

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the quarterly period ended March 28, 1999

OR

☐ Transition report pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

Commission File Number: 0-21660

PAPA JOHN'S INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	61-1203323
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification number)

11492 Bluegrass Parkway, Suite 175
Louisville, Kentucky 40299-2334
(Address of principal executive offices)

(502) 266-5200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days:

Yes	<input checked="" type="checkbox"/>	No
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At May 3, 1999, there were outstanding 30,142,253 shares of the
registrant's common stock, par value \$.01 per share.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Papa John's International, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

(In thousands)	March 28, 1999 (Unaudited)	December 27, 1998 (Restated - see note)

Assets		
Current assets:		
Cash and cash equivalents	\$ 37,400	\$ 33,814
Accounts receivable	18,931	17,420
Inventories	8,951	9,808
Prepaid expenses and other current assets	5,426	4,891
Deferred income taxes	2,090	2,090

Total current assets	72,798	68,023
Investments	47,120	47,355
Net property and equipment	191,408	172,872
Notes receivable from franchisees	9,096	8,990
Other assets	22,908	22,484

Total assets	\$343,330	\$319,724
=====		
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 19,680	\$ 18,389
Accrued expenses	28,635	27,106

Total current liabilities	48,315	45,495
Unearned franchise and development fees	6,350	6,561
Long-term debt	8,375	8,230
Deferred income taxes	258	5,066
Other long-term liabilities	203	202
Stockholders' equity:		
Preferred stock	-	-
Common stock	301	298
Additional paid-in capital	180,058	166,209
Accumulated other comprehensive income (unrealized gain on investments, net of tax)	1,112	688
Retained earnings	98,839	87,456
Treasury stock	(481)	(481)

Total stockholders' equity	279,829	254,170

Total liabilities and stockholders' equity	\$343,330	\$319,724
=====		

Note: The Condensed Consolidated Balance Sheet at December 27, 1998 has been derived from the audited financial statements at that date restated to reflect the acquisition of Minnesota Pizza Company, LLC, a business combination accounted for as a pooling of interests (see note 3).

See accompanying notes.

Papa John's International, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended March 28, 1999	March 29, 1998 (Restated - see note)
(In thousands, except per share amounts)		
Revenues:		
Restaurant sales	\$ 94,452	\$ 79,909
Franchise royalties	9,418	7,213
Franchise and development fees	1,470	1,102
Commissary sales	70,004	56,335
Equipment and other sales	12,007	10,934
Total revenues	187,351	155,493
Costs and expenses:		
Restaurant expenses:		
Cost of sales	23,227	21,216
Salaries and benefits	25,318	21,326
Advertising and related costs	8,137	7,069
Occupancy costs	4,590	3,823
Other operating expenses	12,724	10,523
	73,996	63,957
Commissary, equipment and other expenses:		
Cost of sales	62,354	52,674
Salaries and benefits	5,610	3,882
Other operating expenses	6,849	5,232
	74,813	61,788
General and administrative expenses	14,095	12,570
Pre-opening and other general expenses	1,416	1,182
Depreciation and amortization expense	5,531	4,622
Total costs and expenses	169,851	144,119
Operating income	17,500	11,374
Investment income	792	976
Income before income taxes and cumulative effect of a change in accounting principle	18,292	12,350
Income tax expense	6,909	4,841
Income before cumulative effect of a change in accounting principle	11,383	7,509
Cumulative effect of accounting change, net of tax	-	(2,603)
Net income	\$ 11,383	\$ 4,906
Basic earnings per share:		
Income before cumulative effect of a change in accounting principle	\$ 0.38	\$ 0.26
Cumulative effect of accounting change, net of tax	-	(0.09)
Basic earnings per share	\$ 0.38	\$ 0.17
Diluted earnings per share:		
Income before cumulative effect of a change in accounting principle	\$ 0.37	\$ 0.25
Cumulative effect of accounting change, net of tax	-	(0.09)
Diluted earnings per share	\$ 0.37	\$ 0.16
Basic weighted average shares outstanding	29,966	29,290
Diluted weighted average shares outstanding	31,099	30,111

Note: The Condensed Consolidated Statement of Income for the three months ended March 29, 1998, has been restated to reflect the adoption of SOP 98-5 and the acquisition of Minnesota Pizza Company, LLC, a business combination accounted for as a pooling of interests (see note 2 and note 3).

See accompanying notes.

Papa John's International, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

(In thousands)	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balance at December 28, 1997 as previously reported	\$291	\$149,850	\$ 321	\$62,752	\$(481)	\$212,733
Restatement for acquisition	1	1,499	-	(7,237)	-	(5,737)
Balance at December 28, 1997 as restated	292	151,349	321	55,515	(481)	206,996
Comprehensive income:						
Net income	-	-	-	4,906	-	4,906
Unrealized gain on investments, net of tax of \$314	-	-	486	-	-	486
Comprehensive income						5,392
Exercise of stock options	2	2,915	-	-	-	2,917
Tax benefit related to exercise of non-qualified stock options	-	563	-	-	-	563
Other	-	-	-	1	-	1
Balance at March 29, 1998	\$294	\$154,827	\$ 807	\$60,422	\$(481)	\$215,869
Balance at December 27, 1997 as restated	\$298	\$166,209	\$ 688	\$87,456	\$(481)	\$254,170
Comprehensive income:						
Net income	-	-	-	11,383	-	11,383
Unrealized gain on investments, net of tax of \$187	-	-	424	-	-	424
Comprehensive income						11,807
Exercise of stock options	3	6,406	-	-	-	6,409
Tax benefit related to exercise of non-qualified stock options	-	2,129	-	-	-	2,129
Deferred tax asset - acquisition	-	5,245	-	-	-	5,245
Other	-	69	-	-	-	69
Balance at March 28, 1999	\$301	\$180,058	\$1,112	\$98,839	\$(481)	\$279,829

Note: The Condensed Consolidated Statements of Stockholders' Equity for all prior periods presented have been restated to reflect the adoption of SOP 98-5 and the acquisition of Minnesota Pizza Company, LLC, a business combination accounted for as a pooling of interests (see note 2 and note 3).
See accompanying notes.

Papa John's International, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Three Months Ended	
	March 28, 1999	March 29, 1998 (Restated - see note)

Operating activities		
Net cash provided by operating activities	\$ 20,278	\$ 17,212
Investing activities		
Purchase of property and equipment	(25,232)	(12,362)
Purchase of investments	(9,765)	(4,924)
Proceeds from sale or maturity of investments	10,515	4,584
Loans to franchisees	(183)	(2,444)
Loan repayments from franchisees	77	1,664
Deferred systems development costs	(298)	(274)
Acquisitions	(825)	(228)
Other	263	12

Net cash used in investing activities	(25,448)	(13,972)
Financing activities		
Payments on long-term debt	(2,365)	(625)
Proceeds from issuance of long-term debt	2,510	1,440
Proceeds from exercise of stock options	6,409	2,917
Tax benefit related to exercise of non-qualified stock options	2,129	563
Other	73	(3)

Net cash provided by financing activities	8,756	4,292

Net increase in cash and cash equivalents	3,586	7,532
Cash and cash equivalents at beginning of period	33,814	18,835

Cash and cash equivalents at end of period	\$ 37,400	\$ 26,367
=====		

Note: The Condensed Consolidated Statement of Cash Flow for the three months ended March 29, 1998, has been restated to reflect the adoption of SOP 98-5 and the acquisition of Minnesota Pizza Company, LLC, a business combination accounted for as a pooling of interests (see note 2 and note 3).

See accompanying notes.

Papa John's International, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

March 28, 1999

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S - X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the three months ended March 28, 1999, are not necessarily indicative of the results that may be expected for the year ended December 26, 1999. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K for Papa John's International, Inc. (referred to as the "Company," "Papa John's" or in the first person notations of "we," "us" and "our"), for the year ended December 27, 1998.

2. Accounting Change

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting the Costs of Start-Up Activities" (the "SOP"), which requires that costs related to start-up activities be expensed as incurred. Prior to 1998, we capitalized our start-up costs incurred primarily in connection with opening new restaurant and commissary locations and amortized these costs on a straight line basis over a period of one year from the facility's opening date. We adopted the provisions of the SOP at the time we issued our financial statements for the year ended December 27, 1998 and have restated all previously reported interim financial statements. The adoption resulted in a charge in the first quarter of 1998 for the cumulative effect of an accounting change of \$2.6 million, net of taxes of \$1.5 million, to expense costs that had been previously capitalized prior to 1998. Excluding the one-time cumulative effect, the adoption of the new accounting standard did not have a material impact on 1998 operating results.

3. Business Combinations

On March 28, 1999, we acquired Minnesota Pizza Company, LLC ("Minnesota Pizza"), a franchisee which operated 37 Papa John's restaurants in the Minneapolis/St. Paul, Minnesota market. We issued 128,119 shares of our common stock valued at \$5.4 million in exchange for all of the issued and outstanding ownership interests of Minnesota Pizza. The transaction was accounted for as a pooling of interests. Our operating results for the first quarter of 1999, and previously reported results of operations and balance sheets, have been restated to include Minnesota Pizza. Intercompany transactions between the Company and Minnesota Pizza have been eliminated in the accompanying restated condensed consolidated financial statements. The operating results previously reported by the Company and Minnesota Pizza separately are summarized below:

(In thousands)	Three Months Ended March 28, 1999		Three Months Ended March 29, 1998	
	Papa John's	Minnesota Pizza	Papa John's	Minnesota Pizza
Total revenues	\$182,978	\$6,465	\$152,928	\$3,991
Eliminations	(2,092)	-	(1,426)	-
Net combined revenue	180,886	6,465	151,502	3,991
Net income (loss)	11,516	(133)	5,640	(734)
Pro forma net income (loss)	11,516	(82)	5,640	(455)

The Minnesota Pizza pro forma net income (loss) includes an income tax benefit for the treatment of Minnesota Pizza as a C Corporation rather than a limited liability company taxed as a partnership, with an assumed effective income tax rate of 38%.

4. Segment Information

(in thousands)	Three Months Ended	
	March 28, 1999	March 29, 1998 (Restated - see notes 2 and 3)

Revenues from external customers:		
Restaurants	\$ 94,452	\$ 79,909
Commissaries	70,004	56,335
Franchising	10,888	8,315
All others	12,007	10,934

Total revenues from external customers	\$187,351	\$155,493
=====		
Intersegment revenues:		
Commissaries	\$ 26,856	\$ 24,668
Franchising	34	31
All others	3,273	3,814

Total intersegment revenues	\$ 30,163	\$ 28,513
=====		
Income before income taxes:		
Restaurants	\$ 5,364	\$ 3,261
Commissaries	5,400	3,659
Franchising	9,357	7,064
All others	1,131	1,034
Unallocated corporate expenses	(2,982)	(2,581)
Elimination of intersegment profits	22	(87)

Total income before income taxes	\$ 18,292	\$ 12,350 (1)
=====		
Gross fixed assets:		
Restaurants	\$131,926	
Commissaries	49,501	
All others	4,671	
Unallocated corporate assets	59,145	
Accumulated depreciation	(53,835)	

Net fixed assets	\$191,408	
=====		

(1) Excludes the cumulative effect of a change in accounting principle.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Restaurant Progression (1)

	Three Months Ended	
	March 28, 1999	March 29, 1998

U.S. Company-owned:		
Beginning of period	514	427
Opened	4	20
Closed	(1)	-
Sold to franchisees	(5)	-
Acquired from franchisees	2	1

End of period	514	448

U.S. franchised:		
Beginning of period	1,365	1,090
Opened	69	61
Closed	(2)	-
Sold to Company	(2)	(1)
Acquired from Company	5	-

End of period	1,435	1,150

International franchised:		
Beginning of period	6	-
Opened	3	-

End of period	9	-

Total at end of period	1,958	1,598
=====		

(1) Restated for the acquisition of Minnesota Pizza (see Note 3 of Notes to Condensed Consolidated Financial Statements).

Results of Operations

On March 28, 1999, we acquired Minnesota Pizza Company, LLC ("Minnesota Pizza"), a franchisee which operated 37 Papa John's restaurants in the Minneapolis/St. Paul, Minnesota market. The transaction was accounted for as a pooling of interests. Our operating results for the first quarter of 1999 and previously reported results of operations and balance sheets have been restated to include Minnesota Pizza.

Revenues. Total revenues increased 20.5% to \$187.4 million for the three months ended March 28, 1999, from \$155.5 million for the comparable period in 1998.

Restaurant sales increased 18.2% to \$94.5 million for the three months ended March 28, 1999, from \$79.9 million for the comparable period in 1998. This increase was primarily due to an increase of 17.5% in the number of equivalent Company-owned restaurants open during the three months ended March 28, 1999, compared to the same period in the prior year. "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, sales increased 2.9% for the three months ended March 28, 1999, over the comparable period in 1998 for Company-owned restaurants open throughout both periods due to reduced price discounting during the 1999 quarter.

Franchise royalties increased 30.6% to \$9.4 million for the three months ended March 28, 1999, from \$7.2 million for the comparable period in 1998. This increase was primarily due to an increase of 25.3% in the number of equivalent franchised restaurants open during the three months ended March 28, 1999, compared to the same period in the prior year. Also, sales increased 9.2% for the three months ended March 28, 1999, over the comparable period in 1998 for franchised restaurants open throughout both periods.

Franchise and development fees increased 33.4% to \$1.5 million for the three months ended March 28, 1999, from \$1.1 million for the comparable period in 1998. This increase was primarily due to the 72 franchised restaurants opened during the quarter, versus the 61 opened during the comparable period in 1998 and the mix of development agreements under which the restaurants were opened. The average dollar amount of fees per franchised restaurant opening may vary from period to period, as restaurants opened pursuant to older development agreements and certain "Hometown restaurants" generally have lower required fees than restaurants opened pursuant to more recent development agreements. "Hometown restaurants" are generally located in smaller markets with fewer than 9,000 households. Hometown restaurant development agreements entered into subsequent to March 1998, generally provide for fees equivalent to those under standard development agreements.

Commissary sales increased 24.3% to \$70.0 million for the three months ended March 28, 1999, from \$56.3 million for the comparable period in 1998. This increase was primarily the result of the increases in equivalent franchised restaurants previously noted.

Equipment and other sales increased 9.8% to \$12.0 million for the three months ended March 28, 1999, from \$10.9 million for the comparable period in 1998. This increase was primarily due to ongoing equipment and smallwares orders related to the previously noted increase in equivalent franchised restaurants and the increase in the number of new restaurant equipment packages sold to franchisees that opened restaurants during the first quarter of 1999 as compared to the same period in 1998. The increase was partially offset by the decrease in sales of the Papa John's PROFIT System, a proprietary point of sale system, for the three months ended March 28, 1999, compared to the same period in 1998. Substantially all franchisees had installed the Papa John's PROFIT System by March 29, 1998.

Costs and Expenses. Restaurant cost of sales, which consists of food, beverage and paper costs, decreased as a percentage of restaurant sales to 24.6% for the three months ended March 28, 1999, from 26.6% for the comparable period in 1998. This decrease is primarily attributable to reduced restaurant menu price discounting during the 1999 quarter.

Restaurant salaries and benefits (26.8% and 26.7%), occupancy costs (4.9% and 4.8%) and advertising and related costs (8.6% and 8.8%) were relatively consistent as a percentage of restaurant sales for the three months ended March 28, 1999 and March 29, 1998.

Other restaurant operating expenses increased as a percentage of restaurant sales to 13.5% for the three months ended March 28, 1999, from 13.2% for the comparable period in 1998. The increase in other operating expenses as a percentage of restaurant sales was primarily due to costs related to preparation for the 14th anniversary promotion in April 1999. Other operating expenses 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.

Commissary, equipment and other expenses include cost of sales and operating expenses associated with sales of food, paper, equipment, information systems, and 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 91.2% for the three months ended March 28, 1999, as compared to 91.9% for the same period in 1998. Cost of sales as a percentage of combined commissary sales and equipment and other sales decreased to 76.0% for the three months ended March 28, 1999, from 78.3% for the comparable period in 1998. This decrease is due primarily to the timing of certain favorable commodity price changes and the change in classification of certain expenses to salaries and benefits previously reported as cost of sales. Salaries and benefits increased to 6.8% for the three months ended March 28, 1999, from 5.8% for the comparable period in 1998 due primarily to the change in classification of certain expenses previously reported in cost of sales and general and administrative expenses. Other operating expenses increased to 8.4% for the three months ended March 28, 1999, from 7.8% for the comparable period in 1998, due primarily to higher delivery costs related to the transition to a new distribution vendor and costs related to preparation for the 14th anniversary promotion in April 1999.

General and administrative expenses as a percentage of total revenues decreased to 7.5% for the three months ended March 28, 1999, from 8.1% for the comparable period in 1998 due to leveraging expenses on a higher sales base and the classification of certain expenses to commissary, equipment and other salaries and benefits previously reported as general and administrative expenses.

Pre-opening and other general expenses increased slightly to \$1.4 million for the three months ended March 28, 1999, from \$1.2 million for the comparable period in 1998. The increase was primarily due to losses related to the divestiture of five stores and closure of one store, partially offset by lower restaurant pre-opening expenses. Restaurant pre-opening costs decreased due to the lower number of corporate restaurant openings in the first quarter of 1999 compared to the same period in 1998.

Depreciation and amortization was consistent as a percentage of total revenues at 3.0% in both quarters.

Investment Income. Investment income decreased to \$792,000 at March 28, 1999, compared to \$976,000 for the comparable period in 1998 primarily due to a lower average balance of franchise loans in the first quarter of 1999 as compared to the same period in 1998.

Income Tax Expense. Income tax expense, exclusive of Minnesota Pizza operating results, reflects a combined federal, state and local effective tax rate of 37.5% for the three months ended March 28, 1999, compared to 37.0% for the comparable period in 1998 (see note 3). The effective tax rate in 1999 increased as a result of a relative decrease in the level of tax-exempt investment income to total pre-tax income.

Liquidity and Capital Resources

We require capital primarily for the development and acquisition of restaurants, the addition of new commissary and support services facilities and equipment, the enhancement of corporate systems and facilities and the funding of franchisee loans. Capital expenditures of \$25.2 million for the three months ended March 28, 1999, were funded by cash flow from operations and cash generated from the exercise of stock options. Subsequent to March 28, 1999, we have also retired \$7.5 million of debt assumed in connection with our acquisition of Minnesota Pizza.

Cash flow from operations increased to \$20.3 million for the three months ended March 28, 1999, from \$17.2 million for the comparable period in 1998, due primarily to the higher level of net income for the first quarter of 1999 partially offset by increases in other components of working capital.

In addition to restaurant development and potential acquisitions, significant capital projects for the next 12 months are expected to include a full-service commissary in Dallas, Texas by mid-1999. In mid-1999, we also expect to open a 247,000 square foot facility in Louisville, Kentucky, approximately 30-40% of which will accommodate relocation and expansion of the Louisville commissary operations and Support Services promotional division, and the remainder of which will accommodate relocation and consolidation of corporate offices. In early-2000, we expect to open a full-service commissary in Pittsburgh, Pennsylvania and complete the expansion and relocation of the Phoenix, Arizona distribution center to a full-service commissary.

We have been approved to receive up to \$21.0 million in incentives under the Kentucky Jobs Development Act in connection with the relocation of our corporate offices. Based upon the expected timing of completion of the facility, we expect to earn approximately \$14.0 million of such incentives through 2007.

Capital resources available at March 28, 1999, include \$37.4 million of cash and cash equivalents, \$47.1 million of investments and \$18.5 million under a line of credit expiring in June 1999. We expect to fund planned capital expenditures for the next twelve months from these resources and operating cash flows.

Impact of Year 2000

Some of our older purchased software programs were written using two digits rather than four to define the applicable year. As a result, time-sensitive software or hardware recognizes a date using "00" as the year 1900 rather than the year 2000. This could cause a system failure or miscalculations resulting in disruptions of important administrative and operational processes, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

Our year 2000 evaluation has been ongoing since late 1997 and became more formalized in January 1999 with the formation of a committee comprised of senior management from various departments within the Company. The primary goal of the committee is to assess and mitigate risk associated with year 2000 issues by September 1999. The committee developed a three-phased approach to accomplish this goal consisting of the following: (1) identifying and documenting the business components impacted by the year 2000, both internally and externally, assigning priority to those components identified based on the level of risk, and determining year 2000 compliance; (2) performing tests for year 2000 compliance; and (3) developing contingency plans based upon the results of the risk analysis and testing phases. We completed the first phase of our assessment in April 1999 and are currently in the second phase with a target completion date of July 1999. The third phase is targeted for completion in September 1999.

As part of the first phase, we completed an assessment of our internal information technology and will have to modify or replace certain software and hardware to function properly in the year 2000 and thereafter. Such modifications started during phase one and will continue through phase two of our project. Based on our assessment or representations from software suppliers, or both, we believe the total year 2000 project cost is immaterial to our financial position, net income and liquidity. Much of the cost related to year 2000 changes coincides with company plans to replace certain systems, including the financial accounting and payroll/human resource systems, which was upgraded in January 1999, in order to accommodate our planned growth. About 70% of the new financial accounting system has been implemented and the remaining portion is expected to be implemented by June 1999. Based upon the representations from the manufacturers of these systems, we believe the systems are year 2000 compliant. The timing of implementation was not materially affected by year 2000 concerns.

We have taken action to ensure that our restaurant system is year 2000 compliant by implementing a single point of sale operating system (Papa John's PROFIT System) in all Company-owned and substantially all franchised restaurants. Additionally, we have notified our franchisees of our year 2000 process and have requested their assistance in ensuring year 2000 compliance with regard to their business.

We believe that with the planned modifications to existing software and/or conversions to new software and hardware as described above, the year 2000 issue will not pose significant operational problems. However, if such modifications and conversions are not made, or are not completed timely, the year 2000 issue could have a material impact on certain administrative and operational processes.

We have queried our significant vendors with respect to year 2000 issues and have received responses from approximately 95% of the vendors, including our cheese and tomato sauce vendors. We are not aware of any vendors with a year 2000 issue that would materially impact results of operations, liquidity, or capital resources. However, we have no means of ensuring that vendors will be year 2000 ready. The inability of vendors to complete their year 2000 resolution process in a timely fashion could materially impact us, although the actual impact of non-compliance by vendors is not determinable.

There can be no assurance that we will be completely successful in our efforts to address year 2000 issues. We have no contingency plans in place in the event we do not complete all phases of the year 2000 program. We plan to evaluate the status of completion in July 1999 to determine whether such contingency plans are necessary, although at this time we know of no reason our year 2000 program will not be completed in a timely manner.

Forward Looking Statements

Certain information contained in this quarterly report, particularly information regarding future financial performance and plans and objectives of management, is forward looking. Certain factors could cause actual results to differ materially from those expressed in forward looking statements. These factors include, but are not limited to, our ability and the ability of our franchisees to obtain suitable locations and financing for new restaurant development; the hiring, training, and retention of management and other personnel; competition in the industry with respect to price, service, location and food quality; an increase in food cost due to seasonal fluctuations, weather or demand; changes in consumer tastes or demographic trends; changes in federal or state laws, such as increases in minimum wage; risks inherent to international development; and factors associated with the year 2000 evaluation and modifications.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On August 12, 1998, Pizza Hut, Inc. filed suit against us in the United States District Court for the Northern District of Texas under the federal Lanham Act (the "Lawsuit") claiming, among other things, that we engaged in acts of unfair competition through dissemination of "false, misleading and disparaging advertising", including without limitation, the use of our "Better Ingredients. Better Pizza." trademark. Pizza Hut is seeking injunctive relief and damages in an amount of not less than \$12.5 million, attorneys' fees, as well as other relief. We have filed counterclaims against Pizza Hut (the "Counterclaims") claiming, among other things, that the Lawsuit was filed primarily, if not solely, as a competitive ploy and that Pizza Hut had engaged in false, misleading and disparaging advertising aimed at us. We have asked the court for an award of our reasonable attorneys' fees, as well as for other relief to which we may be entitled. This Lawsuit and Counterclaims are in the mid-stages of pleading and discovery. A trial has been scheduled for October 25, 1999. We do not believe the Lawsuit has merit and intend to vigorously defend the claims asserted against us. It is too early to assess the likelihood of success on the merits of the parties' respective claims.

We are also subject to claims and legal actions in the ordinary course of our business. We believe that all such claims and actions currently pending against us are either adequately covered by insurance or would not have a material adverse effect on us if decided in a manner unfavorable to us.

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

a. Exhibits

Exhibit Number -----	Description -----
10.1	Acquisition Agreement dated March 29, 1999, with the Minnesota Pizza Company
10.2	Discretionary Line of Credit Letter Agreement with PNC Bank
10.3	Discretionary Line of Credit Note with PNC Bank
11	Calculation of Earnings per Share
27.1	Financial Data Schedule for the quarter ended March 28, 1999, which is submitted electronically to the Securities and Exchange Commission for information only and not deemed to be filed with the Commission.
27.2	Restated Financial Data Schedule including columns for the quarters ended September 27, 1998, June 28, 1998 and March 29, 1998 and fiscal year ended December 27, 1998. The schedule is submitted electronically to the Securities and Exchange Commission for information only and is not deemed to be filed with the Commission.
99.1	Cautionary Statements. Exhibit 99.1 to our Annual Report on Form 10-K for the fiscal year ended December 27, 1998 (Commission File No. 0-21660) is incorporated herein by reference.

b. Current Reports on Form 8-K.

There were no reports filed on Form 8-K during the quarterly period ended March 28, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PAPA JOHN'S INTERNATIONAL, INC.
(Registrant)

Date: May 11, 1999

/s/ E. Drucilla Milby

E. Drucilla Milby, Senior Vice
President, Chief Financial Officer
and Treasurer

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT (the "Agreement") is made this 29th day of March 1999, by and among (i) all the members of the Minnesota Pizza Company LLC, a Delaware limited liability company ("MPC"), as listed on the signature page hereto (the "Members"), (ii) PAPA JOHN'S USA, INC., a Kentucky corporation (Acquiror"), and (iii) PAPA JOHN'S INTERNATIONAL, INC., a Delaware CORPORATION ("Papa John's").

RECITALS:

A. MPC is engaged in the operation of 37 traditional John's Pizza outlets, one non-traditional outlet and a mobile kitchen located in the Minneapolis metropolitan area (the "Outlets").

B. MPC, the Members and Acquiror are parties to that certain Put/Call Agreement dated September 26, 1995 (the "Put Agreement"). MPC, the Members and Acquiror have agreed to terminate the Put Agreement.

C. The Members and Acquiror desire to combine their ownership interests in Acquiror and MPC. The Members and Acquiror desire the transaction to qualify for the pooling-of-interests method of accounting.

D. Papa John's is the parent company of Acquiror.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereby agree as follows:

1. EXCHANGE OF INTERESTS. Upon the terms and subject to the conditions

set forth herein, all of the Members hereby agree to transfer, convey, assign and deliver to Acquiror, and Acquiror hereby agrees to acquire from the Members, all of the ownership interests of MPC (the "Acquired Interests") in exchange for ownership interests in Papa John's, as follows:

(a) VALUATION OF OWNERSHIP INTERESTS. Subject to subsection 1(b), Papa

John's agrees to deliver to the Members on the Closing Date (as defined in Section 2) in exchange for the Acquired Interests that number of shares of Papa John's Common Stock, par value, \$.01 per share (the "Common Stock"), having an aggregate value equal to the "Preliminary Ownership Value" (the "Shares"). For purposes of this calculation, the Preliminary Ownership Value is defined as \$17,526,000 minus the "Preliminary Net Liabilities" of MPC. The Preliminary Net Liabilities are based upon the unaudited balance sheet of MPC as of February 21, 1999, prepared in accordance with generally accepted accounting principles ("GAAP"), excluding treatment of subscriptions receivable, attached as part of Schedule 1 (the "Preliminary Balance Sheet"), and are calculated as total assets

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minus net fixed assets minus

intangible assets minus total liabilities. The parties agree that the Preliminary Ownership Value is \$5,380,000. The Shares will be issued by Papa John's on the Closing Date pursuant to the terms of its Registration Statement on Form S-4 (Reg. No. 33-96577), which was declared effective by the Securities and Exchange Commission on September 12, 1995 and which registers the issuance and sale from time to time of up to 750,000 shares of the Common Stock (as amended to date, the "Registration Statement"). The number of Shares shall be determined by dividing the Preliminary Ownership Value by \$42.00 (the "Settlement Stock Price"). Each Member shall receive a percentage of the total number of Shares equal to the percentage set forth opposite such Member's name on Schedule 2; provided that, no fractional shares of Common Stock shall be

issued to any Member, and, in lieu thereof, cash equal to such fraction multiplied by the Settlement Stock Price shall be paid to any Member who would otherwise receive a fractional share of Common Stock hereunder.

(b) RESERVE AND SETTLEMENT. At the Closing, Acquiror shall cause its

transfer agent to retain in escrow that number of Shares having an aggregate value at the Settlement Stock Price equal to \$100,000 (the "Reserve Shares"). The Reserve Shares shall be held in escrow for 120 days following the Closing ("Reserve Period"), and may be used by Papa John's or Acquiror to satisfy any "Settlement Adjustment" or indemnification obligations of the Members under this Agreement. The Settlement Adjustment, if any, will be calculated no later than 120 days after the Closing Date to reflect any differences between the Preliminary Ownership Value and the "Settlement Ownership Value." The Settlement Ownership Value will be calculated in the same manner as the Preliminary Ownership Value except that Net Liabilities will be determined based upon the Closing Balance Sheet (as defined in Section 1(c)). If the difference between the Settlement Ownership Value and the Preliminary Ownership Value is less than \$50,000 (whether positive or negative), then no further adjustment shall be made. If the Preliminary Ownership Value exceeds the Settlement Ownership Value by more than \$50,000 but less than \$100,000, Acquiror and Papa John's shall be entitled to retain that number of the Reserve Shares having an aggregate value (determined on the basis of the Settlement Stock Price) equal to the difference between the Settlement Ownership Value and the Preliminary Ownership Value. Any Reserve Shares not applied against any Settlement Adjustment or indemnification obligations shall be delivered by the transfer agent to the Members pro rata in accordance with Schedule 2 following the expiration of the Reserve Period. If the Settlement Ownership Value exceeds the Preliminary Ownership Value by more than \$50,000, Acquiror and Papa John's shall deliver to the Members a number of shares of Common Stock (the "Settlement Adjustment Shares") having an aggregate value (determined on the basis of the Settlement Stock Price) equal to the difference between the Settlement Ownership Value and the Preliminary Ownership Value; provided that, no fractional shares of Common Stock shall be issued to any Member, and, in lieu thereof, cash equal to such fraction multiplied by the Settlement Stock Price shall be paid to any Member who would otherwise receive a fractional share of Common Stock hereunder. The Settlement Adjustment Shares (plus any cash paid in lieu of fractional shares) shall be allocated among the Members in accordance with Section 1(a). If the Preliminary Ownership Value exceeds the Settlement Ownership Value by more than \$100,000, Acquiror and Papa John's shall be entitled to retain all of the Reserve Shares. Additionally, the Members will be required to deliver to Acquiror and Papa John's a number of shares of Common

Stock (the "Members' Settlement Adjustment Shares") having an aggregate value (determined on the basis of the Settlement Stock Price) equal to the excess of the Preliminary Ownership Value over the Settlement Ownership Value, less \$100,000. At their election, the Members may choose to deliver the value of the Members' Settlement Adjustment Shares in cash rather than in Common Stock.

(c) CLOSING BALANCE SHEET. Within 30 days after the Closing Date,

Michael T. Sweeney and W. Patrick Kranz (the "Management Team") shall deliver to Acquiror an unaudited balance sheet for MPC as of the Closing Date (the "Closing Balance Sheet") prepared in accordance with GAAP, excluding treatment of subscriptions receivable, from the books and records of MPC, together with its calculation of the Net Liabilities and the Settlement Ownership Value based on such Closing Balance Sheet. Any dispute over the accuracy of the Closing Balance Sheet or the amount of the Settlement Ownership Value must be raised by Acquiror in writing within 40 days of receipt of the Closing Balance Sheet from the Management Team or Acquiror shall be deemed to have accepted the Closing Balance Sheet, the Net Liabilities and the Settlement Ownership Value derived from such balance sheet. If there is a dispute regarding the accuracy of the Closing Balance Sheet or the amount of the Net Liabilities or the Settlement Ownership Value which cannot be resolved by good faith negotiations between the parties within 20 days after the Management Team's receipt of the written notice of dispute, such dispute shall be submitted to a single arbitrator with knowledge of accountancy and employed by the Chicago office of a mutually agreeable "Big Five" accounting firm (the "Adjustment Arbitrator") who shall be instructed to make a final, binding determination of the Settlement Ownership Value within 30 days of being appointed. The Adjustment Arbitrator shall calculate the amount of the Net Liabilities and the Settlement Ownership Value in a manner consistent with the provisions of this Agreement and in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Members collectively, on the one hand, and Acquiror and Papa John's collectively, on the other, shall bear their own fees and expenses in connection with such arbitration and shall bear 50% of the fees and expenses of the Adjustment Arbitrator. The determination of the Adjustment Arbitrator regarding the Closing Balance Sheet, the Net Liabilities and the Settlement Ownership Value shall be final and binding on all parties and judgment to enforce such determination may be entered in any court having proper jurisdiction over the party obligated to pay hereunder.

(d) SPECIFIC OBLIGATIONS. The only obligations of any nature of MPC

being assumed by Acquiror are (a) the obligations of MPC under the terms of the Leases arising after the Closing Date, (b) the obligations of MPC for telephone listings for each of the Outlets arising after the date hereof, (c) the obligations incurred with respect to the operation of the Outlets arising after the Closing, (d) any other obligations that are prorated pursuant to the remaining provisions of this Agreement and (e) any other obligations expressly set forth on the Closing Balance Sheet including, without limitation, the total liabilities of MPC on the Closing Balance Sheet (collectively, the "Specific Obligations").

(e) ALLOCATION OF PURCHASE PRICE. For state and federal income tax

purposes, the parties have allocated the Preliminary Ownership Value to the assets of the Company in the

manner set forth on Exhibit A hereto, and shall update such Exhibit A as of the Closing Date with respect to the Settlement Ownership Value in a manner consistent with such Exhibit A. The parties hereto shall prepare for filing all returns, declarations, reports, estimates, information returns and statements required to be filed or sent by such party to any applicable taxing authority with respect to the transactions contemplated by this Agreement in a manner consistent with such agreed allocation. The parties hereto agree to provide each other with such information as may be reasonably required by the other party for the purpose of preparing such returns and other documents filed by such other party.

2. CLOSING. The deliveries and actions to be completed pursuant to

Section 11 of this Agreement ("Closing") shall be held at the offices of Acquiror at 9:00 A.M. on March 29, 1999, or such later date and time as the parties shall mutually agree. Notwithstanding the date or time of the Closing, the effective date and time of the acquisition shall be 11:59 p.m. E.S.T. on March 28, 1999 ("Closing Date").

3. REPRESENTATIONS AND WARRANTIES OF MEMBERS. The Members, jointly and

severally, represent and warrant to Acquiror that except as described on Schedule 3 (the "Disclosure Schedule"):

(a) ORGANIZATION AND STANDING OF MPC. MPC is a limited liability

company duly organized, validly existing and in good standing under the laws of the State of Delaware. The Members own 100% of the issued and outstanding ownership interests of MPC. There are no outstanding options, warrants or other rights of any nature to acquire any ownership interest in MPC. MPC has the requisite power and authority to own and lease its properties as such properties are now owned and leased and to conduct this business as and where such business is now being conducted.

(b) FINANCIAL STATEMENTS. MPC has delivered to Acquiror the

Preliminary Balance Sheet and an unaudited Statement of Income ("Preliminary Income Statement") of MPC for the five months ended February 21, 1999, both of which were prepared from the books and records of MPC. The Preliminary Balance Sheet and Preliminary Income Statement and notes thereto are referred to as the "Preliminary Financial Statements." Copies of the Preliminary Financial Statements are attached hereto as Schedule 1. The Preliminary Balance Sheet

fairly presents in all material respects the financial condition of MPC as of its date and was prepared in accordance with GAAP (excluding treatment of subscriptions receivable) applicable to unaudited interim financial statements (and thus may not contain all notes and may not contain prior period comparative data which are required to be prepared in accordance with GAAP). The Preliminary Income Statement represents actual, bona fide transactions and accurately reflects, in all material respects, all revenues and expenses of MPC for the period covered.

(c) ABSENCE OF UNDISCLOSED LIABILITIES. As of the Closing Date, MPC

will have no debts, obligations (including, but not limited to, obligations as a guarantor) or liabilities of any nature, whether fixed, absolute, accrued, contingent or otherwise (and whether known or unknown to MPC) that would encumber or affect MPC's assets or business, other than (i) debts,

obligations and liabilities incurred in the ordinary course of business consistent with past practices, all of which have been paid or would be paid by MPC in full in the ordinary course of business, and (ii) the Specific Obligations.

(d) AUTHORIZATION; NO VIOLATION; COMPLIANCE WITH LAWS.

(i) The Board of Managers of MPC has duly approved the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by MPC and constitutes the legal, valid and binding obligation of MPC, enforceable against MPC in accordance with its terms, SUBJECT TO APPLICABLE BANKRUPTCY, INSOLVENCY, REORGANIZATION, MORATORIUM OR OTHER SIMILAR LAWS NOW OR HEREAFTER IN EFFECT RELATING TO CREDITORS' RIGHTS AND REMEDIES GENERALLY AND SUBJECT, AS TO ENFORCEABILITY, TO GENERAL PRINCIPLES OF EQUITY (REGARDLESS OF WHETHER ENFORCEABILITY IS CONSIDERED IN A PROCEEDING AT LAW OR IN EQUITY).

(ii) All consents, approvals, resolutions, authorizations, actions or orders, including, without limitation, those which must be obtained from the landlords of the Outlets, required of MPC for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Agreement have been or will (prior to Closing) be obtained.

(iii) MPC is in compliance, and in each case, in all material respects, with all the laws, regulations, rules and orders affecting its business and operations, and neither member of the Management Team has actual knowledge of any facts or circumstances which would constitute or result in any such non-compliance.

(e) MPC'S EMPLOYEES; EMPLOYEE WITHHOLDING. MPC has paid all amounts

due to its employees, including all overtime required by law. MPC has withheld proper and accurate amounts from its employees in compliance with the tax withholding provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and other applicable, federal, state or local laws, and has filed proper and accurate federal, state and local returns and reports (or appropriate filings for extension) for all years and periods (and portions thereof) for which any such returns and reports were due with respect to employee income, income tax withholding, withholding taxes, social security taxes and unemployment taxes. All payments due from MPC on account of employee income tax withholding, withholding taxes, social security taxes and unemployment taxes and amounts owed for workers' compensation in respect of years and periods (and portions thereof) ended on or prior to the date hereof have been paid prior to such date or have been properly reserved for payment (and will be so reflected on the Closing Balance Sheet).

(f) LEASES. MPC has paid all amounts due under each of the

Timberwolves/Target Center contracts and leases listed on Schedule 4 (the "Leases") through the end of the month of March 1999. Each of the Leases for the Outlets is valid, binding and in full force and effect. MPC is not in default under any Lease, there is no material dispute between

MPC and the landlord to any such Lease, nor, to the knowledge of either member of the Management Team, is the landlord under any of the Leases in default thereunder. To the knowledge of the Management Team, no event has occurred which could give the landlord under any of the Leases the right to claim a default and the consummation of the transactions contemplated by this Agreement will not cause a default under any such Lease. Schedule 4 includes a complete list of all -----

the Leases. A true and complete summary of each Lease has been delivered to Acquiror on or prior to the date hereof.

(g) TAX RETURNS. MPC has prepared, signed and filed all federal, -----

state and other tax returns and reports (or appropriate filings for extension) required to be filed by all applicable laws and regulations on or before the date hereof, and has timely paid or accrued all taxes or installments thereof, interest, penalties, assessments and deficiencies of every kind and nature whatsoever which were due and owing on such tax returns and reports or which were or are otherwise due and owing under all applicable laws and regulations for any periods for which returns or reports were due, whether or not reflected on such returns and reports. There are no actions, suits, proceedings, investigations or claims now pending, nor, to the knowledge of either member of the Management Team, proposed, against MPC, nor are there any matters under discussion with the Internal Revenue Service, or other governmental authority, relating to any taxes or assessments, or any claims of deficiencies with respect thereto.

(h) TITLE TO PROPERTIES; CONDITION OF PROPERTIES. MPC has good and -----

marketable title to all of the assets and properties identified as owned on the Preliminary Balance Sheet, free and clear of all claims, mortgages, security interests, equities, restrictions, liens, pledges, charges or encumbrances of any nature whatsoever, except for (i) liens reflected on the Preliminary Balance Sheet, (ii) liens set forth in the Disclosure Schedule under the caption referencing this Section 3(h), (iii) liens for taxes and assessments or governmental charges or levies not at the time due or the validity of which is being currently contested in good faith in appropriate proceedings, (iv) liens in respect of pledges or deposits or deposits under worker's compensation laws or similar legislation, carriers', warehousemen's mechanics', laborers', materialmen's and other statutory and similar liens, (v) the Specific Obligations and any liens existing in connection therewith and (vi) assets disposed of since the date of the Preliminary Balance Sheet in the ordinary course of business.

(i) ENVIRONMENTAL. MPC has complied in all material respects with all -----

state, federal and local laws and ordinances pertaining to use, storage and disposal of hazardous materials.

(j) STATEMENTS. THE REPRESENTATIONS SET FORTH IN THIS SECTION 3, WHEN -----

TAKEN TOGETHER WITH THE DISCLOSURES SET FORTH IN THE DISCLOSURE SCHEDULE AND THE INFORMATION CONTAINED IN THE PRELIMINARY FINANCIAL STATEMENTS, TAKEN AS A WHOLE, DO NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT REQUIRED TO BE STATED IN CONNECTION THEREWITH OR NECESSARY IN ORDER TO MAKE SUCH STATEMENTS (WHEN TAKEN AS A WHOLE) NOT MISLEADING.

4. REPRESENTATIONS AND WARRANTIES OF EACH MEMBER. Each Member, for

himself or herself alone, represents and warrants to Acquiror:

(a) OWNERSHIP OF INTERESTS. Such Member owns the percentage interest

in MPC set forth opposite such Member's name on Schedule 2 hereto, and will

transfer and convey such interest(s) to Acquiror at the Closing, free of all
claims, liens and encumbrances of any nature whatsoever. Such Member holds no
ownership interest in MPC, nor any option, warrant or other right to acquire any
ownership interest in MPC, except as set forth on Schedule 2.

(b) AUTHORIZATION. This Agreement has been duly executed and

delivered by such Member and constitutes the legal, valid and binding obligation
of such Member, enforceable against such Member in accordance with its terms,
SUBJECT TO APPLICABLE BANKRUPTCY, INSOLVENCY, REORGANIZATION, MORATORIUM OR
OTHER SIMILAR LAWS NOW OR HEREAFTER IN EFFECT RELATING TO CREDITORS' RIGHTS AND
REMEDIES GENERALLY AND SUBJECT, AS TO ENFORCEABILITY, TO GENERAL PRINCIPLES OF
EQUITY (REGARDLESS OF WHETHER ENFORCEABILITY IS CONSIDERED IN A PROCEEDING AT
LAW OR IN EQUITY).

(c) SECURITIES REPRESENTATIONS. Such Member acknowledges receipt of

(i) the Prospectus dated September 12, 1995, as updated to November 5, 1998
(the "Prospectus"), which forms a part of the Registration Statement, and (ii)
Papa John's Annual Form 10-K for the year ended December 27, 1998.

5. REPRESENTATIONS AND WARRANTIES OF ACQUIROR. Acquiror hereby

represents and warrants to each of the Members as follows:

(a) ORGANIZATION AND STANDING OF ACQUIROR. Acquiror is a corporation

duly organized, validly existing and in good standing under the laws of the
Commonwealth of Kentucky. Acquiror has the requisite corporate power and
authority to own and lease its properties as such properties are now owned and
leased and to conduct its business as and where such business is now being
conducted.

(b) AUTHORIZATION; NO VIOLATIONS; COMPLIANCE WITH LAWS.

(i) The Board of Directors of Acquiror has duly approved the
execution, delivery and performance of this Agreement. This Agreement has been
duly executed and delivered by Acquiror and constitutes the legal, valid and
binding obligation of Acquiror, enforceable against Acquiror in accordance with
its terms, SUBJECT TO APPLICABLE BANKRUPTCY, INSOLVENCY, REORGANIZATION,
MORATORIUM OR OTHER SIMILAR LAWS NOW OR HEREAFTER IN EFFECT RELATING TO
CREDITORS' RIGHTS AND REMEDIES GENERALLY AND SUBJECT, AS TO ENFORCEABILITY, TO
GENERAL PRINCIPLES OF EQUITY (REGARDLESS OF WHETHER ENFORCEABILITY IS CONSIDERED
IN A PROCEEDING AT LAW OR IN EQUITY).

(ii) All consents, approvals, resolutions, authorizations, actions or orders required of Acquiror for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Agreement have been obtained.

(iii) Acquiror is in compliance, in each case, in all material respects, with all laws, regulations, rules and orders affecting its business and operations.

6. REPRESENTATIONS AND WARRANTIES OF PAPA JOHN'S. Papa John's hereby

represents and warrants to each of the Members as follows:

(a) ORGANIZATION AND STANDING OF PAPA JOHN'S. PAPA JOHN'S IS A

CORPORATION DULY ORGANIZED, VALIDLY EXISTING AND IN GOOD STANDING UNDER THE LAWS OF THE STATE OF DELAWARE. PAPA JOHN'S HAS THE REQUISITE POWER AND AUTHORITY TO OWN AND LEASE ITS PROPERTIES AS SUCH PROPERTIES ARE NOW OWNED AND LEASED AND TO CONDUCT ITS BUSINESS AS AND WHERE SUCH BUSINESS IS NOW BEING CONDUCTED.

(B) AUTHORIZATIONS; NO VIOLATIONS; COMPLIANCE WITH LAWS.

(I) PAPA JOHN'S HAS DULY APPROVED THE EXECUTION, DELIVERY AND PERFORMANCE OF THIS AGREEMENT. THIS AGREEMENT HAS BEEN DULY EXECUTED AND DELIVERED BY PAPA JOHN'S AND CONSTITUTES THE LEGAL, VALID AND BINDING OBLIGATIONS OF PAPA JOHN'S, ENFORCEABLE AGAINST PAPA JOHN'S IN ACCORDANCE WITH ITS TERMS, SUBJECT TO APPLICABLE BANKRUPTCY, INSOLVENCY, REORGANIZATION, MORATORIUM OR OTHER SIMILAR LAWS NOW OR HEREAFTER IN EFFECT RELATING TO CREDITORS' RIGHTS AND REMEDIES GENERALLY AND SUBJECT, AS TO ENFORCEABILITY, TO GENERAL PRINCIPLES OF EQUITY (REGARDLESS OF WHETHER ENFORCEABILITY IS CONSIDERED IN A PROCEEDING AT LAW OR IN EQUITY).

(II) ALL CONSENTS, APPROVALS, RESOLUTIONS, AUTHORIZATIONS, ACTIONS OR ORDERS, REQUIRED OF PAPA JOHN'S FOR THE AUTHORIZATION, EXECUTION AND DELIVERY OF, AND FOR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY, THIS AGREEMENT HAVE BEEN OBTAINED, INCLUDING, WITHOUT LIMITATION, ALL ACTIONS REQUIRED BY THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS WITH RESPECT TO THE OFFER AND ISSUANCE OF THE SHARES AND THE SETTLEMENT ADJUSTMENT SHARES.

(iii) Papa John's is in compliance, in each case, in all material respects, with all laws, regulations, rules and orders affecting its business and operations.

(C) SEC REPORTS.

(I) SINCE JANUARY 1, 1995, PAPA JOHN'S HAS FILED ALL FORMS, REPORTS AND DOCUMENTS WITH THE SECURITIES AND EXCHANGE

COMMISSION (THE "SEC") REQUIRED TO BE FILED BY IT PURSUANT TO THE FEDERAL SECURITIES LAWS AND THE SEC RULES AND REGULATIONS THEREUNDER, ALL OF WHICH HAVE COMPLIED AS OF THEIR RESPECTIVE FILING DATES, OR IN THE CASE OF REGISTRATION STATEMENTS (INCLUDING THE REGISTRATION STATEMENT), THEIR RESPECTIVE EFFECTIVE DATES, IN ALL MATERIAL RESPECTS WITH ALL APPLICABLE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "EXCHANGE ACT"), AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (COLLECTIVELY, THE "SEC REPORTS"). NONE OF SUCH SEC REPORTS, INCLUDING, WITHOUT LIMITATION, ANY EXHIBITS, FINANCIAL STATEMENTS OR SCHEDULES INCLUDED THEREIN, AT THE TIME FILED, OR IN THE CASE OF REGISTRATION STATEMENTS, THEIR RESPECTIVE EFFECTIVE DATES, CONTAINED ANY UNTRUE STATEMENT OF A MATERIAL FACT OR OMITTED TO STATE A MATERIAL FACT REQUIRED TO BE STATED THEREIN OR NECESSARY IN ORDER TO MAKE THE STATEMENTS THEREIN, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING.

(II) THE CONSOLIDATED BALANCE SHEETS AND RELATED CONSOLIDATED STATEMENTS OF INCOME, STOCKHOLDERS' EQUITY AND CASH FLOWS (INCLUDING THE RELATED NOTES AND SCHEDULES THERETO) OF PAPA JOHN'S INCLUDED IN THE SEC REPORTS COMPLIED AS TO FORM, AT THE TIME FILED, IN ALL MATERIAL RESPECTS WITH THE PUBLISHED RULES AND REGULATIONS OF THE SEC WITH RESPECT THERETO AT THE TIME FILED, WERE PREPARED IN ACCORDANCE WITH GAAP APPLIED ON A CONSISTENT BASIS DURING THE PERIODS INVOLVED (EXCEPT AS DISCLOSED) AND INCLUDE ALL ADJUSTMENTS CONSISTING OF NORMAL RECURRING ACCRUALS NECESSARY (IN THE CASE OF UNAUDITED INTERIM FINANCIAL STATEMENTS) AND PRESENT FAIRLY THE CONSOLIDATED FINANCIAL POSITION OF PAPA JOHN'S AS OF THEIR RESPECTIVE DATES, AND THE CONSOLIDATED INCOME AND CASH FLOWS FOR THE PERIODS PRESENTED THEREIN, ALL IN CONFORMITY WITH GAAP APPLIED ON A CONSISTENT BASIS, EXCEPT AS OTHERWISE NOTED THEREIN OR AS PERMITTED UNDER THE EXCHANGE ACT.

(D) ABSENCE OF CERTAIN CHANGES OR EVENTS. EXCEPT AS DISCLOSED IN THE

SEC REPORTS, OR AS CONTEMPLATED BY THIS AGREEMENT, SINCE DECEMBER 27, 1998, THE BUSINESS OF PAPA JOHN'S HAS BEEN CARRIED ON ONLY IN THE ORDINARY AND USUAL COURSE AND THERE HAS NOT BEEN ANY MATERIAL ADVERSE CHANGE IN ITS BUSINESS, PROPERTIES, OPERATIONS OR FINANCIAL CONDITION WHICH HAS RESULTED IN OR COULD REASONABLY BE EXPECTED TO RESULT IN A MATERIAL ADVERSE EFFECT ON PAPA JOHN'S BUSINESS, OPERATIONS OR FINANCIAL CONDITION.

(E) SHARES. THE SHARES AND ANY SETTLEMENT ADJUSTMENT SHARES, UPON

DELIVERY THEREOF TO THE MEMBERS, WILL BE (I) VALIDLY ISSUED, FULLY PAID AND NONASSESSABLE, (II) FREE AND CLEAR OF ANY AND ALL LIENS, CLAIMS AND OTHER RESTRICTIONS (OTHER THAN THE RESTRICTIONS CONTAINED IN SECTION 7(B)), (III) issued pursuant to an effective registration statement under the Securities Act and in

accordance with the requirements of the Securities Act, (iv) issued in accordance with any applicable state securities or "blue sky" laws, (v) registered under the Exchange Act and (vi) listed for trading on the Nasdaq National Market, subject to official notice of issuance.

7. ADDITIONAL COVENANTS OF THE PARTIES.

(a) PAYMENT OF TAXES. Each Member shall pay when due all taxes

incurred by such Member as the result of the transactions contemplated by this Agreement. Any taxes relating to events, transactions or periods through the Closing Date and not properly paid or accounted for on the Preliminary Balance Sheet shall be addressed through the Settlement Adjustment.

(b) ACCOUNTING TREATMENT; RESTRICTION ON TRANSFER OF SHARES.

Acquiror, Papa John's and the Members intend that this acquisition shall be treated for accounting purposes as a pooling-of-interests. Accordingly each of Acquiror, Papa John's and the Members shall refrain from taking any action or engaging in any transaction or arrangement as reasonably requested by another party to this Agreement that would result in the acquisition not being accounted for as pooling-of-interests. Each Member specifically agrees that the Shares to be received by such Member at the Closing shall not be sold, pledged, hypothecated or otherwise transferred or disposed of by such Member until such time as financial results covering at least 30 days of combined operations of Acquiror and MPC have been published within the meaning of Section 201.01 of the SEC's Codification of Financial Reporting Policies (the "Publication Date"), except as permitted by Staff Accounting Bulletin No. 76 issued by the SEC. All certificates representing Shares shall bear the legend set forth on Exhibit B, Restrictive Legend. Papa John's hereby agrees to publish such financial results on or before July 28, 1999. Following the Publication Date, upon request from any Member, Papa John's shall remove the legend referenced above from all certificates representing the Shares and any Settlement Adjustment Shares issued to such Member and shall issue to such Member replacement certificate or certificates without such legend.

(c) SPECIFIC OBLIGATIONS. Acquiror shall promptly pay when due all of

the Specific Obligations.

(d) UTILITIES. Acquiror will promptly arrange for all utilities

servicing the Outlets that are to be paid directly by the tenant to be billed to Acquiror as soon as possible after the Closing. Any utilities expense for periods through the Closing Date not paid or properly accrued on the Preliminary Balance Sheet shall be addressed through the Settlement Adjustment.

(e) COVENANT AND AGREEMENT NOT-TO-COMPETE. Each Member acknowledges

the Franchise Documents (as defined in Section 7(f)) impose certain obligations upon such Member which by their express terms, continue for a period of time after termination of the Franchise Agreements (the "Post-Termination Restrictions"). Such Member hereby reaffirms such Member's agreement to be bound by the restrictions as and to the extent set forth in the Owner Agreement.

(f) TERMINATION OF EXISTING AGREEMENTS. Contemporaneously with the

Closing, MPC, Acquiror, Papa John's, the Members, and each of the appropriate affiliates of each of the foregoing shall enter into the Termination Agreement in the form of Exhibit C (the "Termination Agreement") which acknowledges that

(i) the Put/Call Agreement is terminated in its entirety as of the Closing Date; (ii) all obligations and liabilities of the respective parties pursuant to the Development Agreement, the Franchise Agreements, the Owner Agreement, the Put/Call Agreement, the Advertising Agreement, and all other agreements between or among any of such parties (collectively, the "Franchise Documents") have been fully satisfied by all of the parties thereto with all appropriate adjustments thereunder having been made as of the Closing Date; (iii) all further obligations of the parties under the Franchise Documents other than the Post-Termination Restrictions of the Owner Agreement are and shall be terminated effective as of the Closing; and (iv) without limitation of the generality of the foregoing, any and all guarantee obligations of the Management Team under the Owner Agreement are and shall be terminated as of the Closing.

(g) FURTHER ACTIONS. Between the date hereof and the Closing Date,

the Management Team shall use commercially reasonable efforts to protect the business and assets of MPC. Each of the parties hereto agrees that it will, at any time, and from time to time, after the date hereof, upon the request of the appropriate party, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required to complete the transactions described in this Agreement.

(h) COMPLIANCE WITH CONDITIONS. All parties hereto agree to cooperate

with each other in order to meet the conditions set forth in Section 8. All parties further agree to use their respective best efforts, and to act in good faith to consummate the transactions described in this Agreement as promptly as possible, in accordance with this Agreement.

(i) RESIGNATION OF MEMBERS. At or before the Closing, any Member who

serves as an officer, director, consultant or employee of MPC shall resign and any consulting or similar agreement between MPC and any Member shall be terminated. Following the Closing, neither MPC nor Acquiror shall have any obligation to employ, nor any liability for compensation to, any Member (except to the extent any Member provides services to MPC or Acquiror after the Closing); provided that Acquiror and Richard Blankenship anticipate discussing the terms of his potential continued employment.

(j) FILING OF SEC REPORTS. Between the date hereof and the date on

which it has been finally determined whether or not any Settlement Adjustment Shares will be issued pursuant to Section 1(b), Papa John's shall file all forms, reports and documents with the SEC required to be filed by it pursuant to the federal securities laws and the SEC rules and regulations thereunder, all of which shall comply as of their RESPECTIVE FILING DATES, OR IN THE CASE OF REGISTRATION STATEMENTS (INCLUDING ANY AMENDMENTS TO THE REGISTRATION STATEMENT), THEIR RESPECTIVE EFFECTIVE DATES, IN ALL MATERIAL RESPECTS WITH

ALL APPLICABLE REQUIREMENTS OF THE SECURITIES ACT AND THE EXCHANGE ACT, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER. NONE OF SUCH SEC REPORTS, INCLUDING, WITHOUT LIMITATION, ANY EXHIBITS, FINANCIAL STATEMENTS OR SCHEDULES INCLUDED THEREIN, AT THE TIME FILED, OR IN THE CASE OF REGISTRATION STATEMENTS, THEIR RESPECTIVE EFFECTIVE DATES, SHALL CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT REQUIRED TO BE STATED THEREIN OR NECESSARY IN ORDER TO MAKE THE STATEMENTS THEREIN, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING.

8. CONDITIONS TO THE ACQUISITION.

(a) CONDITIONS TO THE OBLIGATIONS OF ACQUIROR AND PAPA JOHN'S. The

obligations of Acquiror and Papa John's to consummate the transactions described in this Agreement are subject to the fulfillment, prior to or at the Closing, of the conditions precedent that:

(i) All representations and warranties of the Members in this Agreement shall be true and correct in all material respects on and as of the Closing Date as though made on such date, except for (A) such changes that are contemplated or permitted by this Agreement and (B) those representations and warranties made as of a specific date. The Management Team specifically agrees to update Acquiror on the occurrence of any event known to the Management Team that would make the representations and warranties, if made on the Closing Date, untrue in any material respect.

(ii) The Members shall have performed and complied in all material respects with all the covenants, agreements and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing.

(iii) No action or proceeding before any court or any governmental body will be pending against the Members or MPC since the date of this Agreement pursuant to which an unfavorable judgment, decree, injunction or order would (A) prevent the carrying out of this Agreement or any of the transactions contemplated hereby, (B) declare unlawful the transactions described in this Agreement, (C) cause such transactions to be rescinded or (D) materially adversely affect the right of Acquiror to operate or control the business, operations or assets of MPC.

(b) CONDITIONS TO THE OBLIGATIONS OF THE MEMBERS. The obligations of

the Members to consummate of the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(i) All representations and warranties of Acquiror and Papa John's in this Agreement shall be true and correct in all material respects on and as of the Closing Date as though made on such date except for such changes that are contemplated or permitted by this

Agreement.

(ii) Acquiror and Papa John's shall have performed and complied in all material respects with all the covenants, agreements and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing.

(iii) No action or proceeding before any court or any governmental body will be pending against the Acquiror or Papa John's since the date of this Agreement pursuant to which an unfavorable judgment, decree, injunction or order would (A) prevent the carrying out of this Agreement or any of the transactions contemplated hereby, (B) declare unlawful the transactions described in this Agreement or (C) cause such transactions to be rescinded.

9. TERMINATION BY ACQUIROR. Acquiror shall have the right to terminate

this Agreement and all rights and obligations hereunder, upon the occurrence of the following:

(a) The comparable store sales of the Outlets, taken as a whole, for the month of March 1999 are more than 10% less than for the month of March 1998; or

(b) Since the date of this Agreement, there has been a material adverse change to the business or assets of MPC, taken as a whole.

10. MPC'S EMPLOYEES. Acquiror agrees to offer employment and/or make

payments to those employees of MPC for the periods and in the amounts listed on Exhibit D.

11. DELIVERIES AND ACTIONS AT CLOSING.

(a) DELIVERIES BY MPC AT THE CLOSING. At the Closing, MPC shall

deliver the following documents to Acquiror (fully executed where appropriate):

(i) A Certificate of Good Standing for MPC issued by the Minnesota Secretary of State;

(ii) The minute books, tax returns and other records of MPC;

(iii) Possession of the Outlets, including all keys thereto and the combination to any safes; and

(iv) Such other documents as are reasonably necessary to effect the closing of the transactions contemplated herein.

(b) DELIVERIES BY EACH MEMBER AT THE CLOSING. At the Closing, each

Member shall deliver or cause to be delivered the following documents to Acquiror:

(i) All certificates representing such Member's ownership interests in MPC;

(ii) A copy of the Termination Agreement executed by such Member; and

(iii) Such other documents as are reasonably necessary to effect the closing of the transaction contemplated herein.

(c) DELIVERIES BY ACQUIROR AND PAPA JOHN'S AT THE CLOSING. At the Closing, Acquiror or Papa John's (as appropriate) shall:

(i) Deliver certificates representing the Shares (reduced by the number of the Reserve Shares) in appropriate names and numbers as determined pursuant to Section 1(a);

(ii) Execute and deliver the Termination Agreement;

(iii) Deliver certificates representing the Reserve Shares, in appropriate names and numbers as determined pursuant to Section 1(a), to Papa John's transfer agent;

(iv) Pay the amounts of cash in lieu of fractional shares due to the Members pursuant to Section 1(a);

(v) Pay all amounts due from MPC to U.S. Bank, Minneapolis, or provide evidence satisfactory to each of the Management Team that Papa John's will do so and will indemnify in full each of the Management Team against personal liability with respect to such amounts; and

(vi) Deliver such other documents as are reasonably necessary to effect the closing of the transaction contemplated herein.

12. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All of the

representations and warranties set forth in this Agreement shall survive the closing of this Agreement and the consummation of any and all transactions contemplated hereby, regardless of any investigation made by any party hereto, but shall expire at the earlier of (i) the date fourteen (14) months from the Closing Date and (ii) the date on which Papa John's publicly releases its audited financial statements for fiscal year 1999 (the "Claim Termination Date").

13. INDEMNITY AGAINST CLAIMS.

(a) INDEMNIFICATION BY MEMBERS. Subject to the limitations below, the Members shall indemnify and hold Acquiror harmless from and against any and all losses, costs, liabilities, damages or deficiencies resulting from any misrepresentation by the Members contained herein or from the breach or non-fulfillment of any agreements, covenants or

undertakings on the part of the Members contained in this Agreement, and any and all actions, suits, proceedings, demands, assessments or judgments incident to any of the foregoing. Such indemnification shall include, without limitation, any suits, actions, legal or administrative proceedings, claims, demands, actual damages, fines, punitive damages, losses, costs, liabilities or other obligations, whether legal or equitable, resulting from, arising out of or in any way connected with any release to the environment prior to the Closing Date including, without limitation, any migration or any release from one environmental medium to another environmental medium, if the release or migration involves hazardous or toxic substances or any contamination or illegal release of substances released to the environment by MPC or involves any such substances generated or used by MPC and shipped off-site for recycling, treatment, storage, disposal, use or reuse.

(b) INDEMNIFICATION BY ACQUIROR AND PAPA JOHN'S. Acquiror and Papa

John's, jointly and severally, shall indemnify and hold each Member harmless from and against any and all losses, costs, liabilities, damages or deficiencies resulting from (i) any misrepresentation by Acquiror or Papa John's contained herein, (ii) the breach or non-fulfillment of any agreements, covenants or undertakings on the part of Acquiror or Papa John's contained in this Agreement, (iii) the operation of MPC and the Outlets from and after the Closing Date, (iv) Papa John's failure to register or otherwise qualify the issuance of all of the Shares and Settlement Adjustment Shares as required by the Securities Act and any applicable state securities or "blue sky" laws and (v) any untrue statement or alleged untrue statement, or omission or alleged omission, made in any of the SEC Reports, the Registration Statement or the Prospectus (including, in the case of Settlement Adjustment Shares, any SEC Reports or any applicable registration statement or prospectus filed after the Closing Date but before the date of issuance of such Settlement Adjustment Shares), and any and all actions, suits, proceedings, demands, assessments or judgments incident to any of the foregoing. Such indemnification shall include, without limitations, any suits, actions, legal or administrative proceedings, claims, demands, actual damages, fines, punitive damages, losses, costs, liabilities or other obligations, whether legal or equitable, resulting from, arising out of or in any way connected with any release to the environment after the Closing Date, including, without limitation, any migration or any release from one environmental medium to another environmental medium, if the release or migration involves hazardous or toxic substances or any contamination or illegal release of substances released to the environment by Acquiror or in connection with the operation of the Outlets by Acquiror or involves any such substances generated or used by Acquiror or in connection with the operation of the Outlets by Acquiror and shipped off-site for recycling, treatment, storage, disposal, use or reuse.

(c) EXCLUSIVITY. The settlement procedure and Reserve under Section

1(b) together with indemnification rights granted to the parties under this Section 13 constitute the sole and exclusive remedies available to any party hereto in the event of any misrepresentation herein or any breach or non-fulfillment of any agreement, covenant or undertaking on the part of any party contained in this Agreement; provided, however, that the foregoing shall not limit or restrict the ability of Acquiror or its affiliates to enforce any of the Post-Termination Restrictions, as described in Section 7.(f), and shall not limit or restrict the ability of either

member of the Management Team to enforce Papa John's obligations to indemnify in full and hold such member of the Management Team harmless from any liability with respect to such member of the Management Team's personal guarantees to U.S. Bank and to Papa John's with respect to any indebtedness of MPC (the "Guarantee Indemnity").

(d) CLAIM PERIOD. Claims for indemnification under this Section 13

must be asserted in writing against the party from whom indemnification is sought on or prior to the Claim Termination Date. Any claims for indemnification not so asserted on or prior to the Claim Termination Date shall be barred, and no party to this Agreement shall have any obligation to provide any indemnification under this Section 13 with respect to claims not so asserted on or prior to the Claim Termination Date.

(e) LIMITATION OF LIABILITY. The obligation of each Member to provide

indemnification under this Section 13 shall not exceed, in the aggregate, (i) the value of the Shares delivered to such Member hereunder which have been actually received by such Member prior to the assertion of an indemnification claim by the Buyer under this Section 13, and (ii) the legal fees, costs and expenses incurred by Papa John's or Acquiror in connection with any action to obtain indemnification to which Papa John's or Acquiror is entitled hereunder from such Member. The liability of each of the Members other than the Management Team shall be several and not joint. Subject to the limitation on liability set forth above, each member of the Management Team shall be jointly and severally liable with respect to their respective indemnification obligations under this Section 13. The obligation of Papa John's or Acquiror to provide indemnification under this Agreement shall not exceed, in the aggregate, \$1.0 million.

(f) RESERVE SHARES. In accordance with Section 1(b), prior to the

expiration of the Reserve Period, Acquiror or Papa John's shall use Reserve Shares to satisfy any indemnification claims that it may have against the Members. The number of Reserve Shares subject to such use shall be that number that has an aggregate value (determined on the basis of the Settlement Stock Price) equal to the amount of such indemnification claim.

(g) TENDER OF SHARES. Any Member may satisfy its indemnification

obligations under this Section 13, in whole or in part, by delivering to Acquiror or Papa John's that number of Shares (or Settlement Adjustment Shares) having an aggregate value equal to the indemnification obligation of such Member. For purposes of this Section 13.(g), any Shares (or Settlement Adjustment Shares) so delivered to Acquiror or Papa John's shall have a per share value equal to the Settlement Stock Price.

(h) MEMBERS' REPRESENTATIVE.

(i) During the period ending on the date when all obligations under this Agreement have been discharged (including all indemnification obligations pursuant to this Section 13), there shall be a representative for the Members who (A) is authorized to act in accordance with Section 13(h)(ii) and (B) shall be selected in accordance with Section 13(h)(iv) (the "Members' Representative").

(ii) The Members' Representative shall be authorized to take any action required or permitted to be taken by the Members under this Agreement (including any action with respect to indemnification obligations pursuant to this Section 13) and in connection therewith to deliver any certificate, notice, consent or instrument (an "Instrument") which the Members' Representative determines in his discretion to be necessary, appropriate or desirable. In connection with the taking of any such action or the delivery of any such Instrument, the Members' Representative is authorized to hire or retain, at the sole expense of the Members, such counsel, investment bankers, accountants, representatives and other professional advisors as he determines in his sole and absolute discretion to be necessary, advisable or appropriate.

(iii) Any party receiving an Instrument from the Members' Representative shall have the right to rely in good faith upon such Instrument and to act in accordance with it without independent investigation.

(iv) W. Patrick Kranz is hereby appointed as the initial Members' Representative. From the date of this Agreement through the date when all obligations under this Agreement have been discharged (including all indemnification obligations pursuant to this Section 13), the Members who held at least 51% of the total Units (as such term is defined in the Limited Liability Company Agreement, dated September 26, 1995, of MPC, as amended to date) issued and outstanding as of the date of this Agreement (a "Majority") may from time to time upon written notice to the Members' Representative, any Members who were not part of the Majority, Acquiror and Papa John's, remove the Members' Representative or appoint a new Members' Representative to fill any vacancy created by the death, incapacitation, resignation or removal of the Members' Representative, and if the Members' Representative dies, becomes incapacitated, resigns or is removed by a Majority, the Majority shall appoint a successor Members' Representative to fill the vacancy so created. A copy of any appointment by the Majority of any successor Members' Representative shall be provided to Acquiror, Papa John's and any Members who were not part of the Majority promptly after it shall have been effected.

(v) If the Members' Representative determines that it is necessary or desirable to have the Members advance funds to cover out-of-pocket costs or expenses incurred or to be incurred by the Members' Representative, he may notify each of the Members in writing and request that they participate ratably in accordance with their respective interests in MPC in such costs and expenses. The notice shall contain such other terms and conditions as the Members' Representative determines to be necessary or desirable, and shall set forth the amount which the Members' Representative has reasonably determined to be necessary to cover such costs and expenses and such Member's allocable share of such amount. Each Member will then be required to deliver a check to the Members' Representative for such Member's allocable share of the amount required within 10 business days of the date of the request. Any unused funds shall be returned, ratably, by the Members' Representative to the Members.

(vi) In no case shall the Members' Representative have any liability to the Members for any act or omission to act in his capacity as Members' Representative unless the

Member asserting such liability is able to prove that the Members' Representative was guilty of willful misconduct or bad faith.

(h) THIRD PARTY CLAIMS. In the event that any third party asserts a

claim against a party (the "Indemnified Party") for which such Indemnified Party intends to seek indemnity from another party hereto (the "Indemnifying Party"), the Indemnified Party shall promptly notify each Indemnifying Party of such claim or demand and the amount thereof (the "Claim Notice"); provided, however, that an Indemnified Party's failure to so provide a Claim Notice shall not relieve any Indemnifying Party from liability under this Section 13 except to the extent such failure prejudices such Indemnifying Party. The Indemnifying Party or all Indemnifying Parties, jointly, shall have 30 days from actual receipt of the Claim Notice to undertake, conduct and control the defense of such third party claim. All costs and expenses incurred by the Indemnifying Party in defending such third party claim shall be paid by the Indemnifying Party. If the Indemnified Party desires to participate in any such defense or settlement, it may do so at its sole cost and expense (it being understood that the Indemnifying Party shall be entitled to control the defense), provided that, if the defendants in the action include both the Indemnified Party and the Indemnifying Party and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it and/or other Indemnified Parties which are different from or in addition to those available to the Indemnifying Party, or if there is a conflict of interest which would prevent counsel for the Indemnifying Party from also representing the Indemnified Party, the Indemnified Party or Indemnified Parties shall have the right to select separate counsel to participate in the defense of such action on behalf of such Indemnified Party or Parties at the sole expense of the Indemnifying Party. So long as the Indemnifying Party is defending such third party claim the Indemnified Party shall not settle such claim.

(i) CERTAIN DAMAGES. Notwithstanding anything herein to the contrary,

no claims or causes of action arising out of or related to the transaction contemplated by this Agreement may be asserted by either party for punitive, presumptive, special or exemplary damages.

(j) If an Indemnifying Party shall disagree with an Indemnified Party with respect to the amount of any indemnification claim under this Section 13, it shall have 30 days from receipt of written notice of the indemnification claim (or, if later, of the date of written notice from the Indemnified Party setting forth such amount and the basis for it) to dispute in writing the amount of such claim. If such dispute cannot be resolved by good faith negotiations between the parties within 30 days after the Indemnified Party's receipt of the written notice of such dispute, such dispute shall be submitted to a single arbitrator with knowledge of accountancy and employed by the Chicago office of a mutually agreeable "Big Five" accounting firm (the "Claim Arbitrator") who shall be instructed to make a final, binding determination of the amount of such indemnification claim within 30 days of being appointed. The Claim Arbitrator shall calculate the amount of such claim in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Each of the Indemnifying Party (or Parties), on the one hand, and the Indemnified Party (or Parties), on the other, shall bear its own

fees and expenses in connection with such arbitration and shall bear 50% of the fees and expenses of the Claim Arbitrator. The determination of the Claim Arbitrator regarding the amount of such indemnification claim shall be final and binding on all parties and judgment to enforce such determination may be entered in any court having proper jurisdiction over the party obligated to pay hereunder.

(k) Each of Acquiror, Papa John's and the Members acknowledges and agrees that Section 1(b) contains the sole remedy for any differences that are determined to exist between the Preliminary Ownership Value and the final Settlement Ownership Value and that they shall not be further entitled to seek to recover any amounts pursuant to this Section 13 based upon or arising out of the facts underlying any such difference. Therefore, Acquiror, Papa John's and the Members acknowledge and agree that the provisions of Section 1(b) (including the \$50,000 threshold) shall constitute full and complete satisfaction of any claim any of them may have under this Section 13 with respect to the final Settlement Ownership Value and related underlying facts, even if the facts underlying such determination would otherwise entitle Acquiror or Papa John's to seek indemnification for breach of a representation or warranty (or for some other permissible reason hereunder). Therefore, if the net difference between the Preliminary Ownership Value and the final Settlement Ownership Value results in less than \$50,000 owed to Papa John's, the Members may not be held liable for indemnity under this Section 13.

14. NOTICES. All notices, requests, consents, demands and other

communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of personal delivery, (b) on receipt of electronic confirmation of transmission, if sent by facsimile, (c) three days after the date of deposit in the United States Mail, postage prepaid, by certified mail, return receipt requested, or (d) one day after the date of delivery to an internationally recognized overnight courier service, in each case, addressed as follows or to such other person or address as either party shall designate by notice to the other parties in accordance herewith:

If to Acquiror
or Papa John's: Papa John's USA, Inc.
P.O. Box 99900
Louisville, Kentucky 40269-0900
Attn: General Counsel
Facsimile: 502/261-4324

If to MPC
or the Members'
Representative: c/o W. Patrick Kranz
80 Birch Bluff Road
Tonka Bay, Minnesota 55331
Facsimile: 612/474-8041

If to any Member, at such Member's address as set forth on Schedule 2.

15. CAPTIONS. The captions in this Agreement are included for purposes of

convenience only and shall not be considered a part of the Agreement in
construing or interpreting any provision hereof.

16. EXPENSES. The parties hereto shall each bear their own costs and

expenses incurred in connection with the transactions described herein,
including, without limitation, the fees and expenses of their legal counsel and
accountants, and no such fees or expenses shall be charged to or paid on behalf
of any party hereto.

17. EXHIBITS; SCHEDULES. All Exhibits and Schedules to this Agreement

shall be deemed to be incorporated herein by reference and made a part hereof as
if set out in full herein.

18. SEVERABILITY OF PROVISIONS. If any provision of this Agreement or the

application thereof to any person or circumstance shall to any extent be held in
any proceeding to be invalid or unenforceable, the remainder of this Agreement,
or the application of such provision to persons or circumstances other than
those to which it was held to be invalid or unenforceable, shall not be affected
thereby, and shall be valid and enforceable to the fullest extent permitted by
law, but only if and to the extent such enforcement would not materially and
adversely frustrate the parties' essential objectives as expressed herein.

19. NUMBER; GENDER. Unless the context clearly states otherwise, the use

of the singular or plural in this Agreement shall include the other and the use
of any gender shall include all others.

20. GOVERNING LAW; VENUE. This Agreement shall be governed by, and shall

be construed in accordance with, the laws of the Commonwealth of Kentucky. The
proper venue for all matters litigated under this Agreement shall be in the
courts of Jefferson County, Kentucky or Hennepin County, Minnesota.

21. BINDING EFFECT. This Agreement may not be assigned by any party

without the prior written consent of the other parties. Subject to the
foregoing, all of the terms, provisions and conditions of this Agreement shall
be binding upon and shall inure to the benefit of and be enforceable by the
parties hereto, and their respective heirs, personal representatives, successors
and assigns.

22. ENTIRE AGREEMENT. As used herein, the term "Agreement" shall mean

this Acquisition Agreement, the Exhibits hereto and the Schedules delivered in
connection herewith, and all financial statements and other documents and
instruments delivered pursuant to the terms of this Agreement. This Agreement
embodies the entire agreement and understanding of the parties hereto with
respect to the subject matter herein contained, and supersedes all prior
agreements, correspondence, arrangements and understandings relating to the
subject matter hereof. No representation, promise, inducement or statement of
intention has been made by any party which has not been embodied in this
Agreement, and no party shall be bound by or be

liable for any alleged representation, promise, inducement or statement of intention not so set forth. This Agreement may be amended, modified, superseded, or cancelled only by a written instrument signed by all of the parties hereto, and any of the terms, provisions, and conditions hereof may be waived, only by a written instrument signed by the waiving party. Failure of any party at any time or times to require performance of any provision hereof shall not be considered to be a waiver of any succeeding breach of such provision by any party.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

PAPA JOHN'S USA, INC.
Taxpayer I.D. #61-1193912

By: /s/ Blaine E. Hurst

Blaine E. Hurst
Vice Chairman and President
("Acquiror")

PAPA JOHN'S INTERNATIONAL, INC.
Taxpayer I.D. #51-1203323

By: /s/ J. David Flanery

J. David Flanery
Vice President and Controller

/s/ Robert Rinek

ROBERT RINEK

/s/ Howard Schultz

HOWARD SCHULTZ

/s/ Dan Levitan

DAN LEVITAN

/s/ A. MARK BERLIN, JR.

A. MARK BERLIN, JR.

/s/ ALAN MCDOWELL

ALAN MCDOWELL

/s/ ANDY HUNTER

ANDY HUNTER

/s/ DOUGLAS R. DONALDSON

DOUGLAS R. DONALDSON

/s/ JOHN L. MORRISON

JOHN L. MORRISON

/s/ MICHAEL J. AHEARN

MICHAEL J. AHEARN

/s/ MICHAEL T. SWEENEY

MICHAEL T. SWEENEY

/s/ RALPH W. BURNET

RALPH W. BURNET

/s/ ROBERT B. RINEK

ROBERT B. RINEK

/s/ TIMOTHY D. JOHNSON

TIMOTHY D. JOHNSON

/s/ W. PATRICK KRANZ

W. PATRICK KRANZ

/s/ WALTER R. BARRY, JR.

WALTER R. BARRY, JR.

/s/ RICHARD BLANKENSHIP

RICHARD BLANKENSHIP

/s/ SHEILA HARRIS

SHEILA HARRIS

/s/ SHARON EMMONS

SHARON EMMONS

/s/ GORDON M. AAMOTH, MD IRA

GORDON M. AAMOTH, MD IRA

/s/ PARADISE CANYON VENTURES

PARADISE CANYON VENTURES

ASSET PURCHASE AGREEMENT

EXHIBITS AND SCHEDULES

Exhibit	Description
A	Allocation of Valuation
B	Restrictive Legend
C	Termination Agreement
D	MPC's Employees

Schedule	Description
1	Preliminary Financial Statements
2	Ownership of Interests
3	Disclosure Schedule
4	Leases and Timberwolves/Target Center Contracts

As of January 8, 1999

Mr. Charles W. Schnatter
Papa John's International, Inc.
11492 Bluegrass Parkway
Louisville, Kentucky 40299

Re: \$20,000,000.00 Discretionary Line of Credit (the "Line of Credit")

Dear Chuck:

We are pleased to inform you that PNC Bank, National Association (the "Bank"), has renewed and increased to \$20,000,000.00 the discretionary line of credit to Papa John's International, Inc. (the "Company"). The Bank is willing to maintain the Discretionary Line of Credit upon the following terms and conditions:

1. Purpose of Line. Proceeds of the Line of Credit shall be used for

working capital, general corporate needs and for the issuance of letters of credit up to an aggregate amount of \$3,000,000.00 (the "Letters of Credit"). Advances made under the Line of Credit, if any, shall be due and payable on the last day of the applicable interest period, and all obligations of the Company to the Bank shall be due and payable upon the occurrence of an event of default. All advances will bear interest and be subject to the terms and conditions set forth herein and in the enclosed Note. The Line of Credit will be reviewed by the Bank from time to time and in any event prior to its expiration of June 30, 1998 (the "Expiration Date") to determine whether it should be continued or renewed.

This is not a committed line of credit. The Company acknowledges and agrees that advances made or letters of credit issued under this Line of Credit, if any, shall be made at the sole discretion of the Bank. The Bank may decline to make advances or issue letters of credit under the line of Credit or terminate the Line of Credit at any time and for any reason without prior notice to the Company. This letter set forth certain terms and conditions solely to assure that the parties understand each other's expectations and to assist the Bank in evaluating the status, on an ongoing basis, of the Line of Credit.

2. Note and Letter of Credit Agreements. The Borrower's obligation to

repay the advances under the Note (the "Loans") shall be evidenced by a promissory note substantially in the form of Exhibit "A" hereto (the "Note"). The obligation of the Borrower to repay drawings under any Letter of Credit shall be evidenced by the Bank's form of application and letter of credit agreement therefor (each, an "Application" and a "Letter of Credit Agreement") in form and content satisfactory to the Bank. An Application must be submitted to and accepted by the

Bank as a condition precedent to the issuance of each Letter of Credit. This letter is not a pre-advice for the issuance of a letter of credit and is not irrevocable. All drawings will be deemed to constitute advances under the Line of Credit, evidenced by the Note, shall be payable to the Bank on demand, and shall bear interest at the Default Rate provided in the Note. Unless approved by the Bank, no Letter of Credit shall have an expiry date beyond the Expiration Date. This Agreement, the Letter of Credit Agreement and the Note are collectively referred to as the "Loan Documents".

3. Advances Procedures. The Borrower may request Loans hereunder upon

giving oral or written notice to the Bank by 11:00 A.M. (Louisville, Kentucky time) (a) on the day of the proposed Loan, in the case of Loans bearing interest under the Base Rate Option, Prime Rate Option or the As Offered Rate Option, and (b) three (3) Business Days prior to the proposed Loan, in the case of Loans bearing interest under the Euro-Rate Option, followed promptly thereafter by the Borrower's written confirmation to the Bank of any oral notice. The Borrower authorizes the Bank to accept telephonic requests for Loans, and the Bank shall be entitled to rely upon the authority of any person providing such instructions.

4. Interest Rate Options. Each advance outstanding under the Note shall

bear interest at a rate per annum selected by the Borrower from the interest rate options set forth below (each, an "Option"), it being understood that the Borrower may select different Options to apply simultaneously to different portions of the Loans and may select up to two (2) different interest periods to apply simultaneously to different portions of the Loans bearing interest under the Euro-Rate Option or As Offered Rate Option as set forth below. There are no required interest periods for Loans bearing interest under the Base Rate Option or the Prime Rate Option.

(a) Base Rate Option. A rate of interest per annum (computed on the

basis of a year of 360 days, as the case may be, and the actual number of days elapsed) equal to the lesser of (i) the rate of interest announced from time to time by the Bank at its principal office as its prime rate, which rate may not be the lowest interest rate then being charged commercial borrowers by the Bank (the "Prime Rate") or (ii) the sum of the Federal Funds Rate plus fifty (50) basis points (1/2%) per annum. If and when the Prime Rate or the Federal Funds Rate changes, the rate of interest on Loans bearing interest under the Base Rate Option will change automatically without notice to the Borrower, effective on the date of any such change. For purposes hereof, the "Federal Funds Rate" means the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published by the Federal Reserve Bank of New York on such day (or if such day is not a Business Day, the Federal Funds Rate for such day shall be the rate as published by the Federal Reserve Bank of New York on the immediately preceding Business Day).

(b) Prime Rate Option. An annual rate equal to the Prime Rate, minus

100 basis points (1%). Each change in the Prime Rate shall become effective without notice to the Borrower on the day of any change in the Prime Rate. All interest shall be computed on the basis of the actual number of days elapsed over an assumed year of 360 days.

(c) Euro-Rate Option. A rate of interest per annum (computed on the

basis of a year of 360 days and the actual number of days elapsed) equal to the sum of (i) the Euro-Rate plus (ii) fifty (50) basis points (1/2%) per annum, for

the Euro-Rate Interest Period in an amount equal to the Loan bearing interest under the Euro-Rate Option and having a comparable maturity as determined at or about 11 A.M. (Eastern Time) two Business Days prior to the commencement of the Euro-Rate Interest Period. For the purpose hereof, the following terms shall have the following meanings:

"Business Day" shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in Louisville, Kentucky.

"Euro-Rate" shall mean, with respect to any Loan bearing interest under the Euro-Rate Option for any Euro-Rate Interest Period, the interest rate per annum determined by the Bank by dividing (the resulting quotient rounded upward to the nearest 1/16th of 1% per annum) (i) the rate of interest determined by the Bank in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the eurodollar rate two (2) Business Days prior to the first day of such Euro-Rate Interest Period for an amount comparable to such Loan and having a borrowing date and a maturity comparable to such Euro-Rate Interest Period by (ii) a number equal to 1.00 minus the Euro-Rate Reserve Percentage.

"Euro-Rate Interest Period" shall mean the period of one, two or three months selected by the Borrower commencing on the date of disbursement of a Loan bearing interest under the Euro-Rate Option and each successive period selected by the Borrower thereafter; provided that if a Euro-Rate Interest

Period would end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless such day falls in the succeeding calendar month in which case the Euro-Rate Interest Period shall end on the next preceding Business Day. In no event shall any Euro-Rate Interest Period end on a day after the Expiration Date.

"Euro-Rate Reserve Percentage" shall mean the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities").

(d) As Offered Rate Option. A rate of interest per annum (computed on

the basis of a year of 360 days and the actual number of days elapsed), determined in the Bank's sole discretion, as offered from time to time by the Bank to the Borrower as the rate at which the Bank would advance funds to the Borrower for the interest period requested (the "As Offered Rate Interest Period") in the principal amount requested (the "As Offered Rate").

If the Bank determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the interbank eurodollar market generally, deposits in dollars (in the applicable amounts) are not being offered to banks in the interbank eurodollar market for the selected term, or adequate means do not exist for ascertaining the Euro-Rate, then the Bank shall give notice thereof to the Borrower. Thereafter, until the Bank notifies the Borrower that the circumstances giving rise to such suspension no longer exist, (a) the availability of the Euro-Rate Option shall be suspended, and (b) the interest rate for all Loans then bearing interest under the Euro-Rate Option shall be converted to the Base Rate Option at the expiration of the then current Euro-Rate Interest Period(s).

In addition, if, after the date of this letter, the Bank shall determine (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Bank to make or maintain or fund loans under the Euro-Rate Option, the Bank shall notify the Borrower. Upon receipt of such notice, until the Bank notifies the Borrower that the circumstances giving rise to such determination no longer apply, (a) the availability of the Euro-Rate Option shall be suspended, and (b) the interest rate on all Loans then bearing interest under the Euro-Rate Option shall be converted to the Base Rate Option either (i) on the last day of the then current Euro-Rate Interest Period(s) if the Bank may lawfully continue to maintain Loans under the Euro-Rate Option to such day, or (ii) immediately if the Bank may not lawfully continue to maintain Loans under the Euro-Rate Option.

5. Payment of Interest. The Borrower shall pay accrued interest on the

unpaid principal balance of the Note in arrears: (a) for the portion of Loans bearing interest under the Base Rate Option or the Prime Rate Option, on the last Business Day of each calendar quarter during the term hereof, (b) for the portion of Loans bearing interest under the Euro-Rate Option, on the last day of each Euro-Rate Interest Period, as the case may be, (c) for the portion of Loans bearing interest under the As Offered Rate Option, on the last day of each As Offered Rate Interest Period, (d) if any Euro-Rate Interest Period or As Offered Rate Interest Period is longer than ninety (90) days, then also on the ninetieth day of such interest period and every ninety days thereafter, and (e) for all Loans, at maturity, whether by acceleration of the Note or otherwise, and after maturity, on demand until paid in full.

6. Interest Rate Election. Subject to the terms and conditions of this

letter and the Note, at the end of each interest period applicable to a Loan the Borrower may renew the Option applicable to such Loan or convert such Loan to a different Option. If no notice of conversion or renewal is received by the Bank or if an event of default exists, the Borrower shall be deemed to have converted such Loan to the Base Rate Option. The Borrower shall notify the Bank of each election of an interest rate Option, each conversion from one interest rate Option to another, the amount of the Loans then outstanding to be allocated to each interest Option and where relevant the interest periods. Any such election shall be promptly confirmed in writing by such method as the Bank may require. The Borrower shall indemnify the Bank against all liabilities, losses or expenses (including loss of margin, any loss or expense incurred in liquidating or employing deposits from third parties and any loss or expense incurred in connection with funds acquired by the Bank to fund or maintain Loans bearing interest under the As Offered Rate Option or the Euro-Rate Option) which the Bank sustains or incurs as a consequence of any attempt by the Borrower to revoke (expressly, by later inconsistent notices or otherwise) in whole or in part any notice given to the Bank to request, convert, renew or prepay any such Loan. If the Bank sustains or incurs any such loss, it shall notify the Borrower of the amount determined by the Bank to be necessary to indemnify the Bank for such loss or expense (which determination may include such assumptions, allocations of costs and expenses and averaging or attribution methods as the Bank deems appropriate). Such amount shall be due and payable by the Borrower ten days after such notice is given.

7. Default Rate. After the principal amount of all or any part of the

Loans shall have become due and payable, whether by acceleration or otherwise, all the Loans shall bear interest at a rate per annum which shall be 200 basis points (2%) per annum above the Prime Rate.

8. Conditions to Lending. The obligation of the Bank to make any Loan

hereunder is subject to the condition that:

(a) In the case of the initial Loan hereunder, the Borrower shall provide to the Bank this Agreement and the Note, such duly executed by the Borrower; evidence of the due authorization by the Borrower of this Agreement and the Note; and such other instruments as the Bank shall reasonably require in form and substance satisfactory to the Bank.

(b) In the case of any Loan, each request for an advance under the Line of Credit shall constitute, as of the time made, a certification by the Borrower that the Borrower shall have performed and complied with all agreements and conditions herein required under this Agreement, and at the time of such Loan, no condition or event shall exist which constitutes an Event of Default.

9. Covenants. Unless waived in writing by the Bank or until payment in full and termination of the Line of Credit:

(a) The Borrower will promptly submit to Bank financial statements as follows:

(i) Annual Statements. As soon as available, and in any event

within one hundred twenty (120) days after the end of each Fiscal Year, Borrower shall furnish to the Bank an audited consolidated balance sheet, income statement, and statement of cash flows showing sources and uses of cash, for such Fiscal Year, together with comparative figures for the next preceding Fiscal Year prepared by a certified public accounting firm acceptable to the Bank (the "CPA"), together with the unqualified opinion of the CPA firm in substantially the same form as provided in prior years. Together with such audited financial statements and opinion, Borrower shall furnish the Bank with a certificate from the Borrower's Vice President and Corporate Controller certifying that he has reviewed the provisions of this Agreement and nothing has come to his attention to cause him to believe that any Event of Default or unmatured default exists as of the date of the statement, or, if such is not the case, specifying such Event of Default or unmatured default and the nature thereof, and the action Borrower has taken or will take to correct it.

(ii) Additional Financial Information. Upon written request of

the Bank, the Borrower shall deliver to the Bank:

(A) Promptly upon receipt thereof, all detailed reports, if any, submitted to Borrower by the CPA firm in connection with each annual audit,

(B) Promptly upon its becoming available, copies of all financial statements, reports, notices or meetings and proxy statements which Borrower shall send to its stockholders,

(C) Within ten (10) days after the filing (1) with the Secretary of State of Delaware, certified copies of all amendments to Borrower's Certificate of Incorporation, and (2) with the appropriate governmental authority, copies of all regulatory reports, filings or notices which Borrower is required to submit, including but not limited to reports, filings or notices to the SEC, the IRS, OSHA, EPA and the Department of Labor.

(D) Such additional information with respect to its financial condition as may be reasonably requested by the Bank from time to time.

(b) The Borrower will not make or permit any change in the nature of its business as carried on as of the date of this letter or permit any change in control of more than a majority of its board of directors or its voting stock.

(c) The Borrower shall continue to own 100% of all outstanding and issued capital stock of PJ Food Service, Inc. and PJFS of Mississippi, Inc., and there shall be no material variation from the present business operations of PJ Food Service, Inc. and PJFS of Mississippi, Inc. The present business operations of PJ Food Service, Inc. and PJFS of Mississippi, Inc. shall mean being the primary provider of commissary services (consisting of dough production and proprietary products) for the Borrower's operations in the United States.

(d) The Borrower shall, on a consolidated basis, maintain at all times, such maintenance to be evidenced at the end of each fiscal year of the Borrower, calculated by using the immediately preceding twelve month period, a ratio of Funded Debt to EBITDA of not less than 2.0 to 1.0. "Funded Debt" is defined as all long term debt plus short term debt from financial institutions.

"EBITDA" is defined as earnings before interest, taxes, depreciation and amortization.

(e) The Borrower will not create, assume, incur or suffer to exist any mortgage (except for proposed bond offering with the City of Jeffersontown, Kentucky, such bonds to be acquired by the Company or a wholly-owned subsidiary), pledge, encumbrance, security interest, lien or charge of any kind upon any of its property, now owned or hereafter acquired, or acquire or agree to acquire any kind of property under conditional sales or other title retention agreements, except liens disclosed on the Borrower's latest financial statements provided to the Bank prior to the date of this letter and additional liens to secure indebtedness not exceeding \$300,000.00 in the aggregate; provided,

however, that the foregoing restrictions shall not prevent the Borrower from:

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(i) incurring liens for taxes, assessments or governmental charges or levies which shall not at the time be due and payable or can thereafter be paid without penalty or are being contested in good faith by appropriate proceedings diligently conducted and with respect to which it has created adequate reserves; (ii) making pledges or deposits to secure obligations under workers' compensation laws or similar legislation; or (iii) granting liens or security interests in favor of the Bank.

(f) Without the prior written consent of the Bank (which consent shall not be unreasonably withheld), John H. Schnatter and Charles Schnatter shall continue to be employed by and be active in the management of the Borrower.

(g) Without the Bank's prior written consent, which shall not be unreasonably withheld, the Borrower shall not (i) be a party to any consolidation, reorganization (including without limitation those types referred to in Section 368 of the United States Internal Revenue Code of 1986, as amended), "stock swap" or merger, (ii) sell or otherwise transfer any material part of its assets, (iii) sell, assign, or otherwise dispose of, with or without recourse, any of its accounts receivable or notes receivable or other intangibles, except the endorsement of negotiable instruments of collection in the ordinary course of business, or (iv) liquidate or dissolve or take any action with a view toward liquidation or dissolution.

10. Representations and Warranties. The Borrower represents and warrants

to the Bank as follows:

(a) The Borrower is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization and has the power and authority to own and operate its assets and to conduct its business as now or proposed to be carried on, and is duly qualified, licensed and in good standing to do business in all jurisdictions where its ownership of property or the nature of its business requires such qualification or licensing.

(b) The Borrower has the power to make and carry out the terms of the Loan Documents and has taken all necessary corporate action to authorize the execution, delivery and performance of the Loan Documents.

(c) The Loan Documents constitute the legally binding obligations of the Borrower, enforceable in accordance with their respective terms.

(d) The making and performance of the Loan Documents do not and will not violate in any respect any provisions of (i) any federal, state or local law or regulation or any order or decree of any federal, state or local governmental authority, agency or court, or (ii) the organizational documents of the Borrower or of any of its subsidiaries, or (iii) any mortgage, contract or other undertaking to which the Borrower is a party or which is binding upon the Borrower or any of its subsidiaries or any of their respective assets, and do not and will not result in the creation or imposition of any security interest, lien, charge or other encumbrance on any of their respective assets pursuant to the provisions of any such mortgage, contract or other undertaking.

(e) Neither the Borrower nor any of its subsidiaries is in default with respect to any material order, writ, injunction or decree (i) of any court or (ii) of any Federal, state, municipal or other governmental instrumentality. The Borrower and each subsidiary is substantially complying with all applicable statutes and regulations of each governmental authority having jurisdiction over its activities, except where failure to comply would not have a material adverse effect on the Borrower and its subsidiaries, taken as a whole.

(f) There are no actions, suits, proceedings or governmental investigations pending or, to the knowledge of the Borrower, threatened against the Borrower which could result in a material adverse change in its business, assets, operations, financial condition or result of operations and there is no basis known to the Borrower or its officers or directors for any such action, suit, proceedings or investigation.

(g) The Borrower's latest financial statements provided to the Bank are true, complete and accurate in all material respects and fairly present the financial condition, assets and liabilities, whether accrued, absolute, contingent or otherwise and the results of the

Borrower's operations for the period specified therein. The Borrower's financial statements have been prepared in accordance with generally accepted accounting principles consistently applied from period to period subject in the case of interim statements to normal year-end adjustments. Since the date of the latest financial statements provided to the Bank, the Borrower has not suffered any damage, destruction or loss which has materially adversely affected its business, assets, operations, financial condition or results of operations.

(h) The Borrower has filed all returns and reports that are required to be filed by it in connection with any federal, state or local tax, duty or charge levied, assessed or imposed upon the Borrower or its property, including unemployment, social security and similar taxes and all of such taxes have been either paid or adequate reserve or other provision has been made therefor.

(i) The Borrower and its subsidiaries have reviewed the areas within their business and operations which could be adversely affected by, and have developed or are developing a program to address on a timely basis, the risk that certain computer applications used by the Borrower or its subsidiaries (or any of their respective material suppliers, customers or vendors) may be unable to recognize and perform properly date-sensitive functions involving dates prior to and after December 31, 1999 (the "Year 2000 Problem"). The Year 2000 Problem will not result, and is not reasonably expected to result, in any material adverse effect on the business, properties, assets, financial condition, results of operations or prospects of the Borrower and its subsidiaries, taken as a whole, or the ability of the Borrower to duly and punctually pay or perform its obligations under the Loan Documents.

11. Default. The events which give the Bank the right to accelerate the maturity of the Loans outstanding hereunder and terminate the Line of Credit are set forth in the Note.

12. Notices. All notices required to be sent to the Borrower shall be sent by hand delivery, overnight courier or facsimile transmission (with confirmation of receipt) to the Borrower at the address set forth on the records of the Bank.

13. Fees and Expenses. The Borrower shall pay the Bank's usual and customary commissions, fees and expenses in connection with any Letter of Credit issued. The Borrower shall reimburse the Bank for the Bank's expenses (including the reasonable fees and expenses of the Bank's outside and in-house counsel) in documenting and closing this transaction and in connection with any amendments, modifications, renewals or enforcement actions relating to the Line of Credit.

14. Governing Law. This Agreement and the Note shall be governed by the laws of the Commonwealth of Kentucky, excluding its conflict of law rules.

15. Counterparts. This Agreement may be executed in counterparts, each of

which when executed by the Borrower and the Bank shall be regarded as an
original.

If the foregoing accurately reflects the understanding of the parties, please
execute the duplicate original of this Agreement and return it to me.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By /s/ Paula K. Fryland

Paula K. Fryland, Vice President

Accepted, with the intent to be legally bound,
this 8th day of January, 1999:

PAPA JOHN'S INTERNATIONAL, INC.

By /s/ Charles W. Schnatter

Title: Senior Vice President

DISCRETIONARY LINE OF CREDIT NOTE

\$20,000,000.00

AS OF JANUARY 8, 1999

FOR VALUE RECEIVED, PAPA JOHN'S INTERNATIONAL, INC. (the "BORROWER"), with an address at 11492 Bluegrass Parkway, Louisville, Kentucky 40299, promises to pay to the order of PNC BANK, NATIONAL ASSOCIATION (the "BANK"), in lawful money of the United States of America in immediately available funds at its offices located at 500 West Jefferson Street, Louisville, Kentucky 40202, or at such other location as the Bank may designate from time to time, the principal sum of TWENTY MILLION DOLLARS (\$20,000,000.00) (the "FACILITY") or such lesser amount as may be advanced to or for the benefit of the Borrower hereunder, together with interest accruing on the outstanding principal balance from the date hereof, as provided below:

1. RATE OF INTEREST. Each advance outstanding under this Note will bear

interest at a rate per annum determined in the Bank's sole discretion, as offered by the Bank to the Borrower as the rate at which the Bank would advance funds to the Borrower in the principal amount requested for the interest period requested, each as agreed upon in writing between the Borrower and the Bank.

Interest will be calculated on the basis of a year of 360 days for the actual number of days in each interest period. In no event will the rate of interest hereunder exceed the maximum rate allowed by law.

2. DISCRETIONARY ADVANCES. THIS IS NOT A COMMITTED LINE OF CREDIT AND

ADVANCES UNDER THIS NOTE, IF ANY, SHALL BE MADE BY THE BANK IN ITS SOLE DISCRETION. NOTHING CONTAINED IN THIS NOTE OR ANY OTHER LOAN DOCUMENTS SHALL BE CONSTRUED TO OBLIGATE THE BANK TO MAKE ANY ADVANCES. THE BANK SHALL HAVE THE RIGHT TO REFUSE TO MAKE ANY ADVANCES AT ANY TIME WITHOUT PRIOR NOTICE TO THE BORROWER.

The Borrower may request advances, repay and request additional advances hereunder, subject to the terms and conditions of this Note and the Loan Documents (as defined herein). In no event shall the aggregate unpaid principal amount of advances under this Note exceed the face amount of this Note.

3. PAYMENT TERMS. The principal amount of each advance shall be due and

payable on the earlier of (i) the last day of the applicable interest period for such advance or (ii) the Expiration Date (as defined in the Loan Documents). Interest shall be due and payable at the times set forth in the Loan Documents, and no less frequently than quarterly.

If any payment under this Note shall become due on a Saturday, Sunday or public holiday under the laws of the State where the Bank's office indicated above is located, such payment shall be made on the next succeeding business day and such extension of time shall be

included in computing interest in connection with such payment. The Borrower hereby authorizes the Bank to charge the Borrower's deposit account at the Bank for any payment when due hereunder. Payments received will be applied to charges, fees and expenses (including attorneys' fees), accrued interest and principal in any order the Bank may choose, in its sole discretion.

4. DEFAULT RATE. If any advance or other amount is not paid when due, the

Borrower shall pay interest on such amount until it is paid in full at a rate per annum (based on a year of 360 days and actual days elapsed) (the "DEFAULT RATE") equal to two hundred (200) basis points (2%) above the Prime Rate but not more than the maximum rate allowed by law. As used herein, "PRIME RATE" shall mean the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers. If and when the Prime Rate changes, the rate of interest on this Note will change automatically without notice to the Borrower, effective on the date of any such change. The Default Rate shall continue to apply whether or not judgment shall be entered on this Note.

5. PREPAYMENT. The Borrower shall have the right to prepay at any time

and from time to time, in whole or in part, without penalty, any advance hereunder which is accruing interest at a rate based upon a floating rate. If the Borrower prepays all or any part of any advance which is accruing interest at a fixed rate on other than the last day of the applicable interest period, the Borrower shall also pay to the Bank, on demand therefor, the Cost of Prepayment. "COST OF PREPAYMENT" means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period minus (ii) the yield,

on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15(519) "Selected Interest Rates". For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate. The Cost of Prepayment shall also apply to any payments made after acceleration of the maturity of this Note.

6. OTHER LOAN DOCUMENTS. This Note is issued pursuant to the letter

agreement dated as of January 8, 1999, and the other documents referred to therein, the terms of which are incorporated herein by reference (the "LOAN DOCUMENTS").

7. ADVANCE PROCEDURES. A request for advance made by telephone must be

promptly confirmed in writing by such method as the Bank may require. The Borrower authorizes the Bank to accept telephonic requests for advances, and the Bank shall be entitled to rely upon the authority of any person providing such instructions. The Borrower hereby indemnifies and holds the Bank harmless from and against any and all damages, losses,

liabilities, costs and expenses (including reasonable attorneys' fees and expenses) which may arise or be created by the acceptance of such telephone requests or making such advances. The Bank will enter on its books and records, which entry when made will be presumed correct, absent manifest error, the date and amount of each advance, the interest rate and interest period applicable thereto, as well as the date and amount of each payment made by the Borrower.

8. YIELD PROTECTION. The undersigned shall pay to the Bank, on written

demand therefor, together with the written evidence of the justification therefor, all direct costs incurred, losses suffered or payments made by Bank by reason of any change in law or regulation or its interpretation imposing any reserve, deposit, allocation of capital, or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Bank, its holding company or any of their respective assets.

9. EVENTS OF DEFAULT. The occurrence of any of the following events will

be deemed to be an "EVENT OF DEFAULT" under this Note: (i) the nonpayment of any principal, interest or other indebtedness under this Note when due; (ii) the occurrence of any event of default or default and the lapse of any notice or cure period under any Loan Document or any other debt, liability or obligation to the Bank of any Obligor; (iii) the filing by or against any Obligor or any Affiliate of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against any Obligor or any Affiliate, such proceeding is not dismissed or stayed within thirty (30) days of the commencement thereof); (iv) any assignment by any Obligor or any Affiliate for the benefit of creditors, or any levy, garnishment, attachment or similar proceeding is instituted against any property of any Obligor or any Affiliate held by or deposited with the Bank; (v) a default with respect to any other indebtedness of any Obligor or any Affiliate for borrowed money in excess of \$100,000.00, if the effect of such default is to cause or permit the acceleration of such debt; (vi) the entry of a final judgement in excess of \$100,000.00 against any Obligor or any Affiliate and the failure of such Obligor or any Affiliate to discharge the judgement within ten days of the entry thereof; (vii) any material adverse change in the business, assets, operations, financial condition or results of operations of any Obligor or any Affiliate; (viii) the revocation or attempted revocation, in whole or in part, of any guarantee by any Guarantor; (ix) any representation or warranty made by any Obligor or any Affiliate to the Bank in any document, including but not limited to the Loan Documents is false, erroneous or misleading in any material respect; (x) the failure of any Obligor or any Affiliate to observe or perform any covenant or other agreement with the Bank contained in any Loan Document or any other documents now or in the future securing the obligations of any Obligor or any Affiliate to the Bank; and (xi) the occurrence of any event of default or default and the lapse of any notice or cure period under any debt, liability or obligation to the Bank of any Affiliate.

As used herein, the term "OBLIGOR" means any Borrower and any Guarantor, the term "GUARANTOR" means any guarantor of the obligations of the Borrower to the Bank existing on the date of this Note or arising in the future, and the term "AFFILIATE" means each of PJ Food Service, Inc. and PJFS of Mississippi, Inc.

Upon the occurrence of an Event of Default: (a) the Bank shall continue to have no obligation to make advances hereunder; (b) if an Event of Default specified in clause (iii) or (iv) above shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be immediately due and payable without demand or notice of any kind; (c) if any other Event of Default shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the option of the Bank and without demand or notice of any kind, may be accelerated and become immediately due and payable; (d) at the option of the Bank, this Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default; and (e) the Bank may exercise from time to time any of the rights and remedies available to the Bank under the Loan Documents or under applicable law.

10. RIGHT OF SETOFF. In addition to all liens upon and rights of setoff

against the money, securities or other property of the Borrower given to the Bank by law, the Bank shall have, with respect to the Borrower's obligations to the Bank under this Note and to the extent permitted by law, a contractual possessory security interest in and a contractual right of setoff against, and the Borrower hereby assigns, conveys, delivers, pledges and transfers to the Bank all of the Borrower's right, title and interest in and to, all deposits, moneys, securities and other property of the Borrower now or hereafter in the possession of or on deposit with, or in transit to, the Bank whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding, however, all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon or notice to the Borrower. Every such right of setoff shall be deemed to have been exercised immediately upon the occurrence of an Event of Default hereunder without any action of the Bank, although the Bank may enter such setoff on its books and records at a later time.

11. MISCELLANEOUS. No delay or omission of the Bank to exercise any right

or power arising hereunder shall impair any such right or power or be considered to be a waiver of any such right or power nor shall the Bank's action or inaction impair any such right or power. The Borrower agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Bank in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Bank's counsel. If any provision of this Note is found to be invalid by a court, all the other provisions of this Note will remain in full force and effect.

The Borrower and all other makers and endorser of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. The Borrower also waives all defenses based on suretyship or impairment of collateral.

If this Note is executed by more than one Borrower, the obligations of such persons or entities hereunder will be joint and several. This Note shall bind the Borrower and its heirs, executors, administrators, successors and assigns, and the benefits hereof shall inure to the benefit of Bank and its successors and assigns.

This Note has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated above is located. THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE BANK AND THE BORROWER DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES. The Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court located for the county or judicial district where the Bank's office indicated above is located; provided that nothing contained in this Note will prevent the Bank from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any security or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

12. WAIVER OF JURY TRIAL. THE BORROWER IRREVOCABLY WAIVES ANY AND ALL

RIGHTS THE BORROWER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

THE BORROWER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE WAIVER OF JURY TRIAL, AND HAS BEEN ADVISED BY COUNSEL AS NECESSARY OR APPROPRIATE.

WITNESS the due execution hereof as of the date first written above, with the intent to be legally bound hereby.

PAPA JOHN'S INTERNATIONAL, INC.

By /s/ Charles W. Schnatter

Print Name: Charles W. Schnatter

Title: Senior Vice President

WITNESS/ATTEST:

By /s/ Paula K. Fryland

Paula K. Fryland, Vice President

Exhibit 11 - Calculation of Earnings per Share

(In thousands, except per share amounts)	Three Months Ended	
	March 28, 1999	March 29, 1998

Basic Earnings per Share:		
Income before cumulative effect of a change in accounting principle	\$11,383	\$ 7,509
Weighted average shares outstanding	29,966	29,290
	-----	-----
Basic earnings per share	\$ 0.38	\$ 0.26
	=====	=====
Diluted Earnings per Share:		
Income before cumulative effect of a change in accounting principle	\$11,383	\$ 7,509
Weighted average shares outstanding	29,966	29,290
Dilutive effect of outstanding common stock options	1,133	821
	-----	-----
Diluted weighted average shares outstanding	31,099	30,111
	-----	-----
Diluted earnings per share	\$ 0.37	\$ 0.25
	=====	=====

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1,000

3-MOS

DEC-26-1999
DEC-28-1998
MAR-28-1999
37,400
47,120
18,931
0
8,951
72,798
245,243
53,835
343,330
48,315
925
0
0
301
279,528
343,330
176,463
187,351
85,581
148,809
20,250
0
0
18,292
6,909
11,383
0
0
0
11,383
0.38
0.37

12-MOS	9-MOS	6-MOS	3-MOS
DEC-27-1998	DEC-27-1998	DEC-27-1998	DEC-27-1998
DEC-29-1997	DEC-29-1997	DEC-29-1997	DEC-29-1997
DEC-27-1998	SEP-27-1998	JUN-28-1998	MAR-29-1998
	33,814	29,692	24,119
47,355	51,013	59,940	58,778
17,420	15,555	13,918	15,179
0	0	0	0
9,808	9,231	9,175	10,826
68,023	57,127	49,744	55,158
	222,859	207,414	181,372
49,987	46,184	41,658	38,220
319,724	300,231	283,052	272,728
45,495	43,168	36,155	40,767
	1,130	1,130	1,130
0	0	0	0
	0	0	0
	298	296	296
	253,872	238,647	229,225
319,724	300,231	283,052	272,729
	644,576	463,302	303,299
682,152	490,129	320,697	155,493
	328,547	233,171	151,351
552,128	395,570	258,077	125,745
72,879	53,796	36,237	17,398
0	0	0	0
0	0	0	0
57,146	40,763	26,382	12,350
22,181	15,925	10,243	4,841
34,964	24,838	16,139	7,509
	0	0	0
	0	0	0
	(2,603)	(2,603)	(2,603)
32,361	22,235	13,536	4,906
1.10	0.75	0.46	0.17
1.06	0.73	0.45	0.16