional items principally to franchisees.

The Company intends to continue to expand the number of Company-owned and franchised restaurants. 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 believes that its expansion strategy has contributed to increases in comparable annual sales for Company-owned restaurants of 9.0% in 1995, 13.8% in 1994 and 10.9% in 1993. The Company anticipates that future comparable sales increases, if any, will be at a lesser rate than in recent periods. Average sales for Company-owned restaurants open a full year decreased to $657,000 for 1995 from $663,000 for 1994, principally due to the Company's entry into several new markets beginning in 1994. Average sales volumes in new markets are generally lower than those markets in which the Company has established a significant market position.

Approximately 49% of the Company's revenues for 1995 and 51% for 1994 were derived from the sale of food and paper products, restaurant equipment and printing and promotional items to franchisees by the Company's commissary subsidiary, PJ Food Service, Inc., and the Company's support services subsidiary, Printing & Promotions, Inc. The Company believes that, in addition to supporting both Company and franchised growth, these subsidiaries contribute to product quality and consistency throughout the Papa John's system.

The Company continually strives to obtain high quality sites with greater access and visibility, and to enhance the appearance and quality of its restaurants. The Company believes that these factors improve Papa John's image and brand awareness. During 1994 and 1995, the Company pursued a greater number of free-standing locations and expects to continue this strategy in 1996.

The average cash investment for the 61 restaurants opened during 1995, exclusive of land and pre-opening costs, increased to approximately $205,000 from $146,000 for the 53 units opened in 1994. This increase was primarily due to higher average costs of free-standing units, increased signage and leasehold improvement costs and hardware and related costs associated with point of sale technology installed in substantially all Company-owned restaurants opened in 1995. Sales at free-standing restaurants generally exceed sales at in-line restaurants. During their first 13 weeks of operations, the 20 free-standing restaurants opened by the Company during 1995 had average weekly sales of approximately $12,300, 29.5% higher than average weekly sales at the 41 in-line restaurants opened by the Company during the same period. The Company expects the average cash investment for its restaurants opened in 1996 to approximate 1995 costs, although there can be no assurance that these costs will not increase.

Pre-opening costs are capitalized and amortized on a straight-line basis over a period of one year from the opening date of the restaurant or commissary facility. The Company defers certain costs incurred in connection with the development of its information systems, and amortizes such costs over periods of up to five years from the date of completion.

This Prospectus contains forward-looking statements which involve risks and uncertainties relating to future events. Prospective investors are cautioned that the Company's actual events or results may differ materially from the results discussed in the forward-looking statements. Factors that might cause actual

results to differ materially from those indicated by such forward-looking statements include the matters set forth under the caption "Risk Factors."

The Company operated as a Subchapter S Corporation through June 6, 1993. As such, the earnings of the Company were taxed for federal and certain state income tax purposes directly to the Company's stockholders. Beginning June 7, 1993, the Company became subject to state and federal income taxes. The Company's fiscal year ends on the last Sunday in December of each year. The 1995 fiscal year consisted of 53 weeks and the 1994 and 1993 fiscal years consisted of 52 weeks.

UNAUDITED FIRST QUARTER 1996 RESULTS

Total revenues for the quarter ended March 31, 1996 were $76.7 million, representing a 47.5% increase over revenues of $52.0 million for the same period in 1995. Net income for the quarter ended March 31, 1996 was $3.5 million, or $0.20 per share, as compared to $2.2 million, or $0.14 per share, for the first quarter of 1995.

Comparable store sales for the quarter ended March 31, 1996 reflected increases of 8.6% for Company-owned restaurants and 5.1% for franchised restaurants. During the quarter, 13 Company-owned and 43 franchised restaurants were opened.

RESULTS OF OPERATIONS

The following tables set forth the percentage relationship to total revenues, unless otherwise indicated, of certain income statement data and certain restaurant data for the years indicated:

	YEAR ENDED		
	DEC. 26, 1993	DEC. 25, 1994	DEC. 31, 1995
INCOME STATEMENT DATA:			
Revenues:			
Restaurant sales	36.4%	41.0%	44.1%
Franchise royalties	5.9	5.7	5.3
Franchise and development fees	2.7	2.0	1.4
Commissary sales	46.0	41.8	41.8
Equipment and other sales	9.0	9.5	7.4
Total revenues	100.0	100.0	100.0
Costs and expenses:			
Restaurant cost of sales(1)	28.7	28.8	28.4
Restaurant operating expenses(1)	53.9	56.5	54.8
Commissary, equipment and other expenses(2)	95.5	93.7	93.1
General and administrative expenses(3)	8.3	7.6	7.9
Depreciation and amortization	2.1	3.2	3.4
Total costs and expenses(3)	93.0	93.8	93.8
Operating income(3)	7.0	6.2	6.2
Other income:			
Investment income	0.3	0.7	0.7
Other	0.0	0.1	0.1
Income before income taxes(3)	7.3	7.0	7.0
Income tax expense(3)	2.7	2.5	2.6
Net income(3)	4.6%	4.5%	4.4%

Notes on following page.

	YEAR ENDED		
	DEC. 26, 1993	DEC. 25, 1994	DEC. 31, 1995
RESTAURANT DATA:			
Percentage increase in comparable Company-owned restaurant sales(4)	10.9%	13.8%	9.0%
Average sales for Company-owned restaurants open full year	$653,000	$663,000	$657,000
Number of Company-owned restaurants:			
Beginning of period	39	76	133
Opened	32	53	61
Acquired(5)	5	4	23
End of period	76	133	217
Number of franchised restaurants:			
Beginning of period	181	324	499
Opened	148	180	190
Closed	0	(1)	(5)
Sold to Company(5)	(5)	(4)	(23)
End of period	324	499	661
Total restaurants--end of period	400	632	878

(1) As a percentage of restaurant sales.
(2) As a percentage of commissary sales and equipment and other sales on a combined basis.
(3) Percentages for 1993 are presented on a pro forma basis, assuming that the Company had been treated as a C Corporation rather than an S Corporation for income tax purposes, and the Company's compensation program for the top three executive officers that was adopted during 1993 had been in effect for the entire year.
(4) Includes only Company-owned restaurants open throughout the periods being compared.
(5) The number for 1994 is reduced by one restaurant sold by the Company to a franchisee.

1995 COMPARED TO 1994

Revenues. Total revenues increased 56.8% to $253.4 million in 1995, from $161.5 million in 1994.

Restaurant sales increased 68.6% to $111.7 million in 1995, from $66.3 million in 1994. This increase was primarily due to a 58.3% increase in the number of equivalent Company-owned restaurants open during 1995 as compared to 1994. "Equivalent restaurants" represent the number of restaurants open at the beginning of a given period, adjusted for restaurants opened or acquired during the period on a weighted average basis. Also, comparable sales increased 9.0% in 1995 over 1994, for Company-owned restaurants open throughout both years.

Franchise royalties increased 48.0% to $13.6 million in 1995, from $9.2 million in 1994. This increase was primarily due to a 44.7% increase in the number of equivalent franchised restaurants open during 1995 as compared to 1994. Also, comparable sales increased 7.8% in 1995 over 1994, for franchised restaurants open throughout both years.

Franchise and development fees increased 7.2% to $3.5 million in 1995, from $3.3 million in 1994. This increase was primarily due to the 190 franchised restaurants opened during 1995, as compared to 180 opened during 1994, an increase of 5.6%.

Commissary sales increased 56.8% to $105.9 million in 1995, from $67.5 million in 1994. This increase was primarily due to the increase in equivalent franchised restaurants and comparable sales for franchised restaurants noted above. Additionally, sales for the Orlando commissary increased in 1995 as compared to 1994 due to its conversion from a dough production facility to a full-service commissary in August 1995.

Equipment and other sales increased 21.9% to $18.7 million in 1995, from $15.3 million in 1994. This increase was primarily due to the increase in equivalent franchised restaurants open during 1995 as compared to 1994, the increase in franchised restaurants opened during 1995 as compared to 1994 and a full year of operations in 1995 by the Company's Printing & Promotions, Inc. subsidiary. This subsidiary was established in March 1994, following the Company's purchase of the assets of QC, Inc., a printing company which provided printed marketing materials for the Company and many of its franchisees.

Costs and Expenses. Restaurant cost of sales, which consist of food, beverage and paper costs, decreased as a percentage of restaurant sales to 28.4% in 1995, from 28.8% in 1994. This decrease was primarily due to lower product costs resulting from increased purchasing power and the impact of a severe winter storm which disrupted normal commissary distribution activities for several days during the first quarter of 1994 and required many of the Company's restaurants to utilize alternative, higher-cost suppliers during that period.

Advertising and related costs increased as a percentage of restaurant sales to 9.4% in 1995, from 8.9% in 1994. This increase was primarily due to increased levels of advertising during 1995, including promotions related to the Company's 10th Anniversary Celebration and the introduction of thin crust pizza in test markets, as well as the establishment of local advertising cooperatives as newer markets matured.

Occupancy costs were relatively consistent as a percentage of restaurant sales at 5.3% in 1995, as compared to 5.1% in 1994.

Restaurant salaries and benefits decreased as a percentage of restaurant sales to 26.8% in 1995, from 27.4% in 1994. Other restaurant operating expenses decreased as a percentage of restaurant sales to 13.4% in 1995, from 15.1% in 1994. Other operating expenses include all other restaurant-level operating costs, the material components of which are automobile mileage reimbursement for delivery drivers, telephone costs, training costs and workers compensation insurance. Other operating expenses also include an allocation of commissary operating expenses equal to 3% of Company-owned restaurant sales in order to assess a portion of the costs of dough production and food and equipment purchasing and storage to Company-owned restaurants.

The decreases in restaurant salaries and benefits and other restaurant operating expenses as a percentage of restaurant sales were primarily due to a smaller relative number of new restaurants opened during 1995 (61 new restaurants in relation to 133 existing restaurants, or 45.9%) compared to 1994 (53 new restaurants in relation to 76 existing restaurants, or 69.7%). Restaurant operating expenses historically have been higher as a percentage of restaurant sales in the early months of operations of new restaurants.

Commissary, equipment and other expenses include cost of sales and operating expenses associated with sales of food, paper, equipment, printing and promotional items to franchisees and other customers. These costs decreased as a percentage of combined commissary sales and equipment and other sales to 93.1% in 1995, from 93.7% in 1994. This decrease was primarily due to increased commissary volumes and efficiencies (particularly at the Jackson commissary which was opened in May 1994, and accordingly had relatively higher costs in 1994 as compared to 1995), partially offset by the relatively higher costs associated with the start-up of the new Orlando commissary opened in August 1995.

General and administrative expenses increased as a percentage of total revenues to 7.9% in 1995, from 7.6% in 1994. This increase was primarily due to the hiring of additional corporate and restaurant management personnel as the Company continues to develop the infrastructure necessary to support its planned growth for 1996 and beyond.

Depreciation and amortization increased as a percentage of total revenues to 3.4% in 1995, from 3.2% in 1994. This increase was primarily due to additional capital expenditures by the Company, the amortization of intangibles related to acquisitions and the amortization of deferred pre-opening costs for newly- opened restaurants and commissaries and other deferred expenses, partially offset by the impact of a change in the

depreciable lives of certain restaurant equipment and signage effective at the beginning of the third quarter of 1995 to more accurately reflect the economic lives of such assets. The estimated useful life for ovens and certain other restaurant equipment was extended from five to seven years, and the estimated useful life for restaurant signage was extended from five to ten years.

Investment Income. Investment income increased to $1.7 million in 1995, from $1.2 million in 1994. Average investment balances increased during 1995, compared to 1994, as a result of the investment by the Company of the net proceeds of public stock offerings in January and November 1994 and August 1995.

Income Tax Expense. Income tax expense reflects a combined federal, state and local effective income tax rate of 36.8% in 1995, as compared to 36.7% in 1994. This increase was primarily due to the impact of higher federal and state statutory income tax rates in 1995 due to higher taxable income levels, substantially offset by the impact of tax-exempt income generated by the investment portfolio during 1995.

1994 COMPARED TO 1993

Revenues. Total revenues increased 81.0% to $161.5 million in 1994, from $89.2 million in 1993.

Restaurant sales increased 103.9% to $66.3 million in 1994, from $32.5 million in 1993. This increase was primarily due to a 106.7% increase in the number of equivalent Company-owned restaurants open during 1994 as compared to 1993. Also, comparable sales increased 13.8% in 1994 over 1993, for Company- owned restaurants open throughout both years.

Franchise royalties increased 73.2% to $9.2 million in 1994, from $5.3 million in 1993. This increase was primarily due to a 63.9% increase in the number of equivalent franchised restaurants open during 1994 as compared to 1993. Also, comparable sales increased 12.3% in 1994 over 1993, for franchised restaurants open throughout both years.

Franchise and development fees increased 37.6% to $3.3 million in 1994, from $2.4 million in 1993. This increase was primarily due to the 180 franchised restaurants opened during 1994, as compared to 148 opened during 1993, an increase of 21.6%, and an increase in the per unit franchise and development fees related to franchised restaurants opened during 1994.

Commissary sales increased 64.6% to $67.5 million in 1994, from $41.0 million in 1993. This increase was primarily due to the increases in equivalent franchised restaurants and comparable sales for franchised restaurants noted above. Equipment and other sales increased 90.4% to $15.3 million in 1994, from $8.0 million in 1993. This increase was primarily due to the increase in equivalent franchised restaurants open during 1994 as compared to 1993, the increase in franchised restaurants opened during 1994 as compared to 1993 and sales of $4.2 million generated by the Company's Printing & Promotions, Inc. subsidiary in 1994.

Costs and Expenses. Restaurant cost of sales increased slightly as a percentage of restaurant sales to 28.8% in 1994, from 28.7% in 1993. These costs were somewhat higher in early 1994 due to a severe winter storm during the first quarter which disrupted normal commissary distribution activities for several days and required many of the Company's restaurants to utilize alternative, higher-cost suppliers during this period.

Advertising and related costs increased as a percentage of restaurant sales to 8.9% in 1994, from 7.5% in 1993. This increase was primarily due to increased levels of advertising during 1994, as local advertising cooperatives were established in maturing markets.

Occupancy costs increased as a percentage of restaurant sales to 5.1% in 1994, from 4.2% in 1993. This increase was primarily due to the majority of restaurants opened during 1994 being in newer markets where rent and other occupancy costs were higher than existing markets.

Restaurant salaries and benefits increased as a percentage of restaurant sales to 27.4% in 1994, from 27.2% in 1993. Other restaurant operating expenses increased as a percentage of restaurant sales to 15.1% in 1994, from 15.0% in 1993. The increases in restaurant salaries and benefits and other restaurant operating expenses as a percentage of restaurant sales were primarily due to an increased percentage of Company-owned restaurants opening in new markets during 1994, as compared to 1993. Restaurant operating expenses historically have been higher as a percentage of restaurant sales in the early months of operations of new restaurants, particularly as new markets are being developed. Of the 53 Company-owned restaurants opened during 1994, only five were in the Company's most mature markets of Louisville, Lexington and Nashville. The remainder were in new markets, including Baltimore and St. Louis, or emerging markets such as Atlanta and Charlotte.

Commissary, equipment and other expenses decreased as a percentage of combined commissary sales and equipment and other sales to 93.7% in 1994, from 95.5% in 1993. This decrease was primarily due to increased operating efficiencies in the Louisville commissary and the addition of relatively higher margin sales of printing and promotional items during 1994, partially offset by relatively higher costs during the early months of operations of the commissaries in Raleigh, North Carolina and Jackson, Mississippi.

General and administrative expenses decreased as a percentage of total revenues to 7.6% during 1994, from 8.3% (pro forma) during 1993. This decrease was primarily due to the use of existing organizational infrastructure in 1994 while new Company-owned and franchised restaurants were opened.

Depreciation and amortization increased as a percentage of total revenues to 3.2% during 1994, from 2.1% during 1993. This increase was primarily due to additional capital expenditures by the Company, the amortization of intangibles related to acquisitions and the amortization of deferred pre-opening costs for newly-opened restaurants and commissaries.

Investment Income. Investment income increased to $1.2 million in 1994, from $247,000 in 1993. Average investment balances increased significantly during 1994, compared to 1993, as a result of the investment by the Company of the net proceeds of its three public offerings of Common Stock in June 1993, January 1994 and November 1994.

Income Tax Expense. Income tax expense reflects a combined federal, state and local effective tax rate of approximately 36.7% in 1994, as compared to a pro forma rate of 37.0% in 1993. Actual income tax expense for 1993 reflects a combined effective tax rate of only 22.1% due to the Company's conversion from an S Corporation to a C Corporation in June 1993.

LIQUIDITY AND CAPITAL RESOURCES

The Company requires capital primarily for the development and acquisition of restaurants, the addition of new commissary and support services facilities and equipment and the enhancement of corporate systems and facilities. Total capital expenditures for 1995 were approximately $33.1 million, including approximately $11.3 million for the opening of Company-owned restaurants, $7.3 million for development of a new commissary in Orlando, Florida, $3.5 million for equipment and leasehold improvements at existing commissaries and restaurants, $3.2 million for installing point of sale technology in existing restaurants, $2.3 million for printing and other equipment for the Company's Printing & Promotions, Inc. subsidiary, $1.5 million for completion of the support services building, $1.5 million for land and improvements for development of restaurants and other facilities and $2.5 million for corporate office and other purposes.

During 1995, the Company acquired eight franchised restaurants in purchase transactions for a total acquisition price of approximately $2.0 million, consisting of $773,000 in cash, $574,000 in credits toward future development and franchise fees and $650,000 in common stock of the Company (36,113 shares valued as of the date the purchase price was fixed). Also during 1995, the Company acquired fifteen franchised restaurants in transactions accounted for as poolings-of-interests, with a total value of approximately $6.0

million (230,720 shares of Company common stock were exchanged, valued as of the dates the exchange ratios were fixed). Approximately $1.2 million of long- term debt was retired by the Company in connection with these pooling transactions.

The Company has funded its requirements for capital principally through internally generated funds and the proceeds from four public offerings of Common Stock. Cash provided by operating activities was $12.0 million in 1995. The Company received $30.0 million in net proceeds from the sale of Common Stock in a public offering in August 1995.

Capital expenditures are expected to be approximately $34 million for fiscal 1996 and $35 to $45 million for fiscal 1997. Capital expenditures for 1996 will be primarily for the development of restaurants and the construction of new commissary and distribution facilities in Dallas, Texas (opened in March 1996), Denver, Colorado and Phoenix, Arizona. The Company also expects to begin construction during mid-1996 of a 150,000 to 200,000 square foot facility in Louisville, Kentucky, scheduled for completion in mid-1997, approximately one- half of which will accommodate relocation and expansion of the Louisville commissary facility and the remainder of which will accommodate relocation and consolidation of corporate offices. In addition, during each of 1996 and 1997 the Company expects to provide approximately $6 to $8 million in loans to selected franchisees under a loan program recently adopted by the Company. However, the amounts actually provided during 1996 and 1997 may vary as the Company gains experience with the loan program. See "Business--Franchise Program--Franchisee Loan Program." Capital resources available at December 31, 1995 include $44.3 million of cash and investments and $7.6 million available under a line of credit expiring June 29, 1996. The Company expects to fund its planned capital expenditures through 1997 from these resources, the net proceeds to the Company from this offering and cash generated from operations.

IMPACT OF INFLATION

The Company does not believe inflation has materially affected earnings during the past three years. Substantial increases in costs, particularly labor, employee benefits or food costs, could have a significant impact on the Company.

BUSINESS

The Company operates and franchises pizza delivery and carry-out restaurants under the trademark "Papa John's" in 25 states, principally in the Midwest, Mid-Atlantic, South and Southeast. The first Company-owned restaurant opened in 1985 and the first franchised restaurant opened in 1986. The Papa John's system has grown from 110 restaurants at the end of fiscal 1991 to 932 restaurants at March 31, 1996, consisting of 230 Company-owned and 702 franchised restaurants.

STRATEGY

The Company's objective is to become the leading chain of pizza delivery restaurants in each of its targeted markets. To accomplish this objective, the Company has developed a strategy designed to achieve high levels of customer satisfaction and repeat business, as well as to establish recognition and acceptance of the Papa John's concept. The key elements of the Company's strategy include:

Focused, High Quality Menu. Papa John's restaurants offer a focused menu of high quality, value-priced pizza, breadsticks and cheesesticks. Papa John's original, medium thick crust is made from fresh dough (never frozen) produced in the Company's four regional commissaries. Every pizza is prepared using real mozzarella cheese, pizza sauce made from fresh-packed tomatoes (not concentrate), a proprietary mix of savory spices and a choice of high quality meat and vegetable toppings in generous portions. The Company believes its focused menu creates a strong identity in the marketplace and simplifies operations.

Efficient Operating System. The Company believes that its operating and distribution systems, restaurant layout and designated delivery areas result in lower operating costs, improved food quality and superior customer service. The Company's commissary and distribution system takes advantage of volume purchasing of food and supplies, and provides consistency and efficiencies of scale in dough production. This eliminates the need for each restaurant to order food from multiple vendors and commit substantial labor and other resources to dough preparation. Because Papa John's restaurants have a focused menu and specialize in delivery and carry-out services, each employee can concentrate on a well-defined function in preparing and delivering the customer's order.

Commitment to Employee Training and Development. The Company is committed to the development and motivation of its employees through on-going training programs, incentive compensation and opportunities for advancement. Employee training programs for the Company and its franchisees are conducted at ten regional training centers. The Company offers financial and stock incentives to employees at various levels based on the achievement of performance goals. The Company's growth also provides significant opportunities for advancement. The Company believes these factors create an entrepreneurial spirit through the organization, resulting in a positive work environment and motivated, customer- oriented employees.

Targeted, Cost-Effective Marketing. The Company's restaurant-level marketing programs target the delivery area of each restaurant, making extensive use of distinctive print materials in direct mail and store-to-door couponing. Local marketing efforts also include a variety of community-oriented activities with schools, sports teams and other organizations. In an increasing number of markets in which the Company or its franchisees have a significant presence, local marketing efforts are supplemented with radio and television advertising. Management believes that its marketing programs are cost-effective and significantly increase consumer awareness of Papa John's restaurants.

Franchise System. The Company is committed to developing a strong franchise system by attracting experienced operators, expanding in a controlled manner and ensuring that each franchisee adheres to the Company's high standards. The Company seeks to attract franchisees with experience in multi-unit restaurant operations and with the financial resources and management capability to open and operate multiple restaurants. To ensure consistent food quality, each franchisee is required to purchase dough and spice mix from the Company and all other supplies either from the Company or its approved suppliers. The Company devotes significant resources to provide its franchisees with assistance in employee training, marketing, site selection and store design.

UNIT ECONOMICS

The Company believes its unit economics have been significantly better than most restaurant concepts. During the 53 weeks ended December 31, 1995, the 133 Company-owned restaurants that were open throughout the year generated average revenues of $657,000, average cash flow (operating income plus depreciation) of $114,000 and average restaurant operating income of $93,000 (or 14.1% of revenues). A significant number of these restaurants were opened in new markets. Sales and profitability in the initial months of operations at the Company's restaurants, particularly in new markets, historically have been lower than mature restaurants. The average cash investment for the 61 Company- owned restaurants opened during the year ended December 31, 1995 was approximately $205,000. This cash investment includes equipment, leasehold improvements, fixtures and signage, but excludes land and pre-opening costs. The Company opened a greater number of free-standing restaurants with increased signage during 1994 and 1995 and expects to continue this strategy. Sales at free-standing restaurants generally exceed sales at in-line restaurants. During their first 13 weeks of operations, the 20 free-standing restaurants opened by the Company during 1995 had average weekly sales of approximately $12,300, 29.5% higher than average weekly sales at the 41 in-line restaurants opened by the Company during the same period. The Company expects the average cash investment for restaurants opened in 1996 to approximate 1995 costs, although there can be no assurance that these costs will not increase. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Restaurant Design and Site Selection." The Company leases the majority of its properties and expects to continue to lease, rather than own, most of its properties. Most leases are for five years or less and contain renewal options.

EXPANSION

A total of 251 restaurants were opened during 1995, consisting of 61 Company- owned and 190 franchised restaurants. In addition, the Company acquired 23 restaurants from its franchisees in 1995. The Company plans to open 60 restaurants and anticipates that its franchisees will open 215 restaurants in 1996, of which 13 Company-owned and 43 franchised restaurants were opened during the first quarter ending March 31, 1996. The Company plans to open 65 to 70 restaurants and anticipates that its franchisees will open 220 to 230 restaurants in 1997. There can be no assurance that either the Company or its franchisees will be able to open the number of restaurants planned to be opened by them or that such restaurants will be opened on schedule. The Company intends to open additional restaurants in Florida, Georgia, Indiana, Maryland, Missouri, North Carolina, Texas and northern Virginia/Washington, D.C., as well as to begin opening restaurants in Colorado during 1996. In addition, as part of its growth strategy, the Company will continue to consider acquiring franchised restaurants. Franchise expansion during 1996 and 1997 will be directed primarily east of the Rockies (excluding the upper Northeast) and in the Southwest.

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 market penetration through the opening of multiple restaurants within a particular market results in increased average restaurant sales in that market. To accelerate penetration of larger markets, the Company has co-developed markets with franchisees or divided markets among franchisees, and will continue to utilize market co- development in the future where appropriate. In determining which new markets to develop, the Company considers many factors, including the size of the market, demographics and population trends, competition, and real estate availability and pricing. Before entering any market with Company-owned or franchised restaurants, the Company analyzes detailed information of these factors and each market is toured and evaluated by senior management.

RESTAURANT LOCATIONS

Company-owned Restaurants. The following table sets forth the location and number of Company-owned restaurants as of March 31, 1996 (exclusive of four restaurants under construction at such date):

LOCATION	NUMBER OF RESTAURANTS
Atlanta, Georgia	47
Baltimore, Maryland	31
Nashville, Tennessee	27
Louisville, Kentucky	21
Charlotte, North Carolina	21
Orlando/Central Florida	15
Indianapolis, Indiana	13
St. Louis/Columbia, Missouri	11
Lexington, Kentucky	11
Ft. Lauderdale/Miami, Florida	12
Austin/Fort Worth, Texas	9
Northern Virginia	8
Tallahassee, Florida	4
Total Company-owned Restaurants	230

Franchised Restaurants. The following table sets forth the number of franchised restaurants open in each state as of March 31, 1996:

LOCATION	NUMBER OF RESTAURANTS
Alabama	31
Arkansas	12
Florida	98
Georgia	32
Illinois	29
Indiana	53
Iowa	1
Kansas	3
Kentucky	42
Louisiana	19
Maryland	5
Michigan	8
Minnesota	6
Mississippi	9
Missouri	12
Nebraska	1
North Carolina	33
Ohio	113
Pennsylvania	18
South Carolina	23
Tennessee	35
Texas	47
Virginia	53
West Virginia	13
Wisconsin	6
Total Franchised Restaurants	702

MENU

Papa John's restaurants offer a focused menu of high quality, value-priced pizza, breadsticks and cheesesticks, as well as canned soft drinks. Papa John's original, medium thick crust is made from fresh dough (never frozen) produced in the Company's regional commissaries. Every Papa John's pizza is prepared using real mozzarella cheese, pizza sauce made from fresh-packed tomatoes (not concentrate), a proprietary mix of savory spices and a choice of high quality meat and vegetable toppings in generous portions. Fresh onions and green peppers are chopped daily at all restaurants and are purchased from local produce suppliers. Each pizza is complemented by the addition of a container of Papa John's special garlic sauce (for dipping the crust) and two pepperoncinis. The Company believes its focused menu helps create a strong identity among consumers and simplifies operations, resulting in lower operating costs, improved food quality and superior customer service. During the second half of 1995, the Company began testing a thin crust product in certain Company-owned and franchised markets. The Company is continuing to test this product while completing additional consumer research.

RESTAURANT DESIGN AND SITE SELECTION

The exterior of a Papa John's restaurant is generally characterized by backlighted awnings, neon window designs and other visible signage. A typical Papa John's restaurant ranges from 1,200 to 1,500 square feet and is designed to facilitate a smooth flow of food orders through the restaurant. The layout includes specific areas for order taking, pizza preparation and routing, resulting in simplified operations, lower training and labor costs, increased efficiency and improved consistency and quality of food products. The interior of a Papa John's restaurant has a vibrant red and white color scheme with green striping, and includes a bright menu board, custom counters and carry-out customer area. The counters are designed to allow customers to watch the employees slap out the dough and put sauce and toppings on pizzas.

The Company considers the location of a restaurant to be important and therefore devotes significant resources to the investigation and evaluation of potential sites. The site selection process focuses on trade area demographics, target population density, household income levels and competitive factors. Management inspects each potential Company-owned or franchised restaurant location and the surrounding market before a site is approved. Papa John's restaurants are typically located in strip shopping centers or free-standing buildings that provide visibility, curb appeal and accessibility. The Company's restaurant design may be configured to fit a wide variety of building shapes and sizes, thereby increasing the number of suitable locations for Papa John's restaurants.

During 1994 and 1995, the Company opened a greater number of free-standing locations than in prior years. The Company seeks either existing buildings suitable for conversion, or land suitable for the construction of its prototype restaurant. Free-standing buildings generally provide more signage and better visibility, accessibility and parking. The Company believes that these locations improve Papa John's image and brand awareness and expects free- standing and prototype units to approximate 15-20% of all Company-owned restaurants. Sales at free-standing restaurants generally exceed sales at in- line restaurants. During their first 13 weeks of operations, the 20 free- standing restaurants opened by the Company during 1995 had average weekly sales of approximately $12,300, 29.5% higher than average weekly sales at the 41 in-line restaurants opened by the Company during the same period.

MARKETING PROGRAMS

The Company's restaurant-level marketing programs target the delivery area of each restaurant, making extensive use of distinctive print materials in direct mail and store-to-door couponing. Local marketing efforts also include a variety of community-oriented activities with schools, sports teams and other organizations. In an increasing number of markets in which the Company or its franchisees have a significant presence, local marketing efforts are supplemented with radio and television advertising. The Company believes that its marketing programs are cost-effective and significantly increase Papa John's visibility among potential customers.

In addition to extensive local store marketing, all Company-owned and franchised Papa John's restaurants within a co-developed market are required to join an advertising cooperative ("Co-op"). Each

member restaurant contributes a percentage of sales to the Co-op for market- wide programs, such as radio, television and billboards. The rate of contribution and uses of the monies collected is determined by a majority vote of the Co-op's members. The restaurant-level and Co-op marketing efforts are supported by print and electronic advertising materials that are produced by the Papa John's Marketing Fund, Inc. (the "Marketing Fund") for use by both the Company and its franchisees. The required Marketing Fund contribution can be up to 1.5% of revenues as established from time to time by the governing board of the Marketing Fund (currently .75%). The required contribution can be increased above 1.5% only upon approval of not less than 60% of Marketing Fund members.

The Company provides every Papa John's restaurant with catalogs for (i) uniforms and promotional items, and (ii) pre-approved, print marketing materials. These products and services can be ordered from the Company through toll-free "800" numbers.

PURCHASING

The Company sets quality standards for all products used in Papa John's restaurants and designates approved outside suppliers of food and paper products which meet the Company's quality standards. Produce is purchased locally by both Company-owned and franchised restaurants to ensure freshness. In order to ensure product quality and consistency, all Papa John's restaurants are required to purchase proprietary spice mix and dough from the Company. Franchisees may purchase other goods directly from approved suppliers or the Company, which has negotiated purchasing agreements with most of its suppliers. These agreements result in volume discounts to the Company, allowing it to sell the products to franchisees at prices it believes are below those which franchisees can normally obtain independently. Products are distributed to restaurants by refrigerated trucks leased and operated by the Company or transported by common carrier.

The Company operates full-service commissaries in Louisville, Kentucky, Raleigh, North Carolina, Jackson, Mississippi and Orlando, Florida. The Company opened a distribution center in Dallas, Texas during March 1996. The Company expects to open a full-service commissary in Denver, Colorado during the second quarter of 1996 and either a distribution center or full-service commissary in Phoenix, Arizona during the first quarter of 1997.

All of the equipment, counters and smallwares needed to open a Papa John's restaurant are supplied by the Company. The Company also provides layout and design services and recommends subcontractors, signage installers and telephone systems to its franchisees. Although not required to do so, substantially all of the Company's franchisees purchase most of their equipment from the Company.

COMPANY OPERATIONS

Restaurant Personnel. A typical Papa John's restaurant employs a restaurant manager, an assistant manager and approximately 20 hourly employees, most of whom work part-time. The manager is responsible for the day-to-day operation of the restaurant and for the maintenance of Company-established operating standards. The Company seeks to hire experienced restaurant managers and staff and motivate and retain them by providing opportunities for advancement and performance-based, financial and stock incentives. The Company has a low managerial turnover rate which it believes results in decreased training costs and higher productivity.

The Company employs area supervisors, each of whom has responsibility for overseeing three to five Company-owned restaurants. The Company also employs regional vice presidents and district managers who oversee area supervisors and managers within their respective markets. The Company's training and compensation programs are intended to instill each restaurant manager and area supervisor with a sense of ownership and pride in their restaurants and the Company.

Training. The Company has 33 employees dedicated to training and new restaurant openings, including a full-time coordinator in each of its markets. The Company provides an on-site training team three days

before and three days after the opening of each Company-owned restaurant. Each regional vice president, district manager, area supervisor and restaurant manager is required to complete the Company's two-week training program in which instruction is given on all aspects of the Company's systems and operations. The program includes classroom instruction and hands-on training at an operating Papa John's restaurant. The programs are conducted at the Company's ten regional training centers located within operating Company-owned restaurants. The Company's training also includes an education and safety program for its delivery drivers.

Point of Sale Technology. Point of sale technology was in place in 200 Company-owned restaurants and 327 franchised restaurants at March 31, 1996. The Company believes that this technology increases speed and accuracy in order taking and pricing, reduces paper work and allows the restaurant manager to better monitor and control food and labor costs. During 1995, the Company finalized development of a new proprietary point of sale system, The Papa John's PROFIT SystemSM (the "PROFIT System") that will be installed in substantially all Company-owned restaurants during 1996 and 1997. The Company believes the PROFIT System will further enhance restaurant-level marketing capabilities through the development of a data base with information on customers and their buying habits with respect to the Company's products. Polling capabilities will allow the Company to obtain current restaurant reporting information, thereby improving the speed, accuracy and efficiency of restaurant-level reporting.

Reporting. Managers at Company-owned restaurants prepare daily reports of sales, cash deposits and operating costs. Physical inventories of all food and beverage items are taken weekly. The Company's area supervisors prepare weekly profit and loss statements for each of the restaurants under their supervision. The Company's Chief Operating Officer meets on a monthly basis with regional vice presidents, district managers and area supervisors to discuss restaurant sales and operating personnel needs and product quality. The Company believe that the PROFIT System will simplify and accelerate many of these reporting functions.

Hours of Operations. Papa John's restaurants are open seven days a week, typically from 11:00 a.m. to 12:00 midnight Sunday through Thursday, and from 11:00 a.m. to 1:30 a.m. on Friday and Saturday.

FRANCHISE PROGRAM

General. The success of the Company's concept, together with the relatively low initial capital investment per restaurant, has allowed the Company to attract a large number of franchisees with significant restaurant experience. The Company considers its franchisees to be a vital part of the Company's continued growth and believes its relationship with its franchisees is excellent. At March 31, 1996, there were 702 franchised restaurants operating in 25 states and the Company has development agreements which contemplate the opening of approximately 510 additional franchised restaurants through 1998. There can be no assurance that all of these restaurants will be opened or that the development schedule set forth in the development agreements will be achieved. During the 1995 fiscal year and the three months ended March 31, 1996, franchisees opened 190 and 43 restaurants, respectively.

Approval. Franchisees are approved on the basis of the applicant's business background, restaurant operating experience and financial resources. The Company generally seeks franchisees who will enter into development agreements for multiple restaurants. The Company seeks franchisees that have restaurant experience and who will be actively involved in managing their restaurants or, in the case of franchisees who do not have restaurant experience, the Company requires the franchisee to hire a full-time operator who has an equity interest in the franchise operation.

Development and Franchise Agreements. The Company enters into development agreements with its franchisees for the construction of one or more restaurants over a defined period of time within a specified geographic area. Under the Company's current standard development agreement, the franchisee is required to pay, at the time of signing the agreement, a non-refundable fee of $5,000 per restaurant covered by the development agreement. This amount is credited against the Company's standard $20,000 franchise fee which

is payable to the Company upon signing the franchise agreement for a specific location. Generally, a franchise agreement is executed when a franchisee secures a location.

The Company's current standard franchise agreement provides for a term of ten years (with one ten-year renewal option) and payment to the Company of a royalty fee of 4% of sales. The current standard franchise agreement, as well as substantially all existing franchise agreements, permit the Company to increase the royalty fee up to 5% of sales after the agreement has been in effect for five years. However, the royalty fee cannot be increased to an amount greater than the percentage royalty fee then in effect for new franchisees.

The Company has the right to terminate a franchise agreement for a variety of reasons, including a franchisee's failure to make payments when due or failure to adhere to the Company's policies and standards. Many state franchise laws limit the ability of a franchisor to terminate or refuse to renew a franchise. See "Business--Government Regulation."

The Company is considering opening, or granting franchises for, new restaurants in markets or locations different from traditional Papa John's restaurants. For example, the Company has recently entered into development and franchise agreements for Papa John's restaurants in smaller markets and intends to pursue this strategy in the future. Such agreements generally cover areas or locations not originally targeted for development and may have terms differing from the standard franchise agreement, including different initial franchise fees, equipment requirements and royalty fees.

Franchise Restaurant Development. The Company furnishes each franchisee with assistance in selecting sites and developing restaurants. The Company provides its franchisees with the physical specifications for typical restaurants, both for free-standing restaurants and restaurants located in strip shopping centers. Each franchisee is responsible for selecting the location for its restaurants but must obtain Company approval of each restaurant design and each location based on accessibility and visibility of the site and targeted demographic factors, including population, density, income, age and traffic. The Company provides design plans, counters and equipment for most franchisee locations at competitive prices.

Franchisee Loan Program. At the beginning of the second quarter of 1996, the Company established a program under which selected franchisees developing ten or more Papa John's restaurants may borrow funds for use in the construction and development of their restaurants. Under the program, loans will typically bear interest at the prevailing prime rate plus 1 1/2% and will be secured by the fixtures, equipment and signage (and where applicable, the land) of each restaurant and the ownership interests in the franchisee. In some instances, the Company may obtain a purchase option with respect to the financed restaurants. A franchisee utilizing the loan program must open at least 20% of the restaurants covered by the franchisee's development agreement with its own equity capital (with no amounts borrowed from any other source) prior to receiving funds from the Company under the program.

Franchise Training and Support. Every franchisee is required to have a principal operator approved by the Company who satisfactorily completes the Company's two-week training program and who devotes his or her full business time and efforts to the operation of the franchisee's restaurants. Each manager of a franchised restaurant is also required to complete the Company's two-week training program. In addition to this program, the Company provides an on-site training crew three days before and after the opening of a franchisee's first two restaurants and ongoing supervision thereafter. See "Business--Company Operations--Training." Multi-unit franchisees are encouraged to hire a full- time training coordinator to train new employees for their restaurants. The Company's franchise consultants, reporting to the Vice President of Franchise Operations, maintain constant communication with the franchise community, relaying operating and marketing information and new ideas between the Company and franchisees.

Franchise Operations. All franchisees are required to operate their Papa John's restaurants in compliance with the Company's policies, standards and specifications, including matters such as menu items, ingredients,

materials, supplies, services, fixtures, furnishings, decor and signs. Each franchisee has full discretion to determine the prices to be charged to its customers.

Franchise Advisory Board. The Company has established a Franchise Advisory Board that consists of Company and franchisee representatives. The Advisory Board holds quarterly meetings to discuss new marketing ideas, operations, growth and other relevant issues.

Reporting. The Company collects weekly and monthly sales and other operating information from its franchisees. As of March 31, 1996, point of sale technology was in place in 327 franchised restaurants of which 48 were the Company's proprietary PROFIT System. In 1995, the Company implemented a requirement that new and existing franchisees purchase and install the PROFIT System in their restaurants. See "Company Operations--Point of Sale Technology." The Company has agreements with most of its franchisees permitting the Company to electronically debit the franchisees' bank accounts for the payment of royalties, Marketing Fund contributions and purchases of products from the Company's commissaries and equipment, printing and promotional operations. This system significantly reduces the resources needed to process receivables, improves cash flow and virtually eliminates past-due accounts receivables.

COMPETITION

The restaurant industry is intensely competitive with respect to price, service, location and food quality, and there are many well established competitors with substantially greater financial and other resources than the Company. Such competitors include a large number of national and regional restaurant chains, as well as local pizza operators. Some of the Company's competitors have been in existence for a substantially longer period than the Company and may be better established in the markets where the Company's restaurants are, or may be, located. Within the pizza segment of the restaurant industry, the Company believes that its primary competitors are the national pizza chains, including Pizza Hut, Domino's and Little Caesar's. A change in the pricing, marketing or promotional strategies or product mix of one or more of these competitors could have an adverse impact on the Company's sales and earnings.

The restaurant business is often affected by changes in consumer tastes, national, regional or local economic conditions, demographic trends, traffic patterns and the type, number and location of competing restaurants. In addition, factors such as inflation, increased food, labor and benefits costs and the lack of experienced management and hourly employees may adversely affect the restaurant industry in general and the Company's restaurants in particular.

With respect to the sale of franchises, the Company competes with many franchisors of restaurants and other business concepts. In general, there is also active competition for management personnel, capital and attractive commercial real estate sites suitable for Papa John's restaurants.

GOVERNMENT REGULATION

The Company and its franchisees are subject to various federal, state and local laws affecting their businesses. Each Papa John's restaurant is subject to licensing and regulation by a number of governmental authorities, which include health, safety, sanitation, building and fire agencies in the state or municipality in which the restaurant is located. Difficulties in obtaining or failures to obtain required licenses or approvals can delay or prevent the opening of a new restaurant in a particular area. The Company's commissary and distribution facilities are licensed and subject to regulation by state and local health and fire codes, and the operation of its trucks is subject to Department of Transportation regulations. The Company is also subject to federal and state environmental regulations, but these have not had a material effect on the Company's operations.

The Company is subject to Federal Trade Commission ("FTC") regulation and various state laws which regulate the offer and sale of franchises. Several state laws also regulate substantive aspects of the franchisor-

franchisee relationship. The FTC requires the Company to furnish to prospective franchisees a franchise offering circular containing prescribed information. A number of states in which the Company is currently franchising or may consider franchising also regulate the sale of franchises and require registration of the franchise offering circular with state authorities. Substantive state laws that regulate the franchisor-franchisee relationship presently exist or are being considered in a substantial number of states, and bills have been introduced in Congress (one of which is now pending) which provide for federal regulation of substantive aspects of the franchisor-franchisee relationship. These current and proposed franchise relationship laws limit, among other things, the duration and scope of non-competition provisions, the ability of a franchisor to terminate or refuse to renew a franchise and the ability of a franchisor to designate sources of supply.

Papa John's restaurant operations are also subject to federal and state laws governing such matters as wages, working conditions, citizenship requirements and overtime. Some states have set minimum wage requirements higher than the federal level, and there are currently bi-partisan proposals in Congress to increase the federal minimum wage. Significant numbers of hourly personnel at Company and franchised restaurants are paid at rates related to the federal minimum wage and, accordingly, further increases in the minimum wage could increase labor costs at Company and franchised restaurants. Proposals to increase the minimum wage, introduce a system of mandated health insurance or other government initiatives, if implemented, could adversely affect the Company and its franchisees as well as the restaurant industry in general. The Company is also subject to the Americans With Disabilities Act of 1990, which, among other things, may require certain minor renovations to its restaurants to meet federally-mandated requirements. The cost of these renovations is not expected to be material to the Company.

TRADEMARKS

The Company's rights in its trademarks and service marks are a significant part of its business. The Company is the owner of the federal registration of the trademark "Papa John's." The Company has also registered "Pizza Papa John's" and design as a trademark and a service mark. The Company owns federal registrations for the marks "Pizza Papa John's Delivering the Perfect Pizza!" and design, "Call your Papa" and "Perfect Pizza Perfect Price." The Company has applied for the registration of "Delivering the Perfect Pizza!", "Perfect Pizza", "We Deliver Perfection", "Indoor Tailgate Party", "The Official Pizza of Summer", and "Pizza Papa John's Print Network" and design as trademarks and service marks. The Company is aware of the use by other persons in certain geographic areas of names and marks which are the same as or similar to the Company's marks. It is the Company's policy to pursue registration of its marks whenever possible and to vigorously oppose any infringement of its marks.

EMPLOYEES

As of March 31, 1996, the Company employed 7,322 persons, of whom approximately 6,325 were restaurant employees, 302 were restaurant management and supervisory personnel, 267 were corporate personnel and 428 were commissary and support services personnel. Most restaurant employees work part-time and are paid on an hourly basis. None of the Company's employees is covered by a collective bargaining agreement. The Company considers its employee relations to be excellent.

PROPERTIES

Most of the Company's restaurants are located in leased space. The initial terms of most of the Company's leases are three to seven years and provide for one or more options to renew for at least one additional term. Virtually all of the Company's leases specify a fixed annual rent, although certain of the leases provide for fixed increases, or increases based on changes in the Consumer Price Index, at various intervals during the lease term. Generally, the leases are net leases which require the Company to pay all or a portion of the cost of insurance, taxes, maintenance and utilities.

The Company leases approximately 31,000 square feet of corporate office space and approximately 35,000 square feet of adjacent warehouse space for a full- service commissary in Louisville, Kentucky. The leases for these spaces expire in December 1997. The Company leases approximately 30,000 square feet for its commissary in Jackson, Mississippi and approximately 23,000 square feet for its commissary in Raleigh, North Carolina. In addition, the Company has entered into leases for approximately 12,000 square feet for the distribution center in Dallas, Texas and approximately 21,000 square feet for its planned commissary in Denver, Colorado. The Company's 63,000 square foot full-service commissary in Orlando, Florida is located on approximately five acres owned by the Company. The Company believes that it will continue to need additional office and commissary space.

The Company owns approximately 31 acres in Louisville, Kentucky, and has entered into a contract to purchase an additional six acres of adjoining land. The Company has constructed a 40,000 square foot building on the land consolidating its printing and promotional operations. The Company plans to begin construction of an additional 150,000 to 200,000 square foot facility on the land in 1996, approximately 50% of which will accommodate relocation and expansion of the Louisville commissary operation and the remaining 50% will accommodate relocation and consolidation of corporate offices. The facility is scheduled for completion in mid-1997.

LITIGATION

The Company is a party to routine contract, negligence and employment-related litigation matters in the ordinary course of business. No such pending matters, individually or in the aggregate, are believed by management to be material to the business or financial condition of the Company.

MANAGEMENT

The executive officers and directors of the Company are as follows:

NAME	AGE	POSITION
John H. Schnatter	34	Founder, Chairman and Chief Executive Officer
Charles W. Schnatter	33	Senior Vice President, General Counsel, Secretary and Director
Blaine E. Hurst	39	Executive Vice President and Chief Administrative Officer
E. Drucilla Milby	42	Senior Vice President, Chief Financial Officer and Treasurer
Wade S. Oney	34	Chief Operating Officer
Robert J. Wadell	40	President--PJ Food Service, Inc.
Richard J. Emmett	40	Vice President and Senior Counsel
Philip C. deMena, Jr.	56	Senior Vice President--Development
J. David Flanery	39	Vice President and Corporate Controller
Sylvester J. Sosnowski	54	Vice President--Marketing and Support Services
O. Wayne Gaunce	63	Director
Jack A. Laughery	61	Director
Michael W. Pierce	44	Director
Richard F. Sherman	52	Director

UNDERWRITING

Montgomery Securities and Alex. Brown & Sons Incorporated (the "Underwriters") have severally agreed, subject to the terms and conditions contained in the underwriting agreement (the "Underwriting Agreement"), to purchase from the Company the number of shares of Common Stock indicated below opposite their respective names at the public offering price less the underwriting discount set forth on the cover page of this Prospectus. The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters are committed to purchase all of such shares if they purchase any.

UNDERWRITERS	NUMBER OF SHARES
Montgomery Securities	425,000
Alex. Brown & Sons Incorporated	425,000
Total	850,000

The Company has been advised that the Underwriters propose initially to offer the Common Stock to the public on the terms set forth on the cover page of this Prospectus. The Underwriters may allow a concession of not more than $ per share to selected dealers, and the Underwriters may allow, and such dealers may reallow, a concession of not more than $ per share to certain other dealers. After the offering, the offering price and other selling terms may be changed by the Underwriters. No reduction in such terms shall change the amount of proceeds to be received by the Company as set forth on the cover page of this Prospectus. The Common Stock is offered subject to receipt and acceptance by the Underwriters, and to certain other conditions, including the right to reject an order in whole or in part.

In connection with this offering, the Underwriters and selling group members may engage in passive market making transactions in the Common Stock on the Nasdaq National Market immediately prior to the commencement of sales in this offering, in accordance with Rule 10b-6A under the Exchange Act. Passive market making consists of displaying bids on the Nasdaq National Market limited by the bid prices of independent market makers and purchases limited by such prices and effected in response to order flow. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker's average daily trading volume in the Common Stock during a specified prior period and must be discontinued when such limit is reached. Passive market making may stabilize the market price of the Common Stock at a level above that which might otherwise prevail and, if commenced, may be discontinued at any time.

The Company has granted an option to the Underwriters, exercisable during the 30-day period after the date of this Prospectus, to purchase up to a maximum of 127,500 additional shares of Common Stock to cover over-allotments, if any, at the same price per share as the initial 850,000 shares to be purchased by the Underwriters. To the extent that the Underwriters exercise this option, the Underwriters will be committed, subject to certain conditions, to purchase such additional shares in approximately the same proportion as set forth in the above table. The Underwriters may purchase such shares only to cover over- allotments made in connection with this offering.

The Underwriting Agreement provides that the Company will indemnify the Underwriters against certain liabilities, including civil liabilities under the Securities Act of 1933, as amended, or will contribute to payments the Underwriters may be required to make in respect thereof.

The Company and its executive officers and directors, who will beneficially own in the aggregate 6,867,713 shares of Common Stock after the closing of this Offering, have agreed, subject to certain limited exceptions, not to offer, sell or otherwise dispose of any shares of Common Stock of the Company for a period of 90 days after the date of this Prospectus without the prior written consent of Montgomery Securities.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by Greenebaum Doll & McDonald PLLC, Louisville, Kentucky, and for the Underwriters by Locke Purnell Rain Harrell (A Professional Corporation), Dallas, Texas. A member of Greenebaum Doll & McDonald PLLC participating in the preparation of the Registration Statement beneficially owns 2,250 shares of Common Stock of the Company.

EXPERTS

The Company's consolidated financial statements incorporated by reference in its annual report on Form 10-K for the fiscal year ended December 31, 1995 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements have been incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

[PHOTO OF "PIZZA AND INGREDIENTS"]

No dealer, salesperson or other person has been authorized to give any in- formation to or make any representations other than those contained in this Prospectus in connection with this offering and, if given or made, such infor- mation or representation must not be relied upon as having been authorized by the Company or any Underwriter. This Prospectus does not constitute an offer to sell, or solicitation of an offer to buy, any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

TABLE OF CONTENTS

	Page
Available Information	3
Incorporation of Certain Documents by Reference	3
Prospectus Summary	4
The Company	6
Risk Factors	6
Use of Proceeds	9
Dividend Policy	9
Price Range of Common Stock	9
Capitalization	10
Selected Consolidated Financial Data	11
Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Business	20
Management	29
Underwriting	30
Legal Matters	31
Experts	31

850,000 SHARES

LOGO

COMMON STOCK

PROSPECTUS

Montgomery Securities

Alex. Brown & Sons
Incorporated

, 1996

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the estimated fees and expenses associated with the issuance and distribution of the Common Stock being registered, other than underwriting discounts and commissions. All fees and expenses incurred in connection with the offering will be paid by the Company.

SEC registration fee	$ 13,399
NASD filing fee	7,500
Nasdaq Filing Fee	17,500
Blue Sky fees and expenses	12,000
Printing and engraving expenses	50,000
Legal fees and expenses	40,000
Accounting fees and expenses	25,000
Transfer agent and registrar fees and expenses	3,000
Miscellaneous expenses	31,601
Total	$200,000

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of the State of Delaware provides that a Delaware corporation may indemnify any persons, including directors and officers, who are, or are threatened to be made, parties to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), if, in connection with the matters in issue, they acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the corporation, and in connection with any criminal suit or proceeding, if in connection with the matters at issue, they had no reasonable cause to believe their conduct was unlawful. Section 145 also permits a Delaware corporation to indemnify its officers and directors in an action by or in the right of the corporation under the same conditions against expenses incurred by such persons in connection with the defense or settlement of such action, except that no such indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses which such officer or director actually and reasonably incurred.

Article Twelfth of the Company's Amended and Restated Certificate of Incorporation (the "Restated Certificate") provides:

"A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided, however, that the foregoing shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of Delaware or (iv) for any transaction from which the director derived an improper personal benefit. If the General Corporation Law of Delaware is hereafter amended to permit further elimination or limitation of the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of Delaware as so amended. Any repeal or modification of this Article TWELFTH shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification."

Article Sixteenth of the Company's Restated Certificate provides:

"Each person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or agent or in any other capacity while serving as such a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), or by other applicable law as then in effect, against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes under the Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA"), penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such indemnitee in connection therewith.

A. Procedure. Any indemnification under this Article SIXTEENTH (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the General Corporation law of Delaware, as the same exists or hereafter may be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment). Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding (the "Disinterested Directors"), or (ii) if such a quorum of Disinterested Directors is not obtainable, or, even if obtainable a quorum of Disinterested Directors so directs, by independent legal counsel in a written opinion or (iii) by the stockholders. The majority of Disinterested Directors may, as they deem appropriate, elect to have the Corporation indemnify any other employee, agent or other person acting for or on behalf of the Corporation.

B. Advances for Expenses. Costs, charges and expenses (including attorneys' fees) incurred by a director or officer of the Corporation, or such other person acting on behalf of the Corporation as determined in accordance with Paragraph A, in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer or other person to repay all amounts so advanced in the event that it shall ultimately be determined that such director, officer or other person is not entitled to be indemnified by the Corporation as authorized in this Article SIXTEENTH. The majority of the Disinterested Directors may, in the manner set forth above, and upon approval of such director, officer, employee, agent or other person acting on behalf of the Corporation, authorize the Corporation's counsel to represent such person, in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

C. Procedure for Indemnification. Any indemnification or advance of costs, charges and expenses under this Article SIXTEENTH, shall be made promptly, and in any event within 60 days upon the written request of the person seeking indemnification or advancement of expenses (hereinafter a "claimant"). The right to indemnification or advances as granted by this Article SIXTEENTH shall be enforceable by the claimant in any court of competent jurisdiction, if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within 60 days. The claimant's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and

expenses under this Article SIXTEENTH where the required undertaking, if any, has been received by the Corporation) that the claimant has not met the standard of conduct set forth in the General Corporation Law of Delaware, as the same exists or hereafter may be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of Delaware, as the same exists or hereafter may be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), nor the fact that there has been an actual determination by the Corporation (including its Board of Directors, its independent legal counsel and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

D. Other Rights; Continuation of Right to Indemnification. The indemnification and advancement of expenses provided by this Article SIXTEENTH shall not be deemed exclusive of any other rights to which a claimant may be entitled under any law (common or statutory), by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Corporation, and shall continue as to a person who has ceased to be a director, officer, employee or agent of the Corporation, and shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification under this Article SIXTEENTH shall be deemed to be a contract between the Corporation and each director and officer of the Corporation who serves or served in such capacity at any time while this Article SIXTEENTH is in effect. Any repeal or modification of this Article SIXTEENTH or any repeal or modification of relevant provisions of the General Corporation Law of Delaware or any other applicable laws shall not in any way diminish any rights to indemnification of such director or officer or the obligations of the Corporation arising hereunder with respect to any action, suit or proceeding arising out of, or relating to, any actions, transactions or facts occurring prior to the final adoption of such modification or repeal. For the purposes of this Article SIXTEENTH, references to "the Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation, so that any person who is or was a director or officer of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article SIXTEENTH, with respect to the resulting or surviving corporation, as he would if he or she had served the resulting or surviving corporation in the same capacity.

E. Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her on his or her behalf in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article SIXTEENTH; provided, however, that such insurance is available on acceptable terms, which determination shall be made by a vote of a majority of the Board of Directors.

F. Savings Clause. If this Article SIXTEENTH or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each person entitled to indemnification under the first paragraph of this Article SIXTEENTH as to all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes, penalties and

amounts to be paid in settlement) actually and reasonably incurred or suffered by such person and for which indemnification is available to such person pursuant to this Article SIXTEENTH to the full extent permitted by any applicable portion of this Article SIXTEENTH that shall not have been invalidated and to the full extent permitted by applicable law."

The Company has liability insurance coverage for its officers and directors which entitle the Company to be reimbursed up to $1 million for certain indemnity payments it may be required or permitted to make to its directors and officers with respect to actions arising out of the performance of such officer's or director's duty in his or her capacity as such.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) EXHIBITS.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
1.1	Form of Underwriting Agreement.
3.1	The Company's Amended and Restated Certificate of Incorporation. Exhibit 3.1 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
3.2	The Company's Restated By-Laws. Exhibit 3.2 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
4.1	Specimen Common Stock Certificate. Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
4.2	Amended and Restated Certificate of Incorporation and Restated By-Laws (See 3.1 and 3.2 above).
5	Opinion and consent of Greenebaum Doll & McDonald PLLC as to the legality of the Common Stock being registered.
10.1	Consulting Agreement dated March 29, 1991, between the Company and Richard F. Sherman. Exhibit 10.4 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
10.2	Lease dated November 7, 1990, including amendments thereto, between the Company and C-W-K #7, a Texas limited partnership, relating to the Company's corporate offices. Exhibit 10.5 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
10.3	Lease dated November 9, 1990, including amendments thereto, between the Company and Crow-Kessler, a Texas limited partnership, relating to the Company's commissary and distribution facility in Louisville, Kentucky. Exhibit 10.6 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
10.4	Lease dated January 15, 1993, between the Company and C-W-K #7, a Texas limited partnership, relating to the Company's corporate offices. Exhibit 10.7 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
10.5	Papa John's International, Inc. 1993 Stock Ownership Incentive Plan. Exhibit 10.9 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
10.6	Papa John's International, Inc. 1993 Stock Option Plan for Non-Employee Directors. Exhibit 10.10 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
10.7	Employment and Non-Competition Agreement dated January 1, 1993, between the Company and Richard J. Emmett. Exhibit 10.14 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
10.8	The Company's standard Franchise Agreement. Exhibit 10.15 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
10.9	Lease dated May 14, 1993, between PJ Food Service, Inc. and Sample Properties relating to the Company's commissary facility in Raleigh, North Carolina. Exhibit 10.16 to the Company's Registration Statement on Form S-1 (Registration No. 33-61366) is incorporated herein by reference.
10.10	Amendment IV to Lease dated November 7, 1990 (and related leases), by and between the Company and C-W-K #7, a Texas limited partnership, relating to the Company's corporate offices. Exhibit 10.17 to the Company's Registration Statement on Form S-1 (Registration No. 33-73530) is incorporated herein by reference.
10.11	Lease dated November 1, 1993, between PJ Food Service, Inc. and Jackson Developers, a Missouri general partnership, relating to the Company's commissary facility in Jackson, Mississippi. Exhibit 10.18 to the Company's Registration Statement on Form S-1 (Registration No. 33-73530) is incorporated herein by reference.
10.12	Amended and Restated Loan Agreement dated June 30, 1994, between the Company and PNC Bank, Kentucky, Inc. Exhibit 10.21 to the Company's Registration Statement on Form S-3 (Registration No. 33-86144) is incorporated herein by reference.
10.13	Amendment V to Lease dated November 7, 1990 (and related leases), by and between the Company and CWK #7, a Texas limited partnership, relating to the Company's corporate offices. Exhibit 10.22 to the Company's Registration Statement on Form S-1 (Registration No. 33-73530) is incorporated herein by reference.
10.14	Loan Agreement among Mississippi Business Finance Corporation (acting for and on behalf of the State of Mississippi), Bank of Mississippi (as Servicing Trustee) and PJFS of Mississippi, Inc. Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarter ended March 27, 1994 (Commission File No. 0-21660) is incorporated herein by reference.
10.15	Contract for Sale and Purchase of Real Property dated March 24, 1994, by and between PJ Food Service, Inc. and Orlando Central Park, Inc. Exhibit 10.2 to the Company's quarterly report on Form 10-Q for the quarter ended March 27, 1994 (Commission File No. 0-21660) is incorporated herein by reference.
10.16	Agreement of Purchase and Sale dated April 19, 1994, by and among Papa John's USA, Inc., NTS/Crossings Corporation and NTS Bluegrass Commonwealth Park. Exhibit 10.3 to the Company's quarterly report on Form 10-Q for the quarter ended March 27, 1994 (Commission File No. 0-21660) is incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
10.17	Amendment dated November 18, 1994, to Amended and Restated Loan Agreement dated June 30, 1994, between the Company and PNC Bank, Kentucky, Inc. Exhibit 10.28 to the Company's Registration Statement on Form S-3 (Registration No. 33-86144) is incorporated herein by reference.
10.18	Assets Purchase Agreement dated January 23, 1995, by and among the Company, Papa John's USA, Inc., P & G Pizza, Incorporated ("P & G Pizza") and all of the stockholders of P & G Pizza. Exhibit 2 to the Company's Current Report on Form 8-K (Commission File No. 0-21660) is incorporated herein by reference.
10.19	Amendment VI to Lease dated November 7, 1990 (and related leases), between the Company and CWK #7, a Texas Limited Partnership, relating to the Company's corporate offices. Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994 (Commission File No. 0-21660) is incorporated herein by reference.
10.20	Agreement for Purchase and Sale of Real Estate dated March 20, 1995, by and among Papa John's USA, Inc., NTS/Crossings Corporation and NTS Bluegrass Commonwealth Park. Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarterly period ended March 26, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.21	Memorandum of Employment dated March 31, 1995, by and between the Company and Wade S. Oney. Exhibit 10.2 to the Company's quarterly report on Form 10-Q for the quarterly period ended March 26, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.22	Second Amended and Restated Loan Agreement, and related promissory note, each dated June 30, 1995, by and between the Company and PNC Bank, Kentucky, Inc. Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarterly period ended June 25, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.23	Agreement and Plan of Merger dated December 1, 1995, by and among the Company, Papa John's USA, Inc., Kentuckiana Pizza, Ltd., Kentuckiana Pizza, Ltd., II (collectively, "Kentuckiana Pizza") and all of the stockholders of Kentuckiana Pizza. Exhibit 2.1 to the Company's Current Report on Form 8-K dated December 1, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.24	Agreement and Plan of Merger dated October 16, 1995, by and among the Company, Papa John's USA, Inc., NRG, Inc. ("NRG") and all of the stockholders of NRG. Exhibit 2.2 to the Company's Current Report on Form 8-K dated December 1, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.25	1996 Papa John's International, Inc. Executive Option Program. Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.26	Amendment to Chief Operating Officer Agreement dated February 12, 1996, by and between the Company and Wade S. Oney. Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.27	Lease dated November 29, 1995, by and between PJ Food Service, Inc. and Arlington-OP&F, Inc., a Delaware corporation, relating to the Company's distribution facility in Dallas, Texas. Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.28	Lease dated January 3, 1996, by and between PJ Food Service, Inc. and Fraser, L.L.C., a Colorado Limited Liability Company, relating to the Company's commissary facility to be opened in Denver, Colorado. Exhibit 10.29 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-21660) is incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
10.29	Amendment VII to Lease dated November 7, 1990 (and related leases), between the Company and CWK #7 Limited Partnership, related to the Company's corporate offices. Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.30	Lease dated January 23, 1996, by and between PJ Food Service, Inc. and CWK #8, a Texas Limited Partnership, relating to commercial and corporate office space in Louisville, Kentucky. Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
10.31	Agreement for Purchase and Sale of Real Estate dated February 28, 1996, by and among Papa John's USA, Inc., NTS/Crossings Corporation and NTS Bluegrass Commonwealth park, relating to approximately 6 acres of land in Louisville, Kentucky. Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-21660) is incorporated herein by reference.
21	Subsidiaries of the Company: (a) PJ Food Service, Inc., a Kentucky corporation (b) Papa John's USA, Inc., a Kentucky corporation (c) Printing & Promotions, Inc., a Kentucky corporation (d) PJFS of Mississippi, Inc., a Mississippi corporation
23.1	Consent of Greenebaum Doll & McDonald PLLC (included in its opinion filed as Exhibit 5).
23.2	Consent of Ernst & Young LLP.
24	Powers of Attorney (included on Signature Page of the Registration Statement).
99.1	Cautionary Statements. Exhibit 99.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-21660) is incorporated herein by reference.

ITEM 17. UNDERTAKINGS.

(a) The Company hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Company's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934), that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the provisions set forth in Item 15, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(c) The Company hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or
(4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF LOUISVILLE, KENTUCKY, ON THE 19TH DAY OF APRIL, 1996.

Papa John's International, Inc.

/s/ Charles W. Schnatter
By: _____
Charles W. Schnatter
Senior Vice President, Secretary
and General Counsel

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints John H. Schnatter, Charles W. Schnatter and E. Drucilla Milby, and each of them with full power to act without the others, as his or her true and lawful attorney-in-fact and agent, with full power of substitution, to sign on his or her behalf, individually and in each capacity stated below, all amendments (including post-effective amendments) to this Registration Statement on Form S- 3 and to file the same, with all exhibits thereto and any other documents in connection therewith, with the Securities and Exchange Commission under the Securities Act of 1933, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as each might or could do in person, hereby ratifying and confirming each act that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue thereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATE INDICATED.

SIGNATURE	TITLE	DATE
/s/ John H. Schnatter John H. Schnatter	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	April 19, 1996
/s/ Charles W. Schnatter Charles W. Schnatter	Senior Vice President, Secretary, General Counsel and Director	April 19, 1996
/s/ O. Wayne Gaunce O. Wayne Gaunce	Director	April 19, 1996
/s/ Jack A. Laughery Jack A. Laughery	Director	April 19, 1996
/s/ Michael W. Pierce Michael W. Pierce	Director	April 19, 1996
/s/ Richard F. Sherman Richard F. Sherman	Director	April 19, 1996
/s/ E. Drucilla Milby E. Drucilla Milby	Chief Financial Officer and Treasurer (Principal Financial Officer)	April 19, 1996
/s/ J. David Flanery J. David Flanery	Vice President and Corporate Controller (Principal Accounting Officer)	April 19, 1996

_____ Shares

PAPA JOHN'S INTERNATIONAL, INC.

Common Stock

UNDERWRITING AGREEMENT

May ___, 1996

MONTGOMERY SECURITIES
ALEX. BROWN & SONS INCORPORATED
c/o Montgomery Securities
600 Montgomery Street
San Francisco, California 94111

Dear Sirs:

SECTION 1. Introductory. Papa John's International, Inc., a Delaware corporation (the "Company"), proposes to issue and sell 800,000 shares of its authorized but unissued Common Stock, $.01 par value per share (the "Common Stock"), to the underwriters named in Schedule A annexed hereto ("Underwriters"). Said shares, are herein referred to as the "Firm Common Shares." In addition, the Company proposes to grant to the Underwriters an option to purchase up to 120,000 additional shares of Common Stock (the "Optional Common Shares"), as provided in Section 4 hereof. The Firm Common Shares and, to the extent such option is exercised, the Optional Common Shares are hereinafter collectively referred to as the "Common Shares."

You have advised the Company that the Underwriters propose to make a public offering of the Common Shares on the effective date of the registration statement hereinafter referred to, or as soon thereafter as in their judgment is advisable.

The Company hereby confirms its agreement with respect to the purchase of the Common Shares by the Underwriters as follows:

SECTION 2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Underwriters that:

(a) A registration statement on Form S-3 (File No. 333-_____) with respect to the Common Shares has been prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder, and has been filed with the Commission. The Company has met all of the eligibility requirements for the use

of a registration statement on Form S-3. There have been delivered to the Underwriters three signed copies of such registration statement and amendments, together with three copies of each exhibit filed therewith. Conformed copies of such registration statement and amendments (but without exhibits) and of the related preliminary prospectus have been delivered to each of the Underwriters in such reasonable quantities as each of them has requested. The Company will next file with the Commission one of the following: (i) prior to effectiveness of such registration statement, a further amendment thereto, including the form of final prospectus, or (ii) a final prospectus in accordance with Rules 430A and 424(b) of the Rules and Regulations. As filed, such amendment and form of final prospectus, or such final prospectus, shall include all Rule 430A Information and, except to the extent that the Underwriters shall agree in writing to a modification, shall be in all substantive respects in the form furnished to the Underwriters prior to the date and time that this Agreement was executed and delivered by the parties hereto, or, to the extent not completed at such date and time, shall contain only such specific additional information and other changes (beyond that contained in the latest Preliminary Prospectus) as the Company shall have previously advised the Underwriters would be included or made therein.

The term "Registration Statement" as used in this Agreement shall mean such registration statement at the time such registration statement becomes effective and, in the event any post-effective amendment thereto becomes effective prior to the First Closing Date (as hereinafter defined), shall also mean such registration statement as so amended; provided, however, that such term shall also include all Rule 430A Information deemed to be included in such registration statement at the time such registration statement becomes effective as provided by Rule 430A of the Rules and Regulations. The term "Preliminary Prospectus" shall mean any preliminary prospectus referred to in the preceding paragraph and any preliminary prospectus included in the Registration Statement at the time it becomes effective that omits Rule 430A Information. The term "Prospectus" as used in this Agreement shall mean the prospectus relating to the Common Shares in the form in which it is first filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations or, if no filing pursuant to Rule 424(b) of the Rules and Regulations is required, shall mean the form of final prospectus included in the Registration Statement at the time such registration statement becomes effective. The term "Rule 430A Information" means information with respect to the Common Shares and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A of the Rules and Regulations. Any reference herein to the Registration Statement, the Prospectus, any amendment or supplement thereto or any Preliminary Prospectus shall be deemed to refer and include the documents incorporated by reference therein, and any reference herein

to the terms "amend," "amendment," or "supplement," with respect to the Registration Statement or Prospectus shall be deemed to refer and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein.

(b) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus, and each Preliminary Prospectus has conformed in all material respects to the requirements of the Act and the Rules and Regulations and, as of its date, has not included any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and at the time the Registration Statement becomes effective, and at all times subsequent thereto up to and including each Closing Date hereinafter mentioned, the Registration Statement and the Prospectus, and any amendments or supplements thereto, will contain all material statements and information required to be included therein by the Act and the Rules and Regulations and will in all material respects conform to the requirements of the Act and the Rules and Regulations, and neither the Registration Statement nor the Prospectus, nor any amendment or supplement thereto, will include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of circumstances under which they were made; provided, however, no representation or warranty contained in this subsection 2(b) shall be applicable to information contained in or omitted from any Preliminary Prospectus, the Registration Statement, the Prospectus or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Underwriter specifically for use in the preparation thereof.

(c) The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 21 to the Registration Statement, and any reference herein to the Company's "subsidiaries" shall mean the subsidiaries listed in such Exhibit 21. The Company and each of the subsidiaries have been duly incorporated and are validly existing as corporations in good standing under the laws of their respective jurisdictions of incorporation, with full corporate power and authority (corporate and other) to own and lease their properties and conduct their respective businesses as described in the Prospectus; on the First Closing Date, the Company will own all of the outstanding capital stock of its subsidiaries; the Company and its subsidiaries are in possession of and are operating in compliance with all authorizations, licenses, permits, consents, certificates and orders material to the conduct of their respective businesses, except where noncompliance would not have a material adverse effect

on the business or financial condition of the Company and its subsidiaries, taken as a whole; the Company and each of its subsidiaries are duly qualified to do business and are in good standing as foreign corporations in each jurisdiction in which the ownership or leasing of properties or the conduct of their respective businesses requires such qualification, except for jurisdictions in which the failure to so qualify would not have a material adverse effect upon the Company and its subsidiaries, taken as a whole; and no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification.

(d) The Company has an authorized and outstanding capital stock as set forth under the headings "Prospectus Summary - The Offering" and "Capitalization" in the Prospectus; the issued and outstanding shares of Common Stock have been duly authorized and validly issued, are fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, were not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities, and conform to the description thereof contained in the documents incorporated by reference in the Prospectus. As of the Closing Dates (as hereinafter defined), the Company will have no outstanding shares of preferred stock. All issued and outstanding shares of capital stock of the Company's subsidiaries have been duly authorized and validly issued and are fully paid and nonassessable and are owned by the Company free and clear of any lien, claim, equity or other encumbrance of any kind or character. Except as disclosed in or contemplated by the Prospectus and the financial statements of the Company, and the related notes thereto, incorporated by reference into the Prospectus, neither the Company nor any of its subsidiaries has outstanding any options to purchase, or any preemptive rights or other rights to subscribe for or to purchase, any securities or obligations convertible into, or any contracts or commitments to issue or sell, shares of its capital stock or any such options, rights, convertible securities or obligations. The description of the Company's outstanding stock options, and other stock plans or arrangements, and the options or other rights granted and exercised thereunder, set forth in the Prospectus, accurately and fairly present in all material respects the information required to be shown with respect to such options, plans, arrangements, and rights.

(e) The Common Shares to be sold by the Company have been duly authorized and, when issued, delivered and paid for in the manner set forth in this Agreement, will be duly authorized, validly issued, fully paid and nonassessable, and will conform to the description thereof contained in the documents incorporated by reference into the Prospectus; and when duly countersigned by the Company's transfer agent and registrar, and delivered to the Underwriters in accordance with

the provisions of this Agreement, good and valid title thereto will pass to the Underwriters free and clear of any liens, claims, equities or other encumbrances of any kind or character. No preemptive rights or other rights to subscribe for or purchase exist with respect to the issuance and sale of the Common Shares by the Company pursuant to this Agreement. Except for the registration rights set forth in that certain Asset Purchase Agreement dated January 23, 1995 by and among P&G Pizza, Incorporated, O. Wayne Gaunce, Patrick Gaunce, Ruel Houchens, V.S. Hunsaker, Jim Hunsaker, Papa John's USA, Inc. and Papa John's International, Inc. (the "Asset Purchase Agreement"), no stockholder of the Company has any right to require the Company to register the sale of any shares owned by such stockholder under the Act in the public offering contemplated by this Agreement.

(f) The Company has full legal right, power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that
(i) the validity and binding effect and enforcement of this Agreement may be limited by any applicable bankruptcy, reorganization, moratorium, or similar laws of general application, (ii) the availability of equitable remedies may be limited by principles of equity, whether considered in a proceeding at law or in equity, and (iii) the terms thereof may be limited by applicable securities laws and the policies embodied therein. The making and performance of this Agreement by the Company and the consummation of the transactions herein contemplated will not violate any provisions of the Company's Amended and Restated Certificate of Incorporation or Restated Bylaws and will not conflict with, result in the breach or violation of, or constitute, either by itself or upon notice or the passage of time or both, a default under any agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of their respective properties may be bound or affected, any statute or any authorization, judgment, decree, order, rule or regulation of any court or any regulatory body, administrative agency or other governmental body applicable to the Company or its subsidiaries or any of their respective properties. No consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body is required for the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement, except for compliance with the Act, the Blue Sky laws and Canadian securities laws applicable to the public offering of the Common Shares by the several Underwriters and the clearance of such offering with the National Association of Securities Dealers, Inc. (the "NASD").

(g) Ernst & Young, who have expressed their opinion with respect to the financial statements filed with the Commission as a part of the Registration Statement and included or incorporated by reference in the Prospectus and in the Registration Statement, are independent accountants as required by the Act and the Rules and Regulations.

(h) The financial statements of the Company, and the related notes thereto, included or incorporated by reference in the Registration Statement and the Prospectus, present fairly the financial position of the Company (and the affiliated companies indicated therein) as of the respective dates of such financial statements, and the results of operations and changes in financial position of the Company (and the affiliated companies indicated therein) for the respective periods covered thereby. Such statements and related notes have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. The Consolidated Financial Statements and related notes thereto for the Company's fiscal years ended December 27, 1992, December 26, 1993, December 25, 1994 and December 31, 1995 have been certified by Ernst & Young, the Company's independent accountants. No other financial statements or schedules are required to be included or incorporated by reference in the Registration Statement. The financial and statistical data set forth in the Prospectus under the captions "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Dividend Policy," "Price Range of Common Stock," "Capitalization," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and "Management" fairly present the information set forth therein on the basis stated in the Registration Statement.

(i) The Company is not in violation or default of any provision of its Amended and Restated Certificate of Incorporation; none of the Company's subsidiaries is in violation or default of its Articles of Incorporation; neither the Company nor any of its subsidiaries is in violation or default of any provision of its Bylaws or is in breach of or default with respect to any provision of any judgment, decree or order, or is in breach of or default with respect to any provision of any material agreement, mortgage, deed of trust, lease, loan agreement, security agreement, license, indenture, permit or other instrument to which it is a party or by which it or any of its properties are bound; and there does not exist any state of facts which constitutes an event of default on the part of the Company or any of its subsidiaries as defined in such documents or which, with notice or lapse of time or both, would constitute such an event of default.

(j) There are no documents required to be incorporated by reference in the Registration Statement and the Prospectus by the Act or by the Rules and

Regulations or by the requirements of Form S-3 which have not been so incorporated. There are no contracts or other documents required to be described in the Registration Statement or to be filed as exhibits to the Registration Statement by the Act or by the Rules and Regulations which have not been described or filed as required. The contracts so described in the Prospectus are in full force and effect on the date hereof; and neither the Company nor any of its subsidiaries, nor to the best of the Company's or any subsidiaries's knowledge any other party, is in breach of or default under any material provision of any such contract which would have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(k) There are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened to which the Company or any of its subsidiaries is or may be a party or with respect to which property owned or leased by the Company or any of its subsidiaries is or may be the subject, or related to environmental, employment of aliens, sexual harassment or discrimination matters, which actions, suits or proceedings might, individually or in the aggregate, prevent or adversely affect the transactions contemplated by this Agreement or result in a material adverse change in the condition (financial or otherwise), properties, business, results of operations or prospects of the Company and its subsidiaries, taken as a whole, and no labor disturbance by the employees of the Company or its subsidiaries exists or, to the knowledge of the Company or any of its subsidiaries, is imminent which might be expected to result in a material adverse change in the condition (financial or otherwise), properties, business, results of operations or prospects of the Company or its subsidiaries, taken as a whole. Neither the Company nor any of its subsidiaries is a party to, or subject to the provisions of, any material injunction, judgment, decree or order of any court, regulatory body, administrative agency or other governmental body.

(l) The Company and each of its subsidiaries have good and marketable title to all the properties and assets reflected as owned by them, respectively, in the financial statements hereinabove described (or as reflected or described in the Prospectus), subject to no lien, mortgage, pledge, charge or encumbrance of any kind except (i) those, if any, reflected in such financial statements (or in the Prospectus), or (ii) those which do not materially adversely affect the use made and proposed to be made of such property by the Company or any of its subsidiaries. The Company and each of its subsidiaries hold their respective leased properties under valid and binding leases, with such exceptions as are not materially significant in relation to the business of the Company or its subsidiaries. Except as disclosed in the Prospectus, the Company and each of its subsidiaries own or lease all such properties as are necessary to their respective operations as now conducted.

(m) Since the respective dates as of which information is given in the Registration Statement and Prospectus, and except as described in or specifically contemplated by the Prospectus (i) neither the Company nor any of its subsidiaries has incurred any liabilities or obligations, direct, indirect or contingent, or entered into any verbal or written agreement or other transaction which is not in the ordinary course of business and which reasonably could be expected to result in a material reduction in the future earnings of the Company or its subsidiaries, taken as a whole; (ii) the Company and its subsidiaries, taken as a whole, have not sustained any material loss or interference with their respective businesses or properties from fire, flood, windstorm, accident or other calamity, whether or not covered by insurance; (iii) the Company has not paid or declared any dividends or other distributions with respect to its capital stock, and the Company and its subsidiaries are not in default in the payment of principal or interest on any outstanding debt obligations; (iv) there has not been any change in the capital stock (other than upon the sale of the Common Shares hereunder) or indebtedness material to the Company and its subsidiaries, taken as a whole; and (v) there has not been any material adverse change in the condition (financial or otherwise), business, properties, results of operations or prospects of the Company and its subsidiaries, taken as a whole.

(n) The Company has validly registered in the principal register with the U.S. Patent and Trademark Office "Papa John's" as a service mark, "Pizza Papa John's" and design as a trademark, and "Pizza Papa John's Delivering the Perfect Pizza!" and design as a trademark and as a servicemark, and the Company and its subsidiaries have sufficient trademarks, trade names, patent rights, mask works, copyrights, licenses, approvals and governmental authorizations to conduct their respective businesses as now conducted; and the Company has no knowledge of any infringement by it or its subsidiaries of trademarks, trade name rights, trade dress, patent rights, mask works, copyrights, licenses, trade secret or other similar rights of others; and except as disclosed in the Prospectus, the Company has no knowledge of any infringement by others of its or its subsidiaries' trademarks, trade name rights, trade dress, patent rights, mask works, copyrights, licenses, trade secrets or other similar rights that would be material to the business or financial condition of the Company and its subsidiaries taken as a whole; and there is no claim being made against the Company or any of its subsidiaries or any of its franchisees regarding trademark, trade name, trade dress, patent right, mask work, copyright, license, trade secret or other infringement which could have a material adverse effect on the condition (financial or otherwise), business, results of operations or prospects of the Company and its subsidiaries, taken as a whole.

(o) The Company has not been advised, and has no reason to believe, that either it or any of its subsidiaries is not conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, including, without limitation, all applicable local, state and federal employment, truth-in- advertising, franchising, immigration and environmental laws and regulations, except where failure to be so in compliance would not materially adversely affect the condition (financial or otherwise), business, results of operations or prospects of the Company and its subsidiaries, taken as a whole.

(p) The Company and each of its subsidiaries have filed all federal, state and foreign income and franchise tax returns or extensions therefor required to be filed and have paid all taxes shown as due thereon; and the Company has no knowledge of any tax deficiency which has been or might be asserted or threatened against the Company or any of its subsidiaries which could materially and adversely affect the business, operations or properties of the Company and its subsidiaries, taken as a whole.

(q) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; and (iii) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(r) The Company is not required to make, and following receipt of the proceeds from the sale of the Common Shares will not be required to make, any filing or to register under the Investment Company Act of 1940, as amended.

(s) There is no proceeding pending or threatened (or, to the knowledge of the Company or any of its subsidiaries or any officer of the Company or its subsidiaries, any basis therefor) which may lead to the revocation, suspension, termination or nonrenewal of any certificate, order, license, permit, easement, consent, waiver, approval, franchise, grant, authorization or concession required to conduct the business of the Company or its subsidiaries as now conducted and as proposed to be conducted and which are material to the Company and its subsidiaries, taken as a whole.

(t) Neither the Company nor to the best of the Company's knowledge any franchisee of the Company sells alcoholic beverages at any of the Company's restaurants or at any restaurant operated by a franchisee of the Company.

(u) The documents incorporated by reference in the Registration Statement and Prospectus comply in all material respects with the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Commission thereunder, and any additional documents deemed to be incorporated by reference in the Prospectus will, when they are filed with the Commission, comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder, and both the documents incorporated by reference in the Prospectus and any additional documents deemed to be incorporated by reference in the Prospectus do not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they are made, not misleading.

SECTION 3. Representations and Warranties of the Underwriters. The Underwriters represent and warrant to the Company that the information set forth
(i) on the cover page of the Prospectus with respect to price, underwriting discounts and commissions and terms of the offering and (ii) under "Underwriting" in the Prospectus furnished to the Company by the Underwriters for use in connection with the preparation of the Registration Statement and the Prospectus is correct in all material respects. The Company acknowledges that this information is the sole information furnished to the Company by the Underwriters for inclusion in the Registration Statement, any Preliminary Prospectus, any Prospectus, or any amendment or supplement thereto.

SECTION 4. Purchase, Sale and Delivery of Common Shares. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Underwriters 800,000 Firm Common Shares, and the Underwriters agree, severally and not jointly, to purchase from the Company the number of Firm Common Shares set forth opposite their respective names in Schedule A hereto. The purchase price per share to be paid by the Underwriters to the Company and the Firm Selling Stockholders shall be $_____ per share.

Delivery of the certificate(s) for the Firm Common Shares to be purchased by the Underwriters shall be made by or on behalf of the Company to the Underwriters or to the account of Montgomery Securities at the Depositary Trust Corporation, New York, New York ("DTC"), as Montgomery Securities may direct, for the respective accounts of the Underwriters. In the event certificates are delivered to the Underwriters other than through DTC, such delivery shall be made at the offices of Greenbaum Doll & McDonald

PLLC, 3300 National City Tower, Louisville, Kentucky 40202-3197 (or such other place as may be agreed upon by the Company and the Underwriters). Delivery of certificates, whether through DTC or otherwise, shall be made at such time and date, not later than the third (or, if the Firm Common Shares are priced, as contemplated by Rule 15cb-1(c) promulgated under the Securities Exchange Act of 1934, as amended, after 4:30 p.m. Washington D.C. Time, the fourth) full business day following the first date that any of the Common Shares are released by the Underwriters for sale to the public, as the Underwriters shall designate (the "First Closing Date"); provided, however, that if the Prospectus is at any time prior to the First Closing Date recirculated to the public, the First Closing Date shall occur upon the later of the third or fourth, as the case may be, full business day following the first date that any of the Common Shares are released by the Underwriters for sale to the public or the date that is forty- eight hours after the date that the Prospectus has been so recirculated. The certificates for the Firm Common Shares shall be registered in such names and denominations as the Underwriters shall have requested at least two full business days prior to the First Closing Date and shall be made available for checking and packaging on the business day preceding the First Closing Date at a location in New York, New York, as may be designated by the Underwriters. Time shall be of the essence, and delivery at the time and place specified in this Agreement as a further condition to the obligations of the Underwriters. Payment by the Underwriters for the purchase price for the Firm Common Shares shall be made by wire transfer in same day funds to _____ bank, account number _____, as designated by the Company.

In addition, on the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters to purchase up to 120,000 Optional Common Shares at the purchase price per share to be paid for the Firm Common Shares, for use solely in covering any over-allotments made by the Underwriters in the sale and distribution of the Firm Common Shares. The option granted hereunder may be exercised at any time (but not more than once) within 30 days after the first date that any of the Firm Common Shares are released by the Underwriters for sale to the public upon notice by the Underwriters to the Company setting forth the aggregate number of Optional Common Shares as to which the Underwriters are exercising the option, the names and denominations in which the certificates for such shares are to be registered and the time and place at which such certificates will be delivered. Such time of delivery (which may not be earlier than the First Closing Date), being herein referred to as the "Second Closing Date," shall be determined by the Underwriters, but if at any time other than the First Closing Date shall not be earlier than three nor later than five full business days after delivery of such notice of exercise. The number of Optional Common Shares to be purchased by each Underwriter shall be determined by multiplying the aggregate number of Optional Common Shares to be sold by the Company pursuant to such notice of exercise

by a fraction, the numerator of which is the number of Firm Common Shares to be purchased by such Underwriter as set forth opposite its name in Schedule A and the denominator of which is 800,000 (subject to such adjustments to eliminate any fractional share purchases as the Underwriters in their discretion may make). Certificates for the Optional Common Shares will be made available for checking and packaging on the business day preceding the Second Closing Date at a location in New York, New York, designated by you. The manner of payment for and delivery of the Optional Common Shares shall be the same as for the Firm Common Shares purchased, as specified in this Section 4. At any time before lapse of the option, the Underwriters may cancel such option by giving written notice of such cancellation to the Company. If the option is canceled or expires unexercised in whole or in part, the Company will deregister under the Act the number of Optional Common Shares as to which the option has not been exercised.

Subject to the terms and conditions hereof, the Underwriters propose to make a public offering of their respective portions of the Firm Common Shares, and of the Optional Common Shares if and to the extent that the Underwriters exercise their option to purchase Optional Common Shares, as soon after the effective date of the Registration Statement as in the judgment of the Underwriters is advisable and at the public offering price set forth on the cover page of and on the terms set forth in the Prospectus.

SECTION 5. Covenants of the Company. The Company covenants and agrees that:

(a) The Company will use its best efforts to cause the Registration Statement and any amendment thereof, if not effective at the time and date that this Agreement is executed and delivered by the parties hereto, to become effective. If the Registration Statement has become or becomes effective pursuant to Rule 430A of the Rules and Regulations, or the filing of the Prospectus is otherwise required under Rule 424(b) of the Rules and Regulations, the Company will file the Prospectus, properly completed, pursuant to the applicable paragraph of Rule 424(b) of the Rules and Regulations within the time period prescribed and will provide evidence satisfactory to the Underwriters of such timely filing. The Company will promptly advise the Underwriters in writing (i) of the receipt of any comments of the Commission, (ii) of any request of the Commission for amendment of or supplement to the Registration Statement (either before or after it becomes effective), any Preliminary Prospectus or the Prospectus or for additional information, (iii) when the Registration Statement shall have become effective and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the institution of any proceedings for that purpose. If the Commission shall enter any such stop order at any time, the Company will use its best efforts to obtain the lifting of such order at the earliest possible moment. The Company will not file any amendment or supplement to the

Registration Statement (either before or after it becomes effective), any Preliminary Prospectus or the Prospectus of which the Underwriters have not been furnished with a copy a reasonable time prior to such filing or to which the Underwriters reasonably object in writing or which is not in compliance with the Act and the Rules and Regulations.

(b) The Company will prepare and file with the Commission, promptly upon the Underwriters' request, any amendments or supplements to the Registration Statement or the Prospectus which in the Underwriters' judgment may be necessary or advisable to enable the several Underwriters to continue the distribution of the Common Shares and will use its best efforts to cause the same to become effective as promptly as possible. The Company will fully and completely comply with the provisions of Rule 430A of the Rules and Regulations with respect to information omitted from the Registration Statement in reliance upon such Rule.

(c) If at any time within the nine-month period referred to in
Section 10(a)(3) of the Act during which a prospectus relating to the Common Shares is required to be delivered under the Act any event occurs, as a result of which the Prospectus, including any amendments or supplements, would include an untrue statement of a material fact, or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary at any time to amend the Prospectus, including any amendments or supplements, to comply with the Act or the Rules and Regulations, the Company will promptly advise the Underwriters thereof and will promptly prepare and file with the Commission, at its own expense, an amendment or supplement which will correct such statement or omission or an amendment or supplement which will effect such compliance and will use its best efforts to cause the same to become effective as soon as possible; and, in case any Underwriter is required to deliver a prospectus after such nine-month period, the Company, upon request, but at the expense of such Underwriter, will promptly prepare such amendment or amendments to the Registration Statement and such Prospectus or Prospectuses as may be necessary to permit compliance with the requirements of Section 10(a)(3) of the Act.

(d) As soon as practicable, but not later than 45 days after the end of the first quarter ending after one year following the "effective date of the Registration Statement" (as defined in Rule 158(c) of the Rules and Regulations), the Company will make generally available to its security holders an earnings statement (which need not be audited) covering a period of 12 consecutive months beginning after the effective date of the Registration Statement which will satisfy the provisions of the last paragraph of Section 11(a) of the Act.

(e) During such period as a prospectus is required by law to be delivered in connection with sales by an Underwriter or dealer, the Company, at its expense, but only for the nine-month period referred to in
Section 10(a)(3) of the Act, will furnish to the Underwriters or mail copies of the Registration Statement, the Prospectus, the Preliminary Prospectus and all amendments and supplements to any such documents in each case as soon as available and in such quantities as the Underwriters may request, for the purposes contemplated by the Act.

(f) The Company shall cooperate with the Underwriters and their counsel in order to qualify or register the Common Shares for sale under (or obtain exemptions from the application of) the Blue Sky laws of such jurisdictions, and, in the case of jurisdictions in Canada, under Canadian securities laws, as the Underwriters designate, will comply with such laws and will continue such qualifications, registrations and exemptions in effect so long as reasonably required for the distribution of the Common Shares. The Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any such jurisdiction where it is not presently qualified or where it would be subject to taxation as a foreign corporation. The Company will advise the Underwriters promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Common Shares for offering, sale or trading in any jurisdiction or any initiation or overt threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company, with the Underwriters' cooperation, will use its best efforts to obtain the withdrawal thereof.

(g) During the period of five years hereafter, the Company will furnish to the Underwriters: (i) as soon as practicable after the end of each fiscal year, copies of the Annual Report to Stockholders of the Company containing the balance sheet of the Company as of the close of such fiscal year and statements of income, stockholders' equity and cash flows for the year then ended and the opinion thereon of the Company's independent public accountants; (ii) as soon as practicable after the filing thereof, copies of each proxy statement, Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Report on Form 8-K or other report filed by the Company with the Commission, the NASD or any securities exchange; and
(iii) as soon as available, copies of any report or communication of the Company mailed generally to holders of its Common Stock.

(h) During the period of 90 days from the date of the Prospectus, without the prior written consent of either Montgomery Securities or the Underwriters acting jointly (the giving or withholding of such written consent being in the sole discretion of Montgomery Securities, or the Underwriters acting jointly, as the case

may be), the Company will not issue, offer, sell, grant options to purchase or otherwise dispose of any of the Company's equity securities or any other securities convertible into or exchangeable with its Common Stock or other equity security, except for (i) the grant of options in the ordinary course of business pursuant to existing stock option plans; (ii) the issuance of shares of Common Stock pursuant to the exercise of director, officer or employee stock options that are disclosed in the Registration Statement or Prospectus or the other documents incorporated by reference therein and are outstanding on the date of the Prospectus; [or (iii) the issuance of up to a maximum of 250,000 shares of Common Stock for the acquisition of additional restaurants or properties.]

(i) The Company will apply the net proceeds of the sale of the Common Shares sold by it substantially in accordance with its statements under the caption "Use of Proceeds" in the Prospectus.

(j) The Company will use its best efforts to qualify or register its Common Stock for sale in non-issuer transactions under (or obtain exemptions from the application of) the Blue Sky laws of the State of California (and thereby permit market making transactions and secondary trading in the Company's Common Stock in California), will comply with such Blue Sky laws and will use its best efforts to maintain such qualifications, registrations and exemptions in effect for a period of five years after the date hereof.

The Underwriters may, in their sole discretion, waive in writing the performance by the Company of any one or more of the foregoing covenants or extend the time for their performance.

SECTION 6. Payment of Expenses. Whether or not the transactions contemplated hereunder are consummated or this Agreement becomes effective or is terminated, the Company agrees to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder, including without limiting the generality of the foregoing, (i) all expenses incident to the issuance and delivery of the Common Shares (including all printing and engraving costs), (ii) all fees and expenses of the registrar and transfer agent of the Common Stock, (iii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Common Shares to the Underwriters, (iv) all fees and expenses of the Company's counsel and the Company's independent accountants, (v) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution to the Underwriters and dealers of the Registration Statement, each Preliminary Prospectus and the Prospectus (including all exhibits and financial statements) and all amendments and supplements provided for herein, this Agreement, the Agreement Among Underwriters, the Selected Dealers

Agreement, the Underwriters' Questionnaire, the Underwriters' Power of Attorney and the preliminary Blue Sky memorandum and final Blue Sky memorandum, (vi) all filing fees, attorneys' fees and expenses incurred by the Company or the Underwriters in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Common Shares for offer and sale under the Blue Sky laws and applicable Canadian securities laws, (vii) the filing fee of the NASD and attorneys fees and expenses incurred by the Company or the Underwriters in obtaining a letter of no objection from the NASD, and (viii) all other fees, costs and expenses referred to in Item 14 of the Registration Statement. Except as provided in this Section 6, Section 8 and Section 10 hereof, the Underwriters shall pay all of their own expenses, including the fees and disbursements of their counsel (excluding those relating to qualification, registration or exemption under the Blue Sky laws, Canadian securities laws, the Blue Sky memoranda and relating to obtaining a letter of no objection from the NASD, referred to above).

SECTION 7. Conditions of the Obligations of the Underwriters. The obligations of the Underwriters to purchase and pay for the Firm Common Shares on the First Closing Date and the Optional Common Shares on the Second Closing Date shall be subject to the accuracy of the representations and warranties on the part of the Company herein set forth as of the date hereof and as of the First Closing Date or the Second Closing Date, as the case may be, to the accuracy of the statements of Company officers made pursuant to the provisions of this Agreement, to the performance by the Company of its obligations hereunder, and to the following additional conditions:

(a) The Registration Statement shall have become effective not later than 5:00 p.m., Washington D.C. time, on the date of this Agreement, or at such later time as shall have been consented to by you; if the filing of the Prospectus, or any supplement thereto, is required pursuant to Rule 424(b) of the Rules and Regulations, the Prospectus shall have been filed in the manner and within the time period required by Rule 424(b) of the Rules and Regulations; and prior to such Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or shall be pending or, to the knowledge of the Company or the Underwriters, shall be contemplated by the Commission; and any request of the Commission for inclusion of additional information in the Registration Statement, or otherwise, shall have been complied with to the Underwriters' satisfaction.

(b) The Underwriters shall be satisfied that since the respective dates as of which information is given in the Registration Statement and Prospectus, (i) there shall not have been any change in the capital stock (other than pursuant to the exercise of director, officer or employee stock options disclosed in the Registration Statement or Prospectus and outstanding as of the date of the Prospectus) of the

Company or its subsidiaries or any material change in the indebtedness of the Company or its subsidiaries, (ii) except as set forth in or contemplated by the Registration Statement or the Prospectus, no material verbal or written agreement or other transaction shall have been entered into by the Company or its subsidiaries which is not in the ordinary course of business and which reasonably could be expected to result in a material reduction in the future earnings of the Company or its subsidiaries, taken as a whole, (iii) no loss or damage (whether or not insured) to the property of the Company or its subsidiaries shall have been sustained which materially and adversely affects the condition (financial or otherwise), business, results of operations or prospects of the Company or its subsidiaries, taken as a whole, (iv) no legal or governmental action, suit or proceeding affecting the Company or its subsidiaries which could have a material adverse effect upon the Company and its subsidiaries, taken as a whole, or which affects or may affect the transactions contemplated by this Agreement shall have been instituted or threatened and (v) there shall not have been any material change in the condition (financial or otherwise), business, management, results of operations or prospects of the Company and its subsidiaries taken as a whole which makes it impractical or inadvisable in the judgment of the Underwriters to proceed with the public offering or purchase of the Common Shares as contemplated hereby.

(c) There shall have been furnished to the Underwriters on each Closing Date, in form and substance satisfactory to the Underwriters, such documents and certificates as the Underwriters shall reasonably request, including the following:

(i) An opinion of Greenebaum Doll & McDonald PLLC, counsel for the Company, addressed to the Underwriters and dated the First Closing Date, or the Second Closing Date, as the case may be, to the effect that:

(1) Each of the Company and its subsidiaries, respectively, has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, is duly qualified to do business as a foreign corporation and is in good standing in all other jurisdictions where the ownership or leasing of properties or the conduct of its business requires such qualification, except for jurisdictions in which the failure to so qualify would not have a material adverse effect on the Company or its subsidiaries, as the case may be, and each has full corporate power and authority to own its properties and conduct its business as described in the Registration Statement;

(2) The authorized capital stock of the Company is as set forth under the caption "Capitalization" in the Prospectus, and the number of shares of Common Stock that will be issued and outstanding after consummation of the transactions contemplated hereby is as set forth under the caption "Prospectus Summary - The Offering" (assuming the Underwriters do not elect to purchase any of the Optional Common Shares); all necessary and proper corporate proceedings have been taken in order to validly authorize such authorized Common Stock and to validly issue such issued and outstanding Common Stock; all outstanding shares of Common Stock (including the Firm Common Shares and Optional Common Shares, if any) have been duly and validly authorized and issued, are fully paid and nonassessable, were not issued in violation of any preemptive rights or other rights to subscribe for or purchase any securities and conform to the description thereof contained in the documents incorporated by reference into the Prospectus; without limiting the foregoing, there are no preemptive or other rights to subscribe for or purchase any of the Common Shares to be sold by the Company hereunder; neither the Amended and Restated Certificate of Incorporation nor Restated Bylaws of the Company, nor does any contract, contain any restriction upon the voting or transfer of any of the shares of capital stock of the Company (including the Firm Common Shares and the Option Common Shares), except such restrictions as may be imposed by federal and state securities laws or as may be expressly described in the Prospectus;

(3) All of the issued and outstanding shares of capital stock of the Company's subsidiaries have been duly and validly authorized and issued, are fully paid and nonassessable, and good and valid title thereto is held by the Company free and clear of all liens, claims, equities or other encumbrances of any kind or character;

(4) The certificate(s) evidencing the Common Shares to be delivered hereunder are in due and proper form under Delaware law, and when duly countersigned by the Company's transfer agent and registrar, and delivered to the Underwriters or to the order of the Underwriters against payment of the agreed consideration therefor in accordance with the provisions of this Agreement, good and valid title to the Common Shares (including the Firm Common Shares to be sold by the Company and the Optional Common Shares to be sold by the Company to the extent that the over- allotment option is exercised)

will pass to the Underwriters free and clear of any liens, claims, equities or other encumbrances of any kind or character, and the Common Shares represented by such certificate(s) will be duly authorized and validly issued, fully paid and nonassessable, will not have been issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities, and will conform to the description thereof contained in the documents incorporated by reference into the Prospectus;

(5) Except as disclosed in the Prospectus, there are no outstanding options, warrants or other rights calling for the issuance of, and no commitments or obligations to issue, any shares of capital stock of the Company or any security convertible into or exchangeable for capital stock of the Company;

(6) (a) The Company has met all of the eligibility requirements for the use of a registration statement on Form S-3.

(b) The Registration Statement has become effective under the Act, and, to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement or preventing the use of the Prospectus has been issued and no proceedings for that purpose have been instituted or are pending or overtly threatened by the Commission; any required filing of the Prospectus and any supplement thereto pursuant to Rule 424(b) of the Rules and Regulations has been made in the manner and within the time period required by such Rule 424(b);

(c) The Registration Statement, the Prospectus and each amendment or supplement thereto (except for the financial statements and schedules and other statistical financial data and schedules included therein, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Act and the Rules and Regulations; and

(d) The documents incorporated by reference in the Prospectus (except for the financial statements and schedules and other statistical financial data and schedules included therein, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder.

(e) To such counsel's knowledge, there are no franchises, leases, contracts, agreements or documents of a character required to be disclosed in the Registration Statement, the Prospectus, the documents incorporated by reference in the Prospectus, or to be filed as exhibits to the Registration Statement or the documents incorporated by reference into the Prospectus which are not disclosed or filed, as required;

(7) The Company has full right, corporate power and authority to enter into this Agreement and to sell and deliver the Common Shares to be sold by it to the Underwriters; this Agreement has been duly and validly authorized by all necessary corporate action by the Company, has been duly and validly executed and delivered by and on behalf of the Company, and is a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except to the extent that (i) the validity and binding effect and enforcement of this Agreement may be limited by any applicable bankruptcy, reorganization, moratorium, or similar laws of general application, (ii) the availability of equitable remedies may be limited by principles of equity, whether considered in a proceeding at law or in equity, and (iii) the terms hereof may be limited by applicable securities laws and the policies embodied therein; and no approval, authorization, order, consent, registration, filing, qualification, license or permit of or with any court, regulatory, administrative or other governmental body is required for the execution and delivery of this Agreement by the Company or the consummation of the transactions contemplated by this Agreement, except such as have been obtained and are in full force and effect under the Act and such as may be required under applicable Blue Sky laws and applicable Canadian securities laws in connection with the purchase and distribution of the Common Shares by the Underwriters and the obtaining of a letter of no objection from the NASD with respect to such offering;

(8) The execution and performance of this Agreement, the sale of the Common Shares and the consummation of the transactions herein contemplated will not violate any of the provisions of the Amended and Restated Certificate of Incorporation or Restated Bylaws of the Company or the Articles of Incorporation or Bylaws of any of its subsidiaries or, to such counsel's knowledge, conflict with, result in the breach of, or constitute, either by itself or upon notice or the passage of time or both, a default under any agreement, mortgage,

deed of trust, lease, franchise, license, indenture, permit or other instrument to which the Company or its subsidiaries is a party or by which the Company or its subsidiaries or any of its or their property may be bound or affected, or violate any statute, judgment, decree, order, rule or regulation of any court or government body having jurisdiction over the Company or its subsidiaries or any of its or their property (other than state securities or Blue Sky laws and regulations as to which counsel need not express any opinion);

(9) The Company is not in violation of its Amended and Restated Certificate of Incorporation or Restated Bylaws and the Company's subsidiaries are not in violation of their Articles of Incorporation or Bylaws, and, to such counsel's knowledge neither the Company nor its subsidiaries is in breach of or default with respect to any provision of any agreement, mortgage, deed of trust, lease, loan agreement, security agreement, license, indenture, permit or other instrument to which the Company or its subsidiaries is a party or by which the Company or any of its properties or the Company's subsidiaries or any of their properties may be bound or affected, except where such default would not materially adversely affect the Company or its subsidiaries, taken as a whole; and, to such counsel's knowledge, the Company and its subsidiaries are in compliance with all laws, rules, regulations, judgments, decrees, orders and statutes of any court or jurisdiction to which they are subject, except where noncompliance would not materially adversely affect the Company or its subsidiaries, taken as a whole;

(10) To such counsel's knowledge, there are no legal actions, suits or governmental proceedings pending or threatened before any court or governmental agency, authority or body which, if determined adversely to the Company or its subsidiaries, would individually or in the aggregate have a material adverse effect on the financial position, stockholders' equity or results of operations of the Company or its subsidiaries, taken as a whole;

(11) Except to the extent the registration rights granted pursuant to the Asset Purchase Agreement have not been waived pursuant to the waivers annexed to such counsel's opinion, to such counsel's knowledge, no holders of securities of the Company have rights to the registration of shares of Common Stock or other securities which would be required to be included in the Registration

Statement filed by the Company or included in the offering contemplated thereby;

(12) No transfer taxes are required to be paid under the laws of the Commonwealth of Kentucky in connection with the sale and delivery of the Common Shares to the Underwriters hereunder;

In rendering such opinion, such counsel may rely, as to matters of fact, on certificates of the officers of the Company and of governmental officials, in which case their opinion shall state that they are so doing and that the Underwriters are justified in relying on such certificates and copies of such certificates are to be attached to the opinion.

In addition, such counsel shall state that they have participated in conferences with officers, employees and other representatives of the Company, counsel for the Underwriters, representatives of the independent public accountants for the Company and representatives of the Underwriters at which the contents of the Registration Statement and Prospectus and related matters were discussed and, although such counsel is not passing upon and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement and Prospectus and has not made any independent check or verification thereof, on the basis of the foregoing (relying as to materiality to a large extent upon the statements of officers, employees and other representatives of the Company), no facts have come to such counsel's attention that lead them to believe that either the Registration Statement at the time such Registration Statement became effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances in which they were made, not misleading, or the Prospectus as of its date contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that such counsel need express no opinion with respect to the financial statements, schedules and other statistical financial data included in the Registration Statement or Prospectus.

(ii) Such opinion or opinions of Locke Purnell Rain Harrell (A Professional Corporation), counsel for the Underwriters, dated the First Closing Date or the Second Closing Date, as the case may be, with respect to the incorporation of the Company and its subsidiaries, the sufficiency of all corporate proceedings and other legal matters relating to this Agreement,

the validity of the Common Shares, the Registration Statement and the Prospectus and other related matters as the Underwriters may reasonably require, and the Company shall have furnished to such counsel such documents and shall have exhibited to them such papers and records as they reasonably may request for the purpose of enabling them to pass upon such matters. In connection with such opinions, such counsel may rely on representations or certificates of the officers of the Company and governmental officials.

(iii) A certificate of the Company executed by the Chairman of the Board and Chief Executive Officer and the Chief Financial or Accounting Officer of the Company, dated the First Closing Date or the Second Closing Date, as the case may be, to the effect that:

(1) The representations and warranties of the Company set forth in Section 2 of this Agreement are true and correct as of the date of this Agreement and as of the First Closing Date or the Second Closing Date, as the case may be, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to such Dates, respectively;

(2) The Commission has not issued any order preventing or suspending the use of the Prospectus or any Preliminary Prospectus filed as a part of the Registration Statement or any amendment thereto; no stop order suspending the effectiveness of the Registration Statement has been issued; and to the best of the knowledge of the respective signers, no proceedings for that purpose have been instituted or are pending or overtly threatened under the Act;

(3) Each of the respective signers of the certificate has carefully examined the Registration Statement and the Prospectus; in his opinion and to the best of his knowledge, the Registration Statement and the Prospectus and any amendments or supplements thereto contain all statements required to be stated therein regarding the Company and its subsidiaries, and neither the Registration Statement nor the Prospectus nor any amendment or supplement thereto includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(4) Since the initial date on which the Registration Statement was filed, no agreement, written or oral, transaction or event has occurred which should have been set forth in an amendment to the Registration Statement or in a supplement to or amendment of any Prospectus which has not been disclosed in such a supplement or amendment;

(5) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, and except as disclosed in or contemplated by the Prospectus, there has not been any material adverse change or a development involving a material adverse change in the condition (financial or otherwise), business, properties, results of operations, management or prospects of the Company and its subsidiaries, taken as a whole; and no legal or governmental action, suit or proceeding is pending or threatened against the Company or its subsidiaries which is material to the Company or its subsidiaries, whether or not arising from transactions in the ordinary course of business, or which may adversely affect the transactions contemplated by this Agreement; neither the Company nor its subsidiaries has entered into any verbal or written agreement or other transaction which is not in the ordinary course of business or which reasonably could be expected to result in a material reduction in the future earnings of the Company or its subsidiaries, or incurred any material liability or obligation, direct, contingent or indirect, made any change in its capital stock, made any material change in its short-term debt or long-term debt or repurchased or otherwise acquired any of the Company's capital stock; and the Company has not declared or paid any dividend, or declared or made any other distribution, with respect to its outstanding capital stock payable to stockholders of record, except as disclosed in the Prospectus, on a date prior to the First Closing Date or Second Closing Date, as the case may be; and

(6) Since the respective dates as of which information is given in the Registration Statement and the Prospectus and except as disclosed in or contemplated by the Prospectus, neither the Company nor its subsidiaries has sustained a material loss or damage by strike, fire, flood, windstorm, accident or other calamity (whether or not insured).

(iv) On the date before this Agreement is executed and also on the First Closing Date and the Second Closing Date, a letter addressed to the Underwriters from Ernst & Young, independent accountants, the first one to be dated the day before the date of this Agreement, the second one to be dated the First Closing Date and the third one (in the event of a Second Closing) to be dated the Second Closing Date, in form and substance satisfactory to you.

(v) On or before the First Closing Date, letters from each director and officer of the Company, in form and substance satisfactory to you, confirming that for a period of 90 days from the date of the Prospectus such person or entity will not directly or indirectly sell or offer to sell or otherwise dispose of any shares of Common Stock or any right to acquire such shares without the prior written consent of either Montgomery Securities or the Underwriters acting jointly, which consent may be withheld at the sole discretion of Montgomery Securities, or the Underwriters acting jointly, as the case may be.

All such opinions, certificates, letters and documents shall be in compliance with the provisions hereof only if they are reasonably satisfactory to the Underwriters and to Locke Purnell Rain Harrell (A Professional Corporation), counsel for the Underwriters. The Company and the Selling Stockholders shall furnish the Underwriters with such manually signed or conformed copies of such opinions, certificates, letters and documents as the Underwriters request. Any certificate signed by any officer of the Company and delivered to the Underwriters shall be deemed to be a representation and warranty by the Company to the Underwriters as to the statements made therein.

If any condition to the Underwriters' obligations hereunder to be satisfied prior to or at the First Closing Date is not so satisfied, this Agreement at the election of the Underwriters will terminate upon notification by the Underwriters to the Company without liability on the part of any Underwriter or the Company, except for the expenses to be paid or reimbursed by the Company pursuant to Sections 6 and 8 hereof and except to the extent provided in Section 10 hereof.

SECTION 8. Reimbursement of Underwriters' Expenses. If this Agreement shall be terminated by the Underwriters pursuant to Section 7, or if the sale to the Underwriters of the Common Shares at the First Closing Date is not consummated because of any refusal, inability or failure on the part of the Company to perform any agreement herein or to comply with any provision hereof, the Company agrees to reimburse the Underwriters upon demand for all out-of- pocket expenses that shall have been reasonably incurred by

the Underwriters in connection with the proposed purchase and the sale of the Common Shares, including but not limited to fees and disbursements of Underwriters' counsel, printing expenses, travel expenses, postage, telecopy charges and telephone charges relating directly to the offering contemplated by the Prospectus. Any such termination shall be without liability of any party to any other party, except that the provisions of this Section 8, Section 6 and
Section 10 shall at all times be effective and shall apply.

SECTION 9. Effectiveness of Registration Statement. The Underwriters and the Company will use their respective best efforts to cause the Registration Statement to become effective, to prevent the issuance of any stop order suspending the effectiveness of the Registration Statement and, if such stop order be issued, to obtain as soon as possible the lifting thereof.

SECTION 10. Indemnification.

(a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act against any losses, claims, damages, liabilities or expenses, joint or several, to which such Underwriter or such controlling person may become subject, under the Act, the Exchange Act, or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Company and the Selling Stockholders), insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference into the Prospectus, or arise out of or are based upon the omission or alleged omission to state in any of them a material fact required to be stated therein or necessary to make the statements in any of them not misleading, or arise out of or are based in whole or in part on any inaccuracy in the representations and warranties of the Company contained herein or any failure of the Company to perform its obligations hereunder or under law; and will reimburse each Underwriter and each such controlling person for any legal and other expenses as such expenses are reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; provided, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto in reliance

upon and in conformity with the information furnished to the Company by the Underwriters pursuant to Section 3 hereof; and provided further, that with respect to any untrue statement or omission or alleged untrue statement or omission made in any Preliminary Prospectus, the indemnity agreement contained in this paragraph shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages, liabilities or expenses purchased the Common Shares concerned (or to the benefit of any person controlling such Underwriter) to the extent that any such loss, claim, damage, liability or expense of such Underwriter or controlling person results from the fact that a copy of the Prospectus was not sent or given to such person at or prior to the written confirmation of sale of such Common Shares to such person as required by the Act, and if the untrue statement or omission has been corrected in the Prospectus, unless such failure to deliver the Prospectus was a result of noncompliance by the Company with its obligations under Section 5(e) hereof.

(b) In addition to their other obligations under this Section 10 the Company and the Selling Stockholders jointly and severally agree that, as an interim measure during the pendency of any claim, action, investigation, inquiry or other proceeding arising out of or based upon any statement or omission, or any alleged statement or omission, or any inaccuracy in the representations and warranties of the Company herein or failure by the Company to perform its obligations hereunder, all as described in Section
10(a), the Company will reimburse each Underwriter on a quarterly basis for all reasonable legal or other expenses incurred in connection with investigating or defending any such claim, action, investigation, inquiry or other proceeding, notwithstanding the absence of a judicial determination as to the propriety and enforceability of the Company's obligations to reimburse each Underwriter for such expenses and the possibility that such payments might later be held to have been improper by a court of competent jurisdiction. To the extent that any such interim reimbursement payment is so held to have been improper, each Underwriter shall promptly return such payment to the Company, together with interest, compounded daily, determined on the basis of the prime rate (or other commercial lending rate for borrowers of the highest credit standing) announced from time to time by Bank of America NT&SA, San Francisco, California (the "Prime Rate"). Any such interim reimbursement payments which are not made to an Underwriter within 30 days of a request for reimbursement shall bear interest at the Prime Rate from the date of such request. This indemnity agreement will be in addition to any liability which the Company otherwise may have.

(c) Each Underwriter will severally indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Act, against any losses, claims, damages, liabilities or expenses to which the Company, or any such director, officer, or controlling person may become subject under the Act, the Exchange Act, or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of such Underwriter), insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, in reliance upon and in conformity with the information furnished to the Company pursuant to Section 3 hereof (which information is the sole information furnished to the Company by the Underwriters for inclusion in the Registration Statement, any Preliminary Prospectus, any Prospectus, or any amendment or supplement thereto); and will reimburse the Company, or any such director, officer or controlling person for any legal and other expense reasonably incurred by the Company, or any such director, officer or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. In addition to its other obligations under this Section
10(c), each Underwriter severally agrees that, as an interim measure during the pendency of any claim, action, investigation, inquiry or other proceeding arising out of or based upon any statement or omission, or any alleged statement or omission, described in this Section 10(c) which relates to information furnished to the Company pursuant to Section 4 hereof, it will reimburse the Company (and, to the extent applicable, each officer, director or controlling person) on a quarterly basis for all reasonable legal or other expenses incurred in connection with investigating or defending any such claim, action, investigation, inquiry or other proceeding, notwithstanding the absence of a judicial determination as to the propriety and enforceability of the Underwriters' obligation to reimburse the Company (and, to the extent applicable, each officer, director, or controlling person) for such expenses and the possibility that such payments might later be held to have been improper by a court of competent jurisdiction. To the extent that any such interim reimbursement payment is so held to have been improper, the Company (and, to the extent applicable, each

officer, director or controlling person) shall promptly return such payment to the Underwriters, together with interest, compounded daily, determined on the basis of the Prime Rate. Any such interim reimbursement payments which are not made within 30 days of a request for reimbursement, shall bear interest at the Prime Rate from the date of such request. This indemnity agreement will be in addition to any liability which such Underwriter otherwise may have.

(d) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party for contribution or otherwise hereunder to the extent it is not materially prejudiced as a proximate result of such failure. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with all other indemnifying parties similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be a conflict between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this
Section for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed such counsel in connection with the assumption of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel, approved by the Underwriters in the case of Section 10(a), representing the indemnified parties who are parties to such action) or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time

after notice of commencement of the action, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party.

(e) If the indemnification provided for in this Section 10 is required by its terms, but for any reason is held to be unavailable to or otherwise insufficient to hold harmless any indemnified party under paragraphs (a), (b), (c) or (d) in respect of any losses, claims, damages, liabilities or expenses as referred to herein, then each applicable indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of any losses, claims, damages, liabilities or expenses referred to herein (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Underwriters from the offering of the Common Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, then such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Underwriters in connection with the statements or omissions or inaccuracies in their representations and warranties herein which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The respective relative benefits received by the Company and the Underwriters shall be deemed to be in the same proportion, in the case of the Company as the total price paid to the Company for the Common Shares sold by it to the Underwriters (before deducting expenses), and in the case of Underwriters as the underwriting commissions received by them, bears to the total of such amounts paid to the Company and the amounts received by the Underwriters as underwriting commissions. The relative fault of the Company and the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact or the inaccurate or the alleged inaccurate representations and/or warranty relates to the information supplied by the Company or the Underwriters and the parties relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in subsection (d) of this Section 10, any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim. The provisions set forth in subsection
(d) of this Section 10 with respect to notice of commencement of any action shall apply if a claim for contribution is to be made under this subsection
(e); provided, however, that no additional notice shall be required with respect to any action for which notice has been given under subsection (d) for the purposes of indemnification. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined solely by pro rata allocation (even if

the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to in this subsection (e). Notwithstanding the provisions of this Section 10, no Underwriter shall be required to contribute any amount in excess of the amount of the total underwriting commissions received by such Underwriter in connection with the Common Shares underwritten by it and distributed to the public. No person guilty of fraudulent misrepresentation (within a meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 10 are several in proportion to their respective underwriting commitments and not joint.

(f) It is agreed that any controversy arising out of the operation of the interim reimbursement arrangements set forth in this Section 10, including the amounts of any requested reimbursement payments and the method of determining such amounts, shall be settled by arbitration conducted under the provisions of the Constitution and Rules of the Board of Governors of the New York Stock Exchange, Inc. or pursuant to the Code of Arbitration Procedure of the NASD. Any such arbitration must be commenced by service of a written demand for arbitration or written notice of intention to arbitrate, therein electing the arbitration tribunal. In the event the party demanding arbitration does not make such designation of an arbitration tribunal in such demand or notice, then the party responding to said demand or notice is authorized to do so. Such an arbitration would be limited to the operation of the interim reimbursement provisions contained in this Section 11 and would not resolve the ultimate propriety or enforceability of the obligation to reimburse expenses which is created by the provisions of this Section 10.

SECTION 11. Default of Underwriters. It shall be a condition to this Agreement and the obligation of the Company to sell and deliver the Common Shares hereunder, and of each Underwriter to purchase the Common Shares in the manner described herein, that, except as hereinafter in this paragraph provided, each of the Underwriters shall purchase and pay for all the Common Shares agreed to be purchased by such Underwriter hereunder upon tender to the Underwriters of all such shares in accordance with the terms hereof. If ANY UNDERWRITER defaults in its obligation to purchase Common Shares hereunder on either the First or Second Closing Date and the aggregate number of Common Shares that such defaulting Underwriter agreed but failed to purchase on such Closing Date does not exceed 10% of the total number of Common Shares which the Underwriters are obligated severally, in proportion to their respective commitments hereunder, to purchase on such Closing Date, the non-defaulting Underwriters shall be obligated to purchase the Common Shares that such defaulting Underwriter agreed but failed to purchase on such Closing Date. If any Underwriter so defaults and the aggregate number of Common Shares with

respect to which such default occurs is more than the above percentage and arrangements satisfactory to the Underwriters and the Company for the purchase of such Common Shares by other persons are not made within 48 hours after such default, this Agreement will terminate without liability on the part of the non- defaulting Underwriters or the Company (except for the expenses to be paid by the Company pursuant to Section 6 hereof and except to the extent provided in
Section 10 hereof).

In the event that Common Shares to which a default relates are to be purchased by the non-defaulting Underwriters or by another party or parties, the Underwriters and the Company shall have the right to postpone the First or Second Closing Date, as the case may be, for not more than three business days in order that the necessary changes in the Registration Statement, Prospectus and any other documents, as well as any other arrangements, may be effected. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

SECTION 12. Effective Date. This Agreement shall become effective at such time as the Registration Statement has become effective and you shall have released the Firm Common Shares for sale to the public; provided, however, that the provisions of Sections 6, 8, 10 and 13 hereof shall at all times be effective. For the purposes of this Section 12, the Firm Common Shares shall be deemed to have been so released upon the release by the Underwriters for publication, at any time after the Registration Statement has become effective, of any newspaper advertisement relating to any of the Common Shares, or upon the release by the Underwriters of any of the Common Shares for sale to the public, whichever may occur first.

SECTION 13. Termination. Without limiting the right to terminate this Agreement pursuant to any other provision hereof:

(a) This Agreement may be terminated by the Company by notice to the Underwriters or by the Underwriters by notice to the Company at any time prior to the time this Agreement shall become effective as to all its provisions, and any such termination shall be without liability on the part of the Company to the Underwriters (except for the expenses to be paid or reimbursed by the Company pursuant to Sections 6 and 8 hereof and except to the extent provided in Section 10 hereof) or of any Underwriter to the Company (except to the extent provided in Section 10 hereof).

(b) This Agreement may also be terminated by the Underwriters prior to the First Closing Date or prior to the Second Closing Date, as the case may be, by notice to the Company and the Selling Stockholders (i) if additional material governmental

restrictions not in force and effect on the date hereof shall have been imposed upon trading in securities generally or minimum or maximum prices shall have been generally established on the New York Stock Exchange or on the American Stock Exchange or in the NASDAQ National Market or in the over the counter market by the NASD, or trading in securities generally shall have been suspended on either such Exchange or in the NASDAQ National Market or in the over the counter market by the NASD or the Commission, or a general banking moratorium shall have been established by federal, New York, Kentucky or California authorities, (ii) if an outbreak of hostilities or other national or international calamity or any material change in political, financial or economic conditions shall have occurred or shall have accelerated to such an extent that the effect on the financial markets shall, in the judgment of the Underwriters, affect adversely the marketability of the Common Shares, (iii) if any adverse event shall have occurred or shall exist which makes untrue or incorrect in any material respect any statement or information contained in the Registration Statement or the Prospectus or any document incorporated by reference into the Prospectus or which is not reflected in the Registration Statement or the Prospectus or any document incorporated by reference into the Prospectus but should be reflected therein in order to make the statements or information contained therein not misleading in any material respect, or (iv) if there shall be any action, suit or proceeding pending or threatened, or there shall have been any development involving particularly the business or properties or securities of the Company or its subsidiaries or the transactions contemplated by this Agreement, which, in the judgment of the Underwriters, may materially and adversely affect the business or earnings of the Company and its subsidiaries taken as a whole or makes it impracticable to offer or sell the Common Shares. Any termination pursuant to this subsection (b) shall be without liability on the part of the Underwriters to the Company or on the part of the Company to the Underwriters (except for expenses to be paid or reimbursed by the Company pursuant to Sections 6 or 8 hereof and except to the extent provided in Sections 10 and 14).

SECTION 14. Representations and Indemnities to Survive Delivery. The respective indemnities, agreements, representations, warranties and other statements of the Company and its officers, and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Underwriters or the Company or any of their partners, officers or directors or any controlling person, as the case may be, and will survive delivery of and payment for the Common Shares sold hereunder and any termination of this Agreement.

SECTION 15. Notices. All communications hereunder shall be in writing and, if sent to the Underwriters, shall be mailed, delivered or telecopied or telegraphed and

confirmed to the Underwriters at Montgomery Securities, 600 Montgomery Street, San Francisco, California 94111, Attention: General Counsel, and Alex. Brown & Sons Incorporated, 135 East Baltimore Street, Baltimore, Maryland 21202, Attention: Mark Goodman, with a copy to Locke Purnell Rain Harrell (A Professional Corporation), 2200 Ross Avenue, Suite 2200, Dallas, Texas 75201, Attention: Dan Busbee; and if sent to the Company shall be mailed, delivered or telecopied or telegraphed and confirmed to the Company at 11492 Bluegrass Parkway, Louisville, Kentucky 40299, Attention: Charles W. Schnatter, with a copy to Greenebaum Doll & McDonald PLLC, 3300 National City Tower, Louisville, Kentucky, 40202, Attention: Ivan Diamond. The Company or the Underwriters may change the address for receipt of communications hereunder by giving notice to the others.

SECTION 16. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto, including any substitute Underwriters pursuant to Section 11 hereof, and to the benefit of the officers and directors and controlling persons referred to in Section 10, and in each case their respective successors, personal representatives and assigns, and no other person will have any right or obligation hereunder. No such assignment shall relieve any party of its obligations hereunder. The term "successors" shall not include any purchaser of the Common Shares as such from any of the Underwriters merely by reason of such purchase.

SECTION 17. Partial Unenforceability. The invalidity or unenforceability of any Section, subsection, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, subsection, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

SECTION 18. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws (and not the laws pertaining to conflicts of laws) of the State of Kentucky.

SECTION 19. General. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in several counterparts, each one of which shall be an original, and all of which shall constitute one and the same document.

In this Agreement, the masculine, feminine and neuter genders and the singular and the plural include one another. The section headings in this Agreement are for the convenience of the parties only and will not affect the construction or interpretation of this

Agreement. This Agreement may be amended or modified, and the observance of any term of this Agreement may be waived, only by a writing signed by the Company and the Underwriters.

If the foregoing is in accordance with the Underwriters' understanding of our agreement, kindly sign and return to us the enclosed copies hereof, whereupon it will become a binding agreement among the Company and the Underwriters, all in accordance with its terms.

Very truly yours,

PAPA JOHN'S INTERNATIONAL, INC.

By:

Charles W. Schnatter, Senior Vice President, General Counsel and Secretary

The foregoing Underwriting Agreement
is hereby confirmed and accepted
as of the date first above written
by the undersigned Underwriters.

MONTGOMERY SECURITIES
ALEX. BROWN & SONS INCORPORATED

By: MONTGOMERY SECURITIES

By:
Its: Managing Director

SCHEDULE A

Name of Underwriter	Number of Firm Common Shares to be Purchased
Montgomery Securities	-------
Alex. Brown & Sons Incorporated	-------

TOTAL 800,000

[LETTERHEAD OF GREENEBAUM DOLL & McDONALD PLLC]

April 22, 1996

PAPA JOHN'S INTERNATIONAL, INC.
11492 Bluegrass Parkway, Suite 175
Louisville, Kentucky 40299

Ladies and Gentlemen:

We have acted as legal counsel in connection with the preparation of a Registration Statement on Form S-3 under the Securities Act of 1933, as amended ("Registration Statement"), covering an aggregate of 977,500 shares of common stock, par value $.01 per share (the "Common Stock"), of Papa John's International, Inc., a Delaware corporation (the "Company"), of which 977,500 shares (including 127,500 shares subject to an over-allotment option granted to the Underwriters) are being offered by the Company.

We have examined and are familiar with the Amended and Restated Certificate of Incorporation and Restated By-Laws of the Company, and the various corporate records and proceedings relating to the organization of the Company and the proposed issuance of the Common Stock. We have also examined such other documents and proceedings as we have considered necessary for the purpose of this opinion.

Based on the foregoing, it is our opinion that the Common Stock has been duly authorized and, when issued and paid for in accordance with the terms of the Registration Statement, will be validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and with such state securities administrators as may require such opinion of counsel for the registration of the Common Stock, and to the reference to this firm under the heading "Legal Matters" in the Prospectus. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

GREENEBAUM DOLL & McDONALD PLLC

GD&M/abc

Consent of Independent Auditors

We consent to the reference to our firm under the captions "Selected Consolidated Financial Data" and "Experts" in the Registration Statement on Form S-3 and related Prospectus of Papa John's International, Inc. for the registration of 850,000 shares of its common stock and to the incorporation by reference therein of our report dated February 27, 1996, with respect to the consolidated financial statements of Papa John's International, Inc. and subsidiaries incorporated by reference in its Annual Report (Form 10-K) for the fiscal year ended December 31, 1995, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Louisville, Kentucky

April 18, 1996

End of Filing

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