# UNITED STATES
# 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 September 27, 2015**

**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) |

**2002 Papa Johns Boulevard**
**Louisville, Kentucky 40299-2367**
(Address of principal executive offices)

**(502) 261-7272**
(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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☒ | Accelerated filer ☐ |
| Non-accelerated filer ☐ | Smaller reporting company ☐ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At October 27, 2015, there were outstanding 39,014,067 shares of the registrant's common stock, par value $0.01 per share.

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## PART 1. FINANCIAL INFORMATION
### Item 1. Financial Statements

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

| (In thousands, except per share amounts) | September 27, 2015 (Unaudited) | December 28, 2014 |
|---|---|---|
| **Assets** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 24,441 | $ 20,122 |
| Accounts receivable, net | 56,445 | 56,047 |
| Notes receivable, net | 7,738 | 6,106 |
| Income taxes receivable | 796 | 9,527 |
| Inventories | 24,335 | 27,394 |
| Deferred income taxes | 9,990 | 8,248 |
| Prepaid expenses | 15,914 | 18,736 |
| Other current assets | 9,462 | 9,828 |
| Assets held for sale | 9,555 | — |
| **Total current assets** | 158,676 | 156,008 |
| Property and equipment, net | 209,137 | 219,457 |
| Notes receivable, less current portion, net | 10,444 | 12,801 |
| Goodwill | 79,913 | 82,007 |
| Deferred income taxes | 3,021 | 3,914 |
| Other assets | 33,426 | 38,616 |
| **Total assets** | $ 494,617 | $ 512,803 |
| | | |
| **Liabilities and stockholders' equity** | | |
| **Current liabilities:** | | |
| Accounts payable | $ 35,546 | $ 38,832 |
| Income and other taxes payable | 10,012 | 9,637 |
| Accrued expenses and other current liabilities | 78,562 | 58,293 |
| **Total current liabilities** | 124,120 | 106,762 |
| Deferred revenue | 3,627 | 4,257 |
| Long-term debt | 239,000 | 230,451 |
| Deferred income taxes | 14,251 | 22,188 |
| Other long-term liabilities | 44,034 | 41,875 |
| **Total liabilities** | 425,032 | 405,533 |
| | | |
| **Redeemable noncontrolling interests** | 8,274 | 8,555 |
| | | |
| **Stockholders' equity:** | | |
| Preferred stock ($0.01 par value per share; no shares issued) | — | — |
| Common stock ($0.01 par value per share; issued 43,708 at September 27, 2015 and 43,331 at December 28, 2014) | 437 | 433 |
| Additional paid-in capital | 155,170 | 147,912 |
| Accumulated other comprehensive income (loss) | (1,305) | 671 |
| Retained earnings | 126,045 | 92,876 |
| Treasury stock (4,673 shares at September 27, 2015 and 3,549 shares at December 28, 2014, at cost) | (232,032) | (155,659) |
| Total stockholders' equity, net of noncontrolling interests | 48,315 | 86,233 |
| Noncontrolling interests in subsidiaries | 12,996 | 12,482 |
| **Total stockholders' equity** | 61,311 | 98,715 |
| **Total liabilities, redeemable noncontrolling interests and stockholders' equity** | $ 494,617 | $ 512,803 |

*See accompanying notes.*

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

| (In thousands, except per share amounts) | Three Months Ended Sept. 27, 2015 | Three Months Ended Sept. 28, 2014 | Nine Months Ended Sept. 27, 2015 | Nine Months Ended Sept. 28, 2014 |
|---|---|---|---|---|
| **North America revenues:** | | | | |
| Domestic Company-owned restaurant sales | $ 180,059 | $ 169,076 | $ 563,308 | $ 517,269 |
| Franchise royalties | 22,079 | 22,131 | 70,519 | 65,728 |
| Franchise and development fees | 206 | 217 | 666 | 493 |
| Domestic commissary sales | 145,863 | 149,224 | 457,203 | 463,852 |
| Other sales | 14,076 | 23,359 | 50,110 | 49,704 |
| **International revenues:** | | | | |
| Royalties and franchise and development fees | 6,755 | 6,673 | 19,894 | 18,769 |
| Restaurant and commissary sales | 20,246 | 19,719 | 58,859 | 56,825 |
| **Total revenues** | 389,284 | 390,399 | 1,220,559 | 1,172,640 |
| **Costs and expenses:** | | | | |
| **Domestic Company-owned restaurant expenses:** | | | | |
| Cost of sales | 42,150 | 42,460 | 132,943 | 129,646 |
| Salaries and benefits | 50,229 | 45,835 | 155,389 | 139,223 |
| Advertising and related costs | 16,293 | 15,369 | 49,555 | 46,979 |
| Occupancy costs and other restaurant operating expenses | 39,864 | 35,687 | 113,037 | 104,951 |
| Total domestic Company-owned restaurant expenses | 148,536 | 139,351 | 450,924 | 420,799 |
| **Domestic commissary expenses:** | | | | |
| Cost of sales | 111,205 | 116,908 | 350,108 | 364,302 |
| Salaries and benefits and other commissary operating expenses | 24,029 | 22,221 | 72,420 | 68,162 |
| Total domestic commissary expenses | 135,234 | 139,129 | 422,528 | 432,464 |
| Other operating expenses | 13,475 | 22,794 | 47,726 | 47,446 |
| International restaurant and commissary expenses | 16,481 | 16,605 | 48,209 | 47,366 |
| General and administrative expenses | 36,053 | 33,671 | 120,029 | 104,199 |
| Other general expenses | 1,607 | 3,143 | 4,427 | 6,640 |
| Depreciation and amortization | 10,461 | 10,520 | 30,638 | 29,539 |
| **Total costs and expenses** | 361,847 | 365,213 | 1,124,481 | 1,088,453 |
| **Operating income** | 27,437 | 25,186 | 96,078 | 84,187 |
| Legal settlement expense | — | — | (12,278) | — |
| Net interest expense | (1,180) | (968) | (3,576) | (2,323) |
| **Income before income taxes** | 26,257 | 24,218 | 80,224 | 81,864 |
| Income tax expense | 7,281 | 7,256 | 24,541 | 26,522 |
| **Net income before attribution to noncontrolling interests** | 18,976 | 16,962 | 55,683 | 55,342 |
| Income attributable to noncontrolling interests | (1,005) | (887) | (4,696) | (3,208) |
| **Net income attributable to the Company** | $ 17,971 | $ 16,075 | $ 50,987 | $ 52,134 |
| | | | | |
| **Calculation of income for earnings per share:** | | | | |
| Net income attributable to the Company | $ 17,971 | $ 16,075 | $ 50,987 | $ 52,134 |
| Decrease (increase) in noncontrolling interest redemption value | 49 | (42) | 192 | (81) |
| Net income attributable to participating securities | (73) | (77) | (223) | (295) |
| Net income attributable to common shareholders | $ 17,947 | $ 15,956 | $ 50,956 | $ 51,758 |
| | | | | |
| Basic earnings per common share | $ 0.46 | $ 0.39 | $ 1.29 | $ 1.25 |
| Diluted earnings per common share | $ 0.45 | $ 0.39 | $ 1.27 | $ 1.23 |
| | | | | |
| Basic weighted average common shares outstanding | 39,394 | 40,739 | 39,640 | 41,248 |
| Diluted weighted average common shares outstanding | 39,895 | 41,386 | 40,210 | 42,021 |
| | | | | |
| Dividends declared per common share | $ 0.175 | $ 0.14 | $ 0.455 | $ 0.39 |

*See accompanying notes.*

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

| (In thousands) | Three Months Ended Sept. 27, 2015 | Three Months Ended Sept. 28, 2014 | Nine Months Ended Sept. 27, 2015 | Nine Months Ended Sept. 28, 2014 |
|---|---|---|---|---|
| Net income before attribution to noncontrolling interests | $ 18,976 | $ 16,962 | $ 55,683 | $ 55,342 |
| Other comprehensive income (loss), before tax: | | | | |
| Foreign currency translation adjustments | (1,700) | (1,634) | (1,125) | (708) |
| Interest rate swaps (1) | (1,386) | 694 | (2,011) | 247 |
| Other comprehensive income (loss), before tax | (3,086) | (940) | (3,136) | (461) |
| Income tax effect: | | | | |
| Foreign currency translation adjustments | 629 | 605 | 416 | 262 |
| Interest rate swaps (2) | 513 | (256) | 744 | (91) |
| Income tax effect | 1,142 | 349 | 1,160 | 171 |
| Other comprehensive income (loss), net of tax | (1,944) | (591) | (1,976) | (290) |
| Comprehensive income before attribution to noncontrolling interests | 17,032 | 16,371 | 53,707 | 55,052 |
| Comprehensive loss, redeemable noncontrolling interests | (587) | (724) | (2,915) | (3,066) |
| Comprehensive (loss) income, nonredeemable noncontrolling interests | (418) | (163) | (1,781) | (142) |
| Comprehensive income attributable to the Company | $ 16,027 | $ 15,484 | $ 49,011 | $ 51,844 |

(1) Amounts reclassified out of accumulated other comprehensive income ("AOCI") into net interest (expense) income included $390 and $1,177 for the three and nine months ended September 27, 2015, respectively, and $250 and $749 for the three and nine months ended September 28, 2014, respectively.

(2) The income tax effects of amounts reclassified out of AOCI into net interest (expense) income were $145 and $436 for the three and nine months ended September 27, 2015, respectively, and $92 and $277 for the three and nine months ended September 28, 2014, respectively.

*See accompanying notes.*

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

| (In thousands) | Nine Months Ended Sept. 27, 2015 | Nine Months Ended Sept. 28, 2014 |
|---|---|---|
| **Operating activities** | | |
| Net income before attribution to noncontrolling interests | $ 55,683 | $ 55,342 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision for uncollectible accounts and notes receivable | 813 | 1,714 |
| Depreciation and amortization | 30,638 | 29,539 |
| Deferred income taxes | 2,259 | 7,687 |
| Stock-based compensation expense | 7,124 | 5,958 |
| Excess tax benefit on equity awards | (9,884) | (8,493) |
| Other | 3,268 | 3,916 |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Accounts receivable | (1,994) | (6,861) |
| Income taxes receivable | 8,731 | — |
| Inventories | 2,178 | (9,792) |
| Prepaid expenses | 2,033 | 2,461 |
| Other current assets | 367 | (313) |
| Other assets and liabilities | 819 | 3,887 |
| Accounts payable | (3,380) | (1,380) |
| Income and other taxes payable | 375 | 6,434 |
| Accrued expenses and other current liabilities | 20,508 | (5,163) |
| Deferred revenue | 200 | (110) |
| Net cash provided by operating activities | 119,738 | 84,826 |
| **Investing activities** | | |
| Purchases of property and equipment | (26,508) | (37,700) |
| Loans issued | (2,497) | (5,221) |
| Repayments of loans issued | 3,961 | 3,371 |
| Acquisitions, net of cash acquired | (491) | (4,264) |
| Other | 406 | 25 |
| Net cash used in investing activities | (25,129) | (43,789) |
| **Financing activities** | | |
| Net proceeds on line of credit facility | 8,549 | 66,784 |
| Cash dividends paid | (17,950) | (16,119) |
| Excess tax benefit on equity awards | 9,884 | 8,493 |
| Tax payments for equity award issuances | (10,947) | (7,540) |
| Proceeds from exercise of stock options | 4,569 | 4,752 |
| Acquisition of Company common stock | (80,166) | (94,152) |
| Contributions from noncontrolling interest holders | 683 | 1,086 |
| Distributions to noncontrolling interest holders | (4,950) | (1,200) |
| Other | 377 | 423 |
| Net cash used in financing activities | (89,951) | (37,473) |
| Effect of exchange rate changes on cash and cash equivalents | (339) | (86) |
| Change in cash and cash equivalents | 4,319 | 3,478 |
| Cash and cash equivalents at beginning of period | 20,122 | 13,670 |
| Cash and cash equivalents at end of period | $ 24,441 | $ 17,148 |

*See accompanying notes.*

**Papa John's International, Inc. and Subsidiaries**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

September 27, 2015

## 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") 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 GAAP for annual 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 nine months ended September 27, 2015 are not necessarily indicative of the results that may be expected for the fiscal year ended December 27, 2015. 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 28, 2014.

## 2. Significant Accounting Policies

Noncontrolling Interests

Papa John's has joint ventures in which there are noncontrolling interests, including the following as of September 27, 2015 and September 28, 2014:

| | Number of Restaurants | Restaurant Locations | Papa John's Ownership | Noncontrolling Interest Ownership |
|---|---|---|---|---|
| **September 27, 2015** | | | | |
| Star Papa, LP | 85 | Texas | 51% | 49% |
| Colonel's Limited, LLC | 61 | Maryland and Virginia | 70% | 30% |
| PJ Minnesota, LLC | 35 | Minnesota | 70% | 30% |
| PJ Denver, LLC | 27 | Colorado | 60% | 40% |
| | | | | |
| **September 28, 2014** | | | | |
| Star Papa, LP | 82 | Texas | 51% | 49% |
| Colonel's Limited, LLC | 56 | Maryland and Virginia | 70% | 30% |
| PJ Minnesota, LLC | 34 | Minnesota | 70% | 30% |
| PJ Denver, LLC | 25 | Colorado | 60% | 40% |

We are required to report consolidated net income at amounts attributable to the Company and the noncontrolling interests. Additionally, disclosures are required to clearly identify and distinguish between the interests of the Company and the interests of the noncontrolling owners, including a disclosure on the face of the condensed consolidated statements of income attributable to the noncontrolling interest holder.

The income before income taxes attributable to these joint ventures for the three and nine months ended September 27, 2015 and September 28, 2014 was as follows (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Sept. 27, 2015 | Sept. 28, 2014 | Sept. 27, 2015 | Sept. 28, 2014 |
| Papa John's International, Inc. | $ 1,570 | $ 1,387 | $ 7,240 | $ 4,979 |
| Noncontrolling interests | 1,005 | 887 | 4,696 | 3,208 |
| Total income before income taxes | $ 2,575 | $ 2,274 | $ 11,936 | $ 8,187 |

The following summarizes the redemption feature, location within the condensed consolidated balance sheets and the value at which the noncontrolling interests are recorded for each joint venture as of September 27, 2015:

| Joint Venture | Redemption Feature | Location within the Condensed Consolidated Balance Sheets | Recorded Value |
|---|---|---|---|
| Star Papa, LP | Redeemable | Temporary equity | Carrying value |
| PJ Denver, LLC | Redeemable | Temporary equity | Redemption value |
| Colonel's Limited, LLC | No redemption feature | Permanent equity | Carrying value |
| PJ Minnesota, LLC | No redemption feature | Permanent equity | Carrying value |

The noncontrolling interest holders of two joint ventures have the option to require the Company to purchase their interests. Since redemption of the noncontrolling interests is outside of the Company's control, the noncontrolling interests are presented in the caption "Redeemable noncontrolling interests" in the condensed consolidated balance sheets and include the following joint ventures:

- The Star Papa, LP agreement contains a redemption feature that is not currently redeemable, but it is probable to become redeemable in the future. Due to specific valuation provisions contained in the agreement, this noncontrolling interest has been recorded at its carrying value.

- The PJ Denver, LLC agreement contains a redemption feature that is currently redeemable and, therefore, this noncontrolling interest has been recorded at its current redemption value. The change in redemption value is recorded as an adjustment to "Redeemable noncontrolling interests" and "Retained earnings" in the condensed consolidated balance sheets.

The following summarizes changes in these redeemable noncontrolling interests (in thousands):

| | |
|---|---|
| Balance at December 28, 2014 | $ 8,555 |
| Net income | 2,915 |
| Distributions | (3,004) |
| Change in redemption value | (192) |
| Balance at September 27, 2015 | $ 8,274 |

The noncontrolling interests of our Colonel's Limited, LLC and PJ Minnesota, LLC joint ventures are recorded at carrying value in "Stockholders' equity" in the condensed consolidated balance sheets at both September 27, 2015 and December 28, 2014, as the noncontrolling interest holders' agreements had no redemption features.

Deferred Income Tax Accounts and Tax Reserves

We are subject to income taxes in the United States and several foreign jurisdictions. Significant judgment is required in determining our provision for income taxes and the related assets and liabilities. The provision for income taxes includes income taxes paid, currently payable or receivable and those deferred. We use an estimated annual effective rate based on expected annual income to determine our quarterly provision for income taxes. Discrete items are recorded in the quarter in which they occur.

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences reverse. Deferred tax assets are also recognized for the estimated future effects of tax loss carryforwards. The effect on deferred taxes of changes in tax rates is recognized in the period in which the new tax rate is enacted. As a result, our effective tax rate may fluctuate. Valuation allowances are established when necessary on a jurisdictional basis to reduce deferred tax assets to the amounts we expect to realize. As of September 27, 2015, we had a net deferred tax liability of approximately $1.2 million.

Tax authorities periodically audit the Company. We record reserves and related interest and penalties for identified exposures as income tax expense. We evaluate these issues on a quarterly basis to adjust for events, such as statute of limitations expirations, court rulings or audit settlements, which may impact our ultimate payment for such exposures.

Fair Value Measurements and Disclosures

The Company is required to determine the fair value of financial assets and liabilities based on the price that would be received to sell the asset or paid to transfer the liability to a market participant. Fair value is a market-based measurement, not an entity specific measurement. The fair value of certain assets and liabilities approximates carrying value because of the short-term nature of the accounts, including cash, accounts receivable and accounts payable. The fair value of our notes receivable, net of allowances, also approximates carrying value. The fair value of the amount outstanding under our revolving credit facility approximates its carrying value due to its variable market-based interest rate. These assets and liabilities are categorized as Level 1 as defined below.

Certain assets and liabilities are measured at fair value on a recurring basis and are required to be classified and disclosed in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Our financial assets and liabilities that were measured at fair value on a recurring basis as of September 27, 2015 and December 28, 2014 are as follows (in thousands):

| | Carrying Value | Fair Value Measurements | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **September 27, 2015** | | | | |
| Financial assets: | | | | |
| Cash surrender value of life insurance policies (a) | $ 17,412 | $ 17,412 | $ — | $ — |
| Financial liabilities: | | | | |
| Interest rate swaps (b) | 2,417 | — | 2,417 | — |
| **December 28, 2014** | | | | |
| Financial assets: | | | | |
| Cash surrender value of life insurance policies (a) | $ 18,238 | $ 18,238 | $ — | $ — |
| Financial liabilities: | | | | |
| Interest rate swaps (b) | 376 | — | 376 | — |

(a) Represents life insurance policies held in our non-qualified deferred compensation plan.

(b) The fair values of our interest rate swaps are based on the sum of all future net present value cash flows. The future cash flows are derived based on the terms of our interest rate swaps, as well as considering published discount factors, and projected London Interbank Offered Rates ("LIBOR").

There were no transfers among levels within the fair value hierarchy during the nine months ended September 27, 2015.

Variable Interest Entities

Papa John's domestic restaurants, both Company-owned and franchised, participate in Papa John's Marketing Fund, Inc. ("PJMF"), a nonstock corporation designed to operate at break-even for the purpose of designing and administering advertising and promotional programs for all participating domestic restaurants. PJMF is a variable interest entity as it does not have sufficient equity to fund its operations without ongoing financial support and contributions from its members. Based on the ownership and governance structure and operating procedures of PJMF, we have determined that we do not have the power to direct the most significant activities of PJMF and therefore are not the primary beneficiary. Accordingly, consolidation of PJMF is not appropriate.

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued "Revenue from Contracts with Customers" (Accounting Standards Update 2014-09), a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under GAAP. This update requires companies to recognize revenue at amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services at the time of transfer. In doing so, companies will need to use more judgment and make more estimates than under today's guidance. Such estimates may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. Companies can either apply a full retrospective adoption or a modified retrospective adoption.

We are required to adopt the new requirements in the first quarter of 2018 based on the FASB's decision to defer the effective date by one year. We are evaluating the method of adoption and its impact of the new requirements on our consolidated financial statements. We currently do not believe the impact will be significant.

**3. Calculation of Earnings Per Share**

We compute earnings per share using the two-class method. The two-class method requires an earnings allocation formula that determines earnings per share for common shareholders and participating security holders according to dividends declared and participating rights in undistributed earnings. We consider time-based restricted stock awards to be participating securities because holders of such shares have non-forfeitable dividend rights. Under the two-class method, undistributed earnings allocated to participating securities are subtracted from net income attributable to the Company in determining net income attributable to common shareholders.

Additionally, in accordance with Accounting Standards Codification ("ASC") 480, *Distinguishing Liabilities from Equity*, the change in the redemption value for the noncontrolling interest of PJ Denver, LLC increases or decreases income attributable to common shareholders.

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The calculations of basic and diluted earnings per common share are as follows (in thousands, except per-share data):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Sept. 27, 2015 | Sept. 28, 2014 | Sept. 27, 2015 | Sept. 28, 2014 |
| **Basic earnings per common share:** | | | | |
| Net income attributable to the Company | $ 17,971 | $ 16,075 | $ 50,987 | $ 52,134 |
| Decrease (increase) in noncontrolling interest redemption value | 49 | (42) | 192 | (81) |
| Net income attributable to participating securities | (73) | (77) | (223) | (295) |
| Net income attributable to common shareholders | $ 17,947 | $ 15,956 | $ 50,956 | $ 51,758 |
| Weighted average common shares outstanding | 39,394 | 40,739 | 39,640 | 41,248 |
| Basic earnings per common share | $ 0.46 | $ 0.39 | $ 1.29 | $ 1.25 |
| **Diluted earnings per common share:** | | | | |
| Net income attributable to common shareholders | $ 17,947 | $ 15,956 | $ 50,956 | $ 51,758 |
| Weighted average common shares outstanding | 39,394 | 40,739 | 39,640 | 41,248 |
| Dilutive effect of outstanding equity awards (a) | 501 | 647 | 570 | 773 |
| Diluted weighted average common shares outstanding | 39,895 | 41,386 | 40,210 | 42,021 |
| Diluted earnings per common share | $ 0.45 | $ 0.39 | $ 1.27 | $ 1.23 |

(a) Excludes 219 and 234 awards for the three and nine months ended September 27, 2015 and 270 and 208 awards for the three and nine months ended September 28, 2014, because their inclusion would have had an antidilutive effect.

## 4. Debt

Our debt is comprised entirely of borrowings under our unsecured revolving line of credit ("Credit Facility"). The outstanding balance was $239.0 million as of September 27, 2015 and $230.5 million as of December 28, 2014. On October 31, 2014, we amended our Credit Facility to increase the amount available to $400 million from the previous $300 million availability and to extend the maturity date from April 30, 2018 to October 31, 2019. Additionally, we have the option to increase the Credit Facility an additional $100 million. The interest rate charged on outstanding balances is LIBOR plus 75 to 175 basis points. The commitment fee on the unused balance ranges from 15 to 25 basis points. The remaining availability under the Credit Facility, reduced for outstanding letters of credit, was approximately $138.5 million as of September 27, 2015.

The Credit Facility contains customary affirmative and negative covenants, including financial covenants requiring the maintenance of specified fixed charges and leverage ratios. At September 27, 2015, we were in compliance with these covenants.

We use interest rate swaps to hedge against the effects of potential interest rate increases on borrowings under our Credit Facility. During the quarter ended September 27, 2015, we executed three additional forward starting swaps for $125.0 million that become effective in 2018 upon expiration of the two existing swaps for $125.0 million. As of September 27, 2015, we have the following interest rate swap agreements:

| Effective Dates | Debt Amount | Fixed Rates |
|---|---|---|
| July 30, 2013 through April 30, 2018 | $75 million | 1.42% |
| December 30, 2014 through April 30, 2018 | $50 million | 1.36% |
| April 30, 2018 through April 30, 2023 | $55 million | 2.33% |
| April 30, 2018 through April 30, 2023 | $35 million | 2.36% |
| April 30, 2018 through April 30, 2023 | $35 million | 2.34% |

Our swaps are derivative instruments that are designated as cash flow hedges because the swaps provide a hedge against the effects of rising interest rates on borrowings. The newly executed forward starting swaps are also deemed cash flow hedges based upon our intent to replace the existing facility that matures in 2019 with new variable rate debt. As of September 27, 2015, the swaps were highly effective cash flow hedges with no ineffectiveness for the three and nine month periods ended September 27, 2015. The newly executed forward starting swaps are deemed effective given the probability of future forecasted interest payments.

The effective portion of the gain or loss on the swaps is reported as a component of accumulated other comprehensive income and reclassified into earnings in the same period or periods during which the swaps affect earnings. Gains or losses on the swaps representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. Amounts payable or receivable under the swaps are accounted for as adjustments to interest expense.

The weighted average interest rate for the Credit Facility, including the impact of the previously mentioned swaps, were 2.0% and 1.8% for the three months ended September 27, 2015 and September 28, 2014, respectively, and 2.0% and 1.7% for the nine months ended September 27, 2015 and September 28, 2014, respectively. Interest paid, including payments made or received under the swaps, was $1.3 million and $1.0 million for the three months ended September 27, 2015 and September 28, 2014, respectively, and $3.9 million and $2.6 million for the nine months ended September 27, 2015 and September 28, 2014, respectively. As of September 27, 2015, the portion of the $2.4 million interest rate swap liability that would be reclassified into earnings during the next twelve months as interest expense approximates $715,000.

## 5. Litigation

Litigation

The Company is involved in a number of lawsuits, claims, investigations and proceedings, including the matter identified below, consisting of intellectual property, employment, consumer, commercial and other matters arising in the ordinary course of business. In accordance with ASC 450, *Contingencies*, the Company has made accruals with respect to these matters, where appropriate, which are reflected in the Company’s financial statements. We review these provisions at least quarterly and adjust these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case.

Perrin v. Papa John’s International, Inc. and Papa John’s USA, Inc. is a conditionally certified collective and class action filed in August 2009 in the United States District Court, Eastern District of Missouri (“the Court”), alleging that delivery drivers were not properly reimbursed for mileage and expenses in accordance with the Fair Labor Standards Act (“FLSA”). Approximately 3,900 drivers out of a potential class size of 28,800 opted into the action. In late December 2013, the Court granted a motion for class certification in five additional states, which added approximately 15,000 plaintiffs to the case. The trial, originally scheduled for August 2015, was stayed in June 2015, pending U.S. Supreme Court review of another relevant case regarding certification. After the stay was granted, the parties reached a settlement in principle, which has been preliminarily approved by the Court in September 2015. The Court has scheduled a final approval hearing in January 2016. The Company continues to deny any liability or wrongdoing in this matter. In accordance with this preliminary settlement agreement, the Company recorded a pre-tax expense of $12.3 million in June 2015 under the provisions of ASC 450, Contingencies. There was no impact for the quarter ended September 27, 2015. This amount is separately reported as Legal settlement expense in the condensed consolidated statements of income.

**6. Segment Information**

We have five reportable segments: domestic Company-owned restaurants, domestic commissaries, North America franchising, international operations, and “all other” units. The domestic Company-owned restaurant segment consists of the operations of all domestic (“domestic” is defined as contiguous United States) Company-owned restaurants and derives its revenues principally from retail sales of pizza and side items, such as breadsticks, cheesesticks, chicken poppers and wings, dessert items and canned or bottled beverages. The domestic commissary segment consists of the operations of our regional dough production and product distribution centers and derives its revenues principally from the sale and distribution of food and paper products to domestic Company-owned and franchised restaurants. The North America franchising segment consists of our franchise sales and support activities and derives its revenues from sales of franchise and development rights and collection of royalties from our franchisees located in the United States and Canada. The international operations segment principally consists of Company-owned restaurants in China and distribution sales to franchised Papa John’s restaurants located in the United Kingdom, Mexico and China and our franchise sales and support activities, which derive revenues from sales of franchise and development rights and the collection of royalties from our international franchisees. International franchisees are defined as all franchise operations outside of the United States and Canada. All other business units that do not meet the quantitative thresholds for determining reportable segments, which are not operating segments, we refer to as our “all other” segment, which consists of operations that derive revenues from the sale, principally to Company-owned and franchised restaurants, of printing and promotional items, risk management services, and information systems and related services used in restaurant operations, including our point-of-sale system, online and other technology-based ordering platforms.

Generally, we evaluate performance and allocate resources based on profit or loss from operations before income taxes and intercompany eliminations. Certain administrative and capital costs are allocated to segments based upon predetermined rates or actual estimated resource usage. We account for intercompany sales and transfers as if the sales or transfers were to third parties and eliminate the activity in consolidation.

Our reportable segments are business units that provide different products or services. Separate management of each segment is required because each business unit is subject to different operational issues and strategies. No single external customer accounted for 10% or more of our consolidated revenues.

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Our segment information is as follows (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Sept. 27, 2015 | Sept. 28, 2014 | Sept. 27, 2015 | Sept. 28, 2014 |
| **Revenues from external customers:** | | | | |
| Domestic Company-owned restaurants | $ 180,059 | $ 169,076 | $ 563,308 | $ 517,269 |
| Domestic commissaries | 145,863 | 149,224 | 457,203 | 463,852 |
| North America franchising | 22,285 | 22,348 | 71,185 | 66,221 |
| International | 27,001 | 26,392 | 78,753 | 75,594 |
| All others | 14,076 | 23,359 | 50,110 | 49,704 |
| **Total revenues from external customers** | $ 389,284 | $ 390,399 | $ 1,220,559 | $ 1,172,640 |
| **Intersegment revenues:** | | | | |
| Domestic commissaries | $ 53,398 | $ 53,830 | $ 165,744 | $ 160,143 |
| North America franchising | 643 | 574 | 1,985 | 1,761 |
| International | 73 | 78 | 223 | 236 |
| All others | 3,833 | 6,421 | 11,459 | 18,238 |
| **Total intersegment revenues** | $ 57,947 | $ 60,903 | $ 179,411 | $ 180,378 |
| **Income (loss) before income taxes:** | | | | |
| Domestic Company-owned restaurants | $ 8,088 | $ 8,133 | $ 41,185 | $ 32,069 |
| Domestic commissaries | 10,192 | 8,897 | 32,694 | 26,174 |
| North America franchising | 19,172 | 19,023 | 61,545 | 56,389 |
| International | 3,184 | 1,436 | 6,807 | 4,071 |
| All others | (556) | (298) | (230) | (150) |
| Unallocated corporate expenses (1) | (13,482) | (12,242) | (60,636) | (35,405) |
| Elimination of intersegment losses (profits) | (341) | (731) | (1,141) | (1,284) |
| **Total income before income taxes** | $ 26,257 | $ 24,218 | $ 80,224 | $ 81,864 |
| **Property and equipment:** | | | | |
| Domestic Company-owned restaurants | $ 215,945 | | | |
| Domestic commissaries | 109,532 | | | |
| International | 21,266 | | | |
| All others | 49,541 | | | |
| Unallocated corporate assets | 176,089 | | | |
| Accumulated depreciation and amortization | (363,236) | | | |
| **Net property and equipment** | $ 209,137 | | | |

(1) Includes a $12.3 million legal settlement expense in the nine-month period of 2015. See “Note 5” for additional information.

**7. Assets Held for Sale**

The Company has decided to refranchise the China market and is planning a sale of its existing China operations, consisting of the Company-owned restaurants and a commissary. We expect to sell the business within the next 12 months; upon completion of the sale, the Company will not have any Company-owned international restaurants. We have classified the assets as held for sale within the condensed consolidated balance sheet. Upon the transfer of these assets to held for sale, no loss was recognized as their fair value exceeded their carrying value. The following summarizes the associated assets that are classified as held for sale (in thousands):

| | September 27, 2015 |
|---|---|
| Inventories | $ 808 |
| Prepaid expenses | 790 |
| Net property and equipment | 5,406 |
| Goodwill | 1,719 |
| Other assets | 832 |
| Total assets held for sale | $ 9,555 |

The Company-owned China operations have incurred losses before income taxes of $0.4 million and $1.4 million for the three months ended September 27, 2015 and September 28, 2014, respectively, and losses before income taxes of $0.9 million and $2.3 million for the nine months ended September 27, 2015 and September 28, 2014, respectively. The losses for the three and nine months ended September 28, 2014, include an impairment charge of $0.7 million for eight Company-owned restaurants in China. These results are reported in our International segment.

**8. Subsequent Event - Acquisition**

In October 2015, the Company signed a letter of intent to purchase 19 domestic franchised Papa John's restaurants in the Southeast for approximately $11.0 million. The transaction is expected to be completed in the first quarter of 2016.

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

### Overview

Papa John's International, Inc. (referred to as the "Company," "Papa John's" or in the first person notations of "we," "us" and "our") began operations in 1984. At September 27, 2015, there were 4,786 Papa John's restaurants (744 Company-owned and 4,042 franchised) operating in all 50 states and in 38 international countries and territories. Our revenues are principally derived from retail sales of pizza and other food and beverage products to the general public by Company-owned restaurants, franchise royalties, sales of franchise and development rights, sales to franchisees of food and paper products, printing and promotional items, risk management services, and information systems and related services used in their operations.

The results of operations are based on the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP"). The preparation of consolidated financial statements requires management to select accounting policies for critical accounting areas and make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant changes in assumptions and/or conditions in our critical accounting policies could materially impact the operating results. See "Notes 1 and 2" of "Notes to Condensed Consolidated Financial Statements" for a discussion of the basis of presentation and the significant accounting policies.

### Restaurant Progression

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Sept. 27, 2015 | Sept. 28, 2014 | Sept. 27, 2015 | Sept. 28, 2014 |
| North America Company-owned: | | | | |
| Beginning of period | 693 | 672 | 686 | 665 |
| Opened | 4 | 5 | 8 | 9 |
| Closed | — | (1) | — | (3) |
| Acquired from franchisees | — | 7 | 3 | 12 |
| End of period | 697 | 683 | 697 | 683 |
| International Company-owned: | | | | |
| Beginning of period | 48 | 59 | 49 | 58 |
| Opened | — | — | — | 1 |
| Closed | (1) | (1) | (2) | (1) |
| End of period | 47 | 58 | 47 | 58 |
| North America franchised: | | | | |
| Beginning of period | 2,653 | 2,614 | 2,654 | 2,621 |
| Opened | 31 | 37 | 68 | 86 |
| Closed | (20) | (14) | (55) | (65) |
| Sold to Company | — | (7) | (3) | (12) |
| End of period | 2,664 | 2,630 | 2,664 | 2,630 |
| International franchised: | | | | |
| Beginning of period | 1,340 | 1,142 | 1,274 | 1,084 |
| Opened | 50 | 54 | 142 | 123 |
| Closed | (12) | (30) | (38) | (41) |
| End of period | 1,378 | 1,166 | 1,378 | 1,166 |
| Total restaurants - end of period | 4,786 | 4,537 | 4,786 | 4,537 |

**Item Impacting Comparability; Non-GAAP Measure**

The following table reconciles our GAAP financial results to the adjusted (non-GAAP) financial results, excluding the legal settlement expense for *Perrin v. Papa John's International, Inc. and Papa John's USA, Inc.,* a conditionally certified collective and class action, for the three and nine months ended September 27, 2015. We present these non-GAAP measures because we believe the legal settlement impacts the comparability of our results of operations. For additional information about the legal settlement, see "Note 5" of "Notes to Condensed Consolidated Financial Statements."

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| **(In thousands, except per share amounts)** | **Sept. 27, 2015** | **Sept. 28, 2014** | **Sept. 27, 2015** | **Sept. 28, 2014** |
| Income before income taxes, as reported | $ 26,257 | $ 24,218 | $ 80,224 | $ 81,864 |
| Legal settlement expense | — | — | 12,278 | — |
| Income before income taxes, as adjusted | $ 26,257 | $ 24,218 | $ 92,502 | $ 81,864 |
| Net income, as reported | $ 17,971 | $ 16,075 | $ 50,987 | $ 52,134 |
| Legal settlement expense | — | — | 7,986 | — |
| Net income, as adjusted | $ 17,971 | $ 16,075 | $ 58,973 | $ 52,134 |
| Diluted earnings per share, as reported | $ 0.45 | $ 0.39 | $ 1.27 | $ 1.23 |
| Legal settlement expense | — | — | 0.20 | — |
| Diluted earnings per share, as adjusted | $ 0.45 | $ 0.39 | $ 1.47 | $ 1.23 |

The non-GAAP results shown above and within this document, which exclude the legal settlement, should not be construed as a substitute for or a better indicator of the Company's performance than the Company's GAAP results. Management believes presenting certain financial information without the legal settlement is important for purposes of comparison to prior year results. In addition, management uses this metric to evaluate the Company's underlying operating performance and to analyze trends.

**FOCUS System**

As of September 27, 2015, we have implemented our new, proprietary point-of-sale system ("FOCUS") in our domestic restaurants. FOCUS had the following impact on our condensed consolidated statements of income for the three and nine months ended September 27, 2015 and September 28, 2014 (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | **Sept 27, 2015** | **Sept. 28, 2014** | **Sept 27, 2015** | **Sept. 28, 2014** |
| Franchise royalties (a) | $ (673) | $ (63) | $ (1,980) | $ (68) |
| Other sales (b) | 38 | 9,708 | 9,846 | 9,848 |
| Other operating expenses (c) | (56) | (9,773) | (9,959) | (10,424) |
| Depreciation and amortization (d) | (1,261) | (1,064) | (3,737) | (1,643) |
| Net decrease in income before income taxes | $ (1,952) | $ (1,192) | $ (5,830) | $ (2,287) |
| Diluted earnings per common share | $ (0.04) | $ (0.02) | $ (0.10) | $ (0.04) |

(a) Royalty incentive program tied to franchise rollout of FOCUS.

(b) Represents revenues for equipment installed at domestic franchised restaurants.
(c) Includes cost of sales associated with equipment installed at franchised restaurants and other costs to support the rollout of the program.
(d) Includes depreciation expense for both the capitalized software and for equipment installed at Company-owned restaurants, which are being depreciated over five to seven years, respectively.

**Results of Operations**

*Summary of Operating Results - Segment Review*

*Discussion of Revenues*

Consolidated revenues were $389.3 million for the three months ended September 27, 2015, a decrease of $1.1 million, or 0.3%, over the corresponding 2014 period. The decrease for the three month period was primarily due to lower FOCUS equipment sales and lower PJ Food Service ("PJFS") sales as a result of lower commodity costs. For the nine months ended September 27, 2015, total revenues were $1.22 billion, an increase of $47.9 million, or 4.1%, over the corresponding 2014 period. The changes in revenues for the three and nine months ended September 27, 2015, compared to the corresponding periods in 2014, were primarily due to the following:

- Domestic Company-owned restaurant sales increased $11.0 million, or 6.5%, and $46.0 million, or 8.9%, for the three and nine months ended September 27, 2015, respectively, primarily due to increases of 4.7% and 6.8% in comparable sales and increases of 2.8% and 2.9% in equivalent units during the three and nine months ended September 27, 2015, respectively. "Comparable sales" represents the change in year-over-year sales for the same base of restaurants for the same fiscal periods. "Equivalent units" represents the number of restaurants open at the beginning of a given period, adjusted for restaurants opened, closed, acquired or sold during the period on a weighted average basis.
- North America franchise royalty revenue decreased approximately $50,000, or 0.2%, for the three months ended September 27, 2015 as the increase in revenue from a 2.4% increase in franchise comparable sales was offset by higher royalty incentives. Revenues increased $4.8 million, or 7.3%, for the nine months ended September 27, 2015 primarily due to an increase of 4.4% in franchise comparable sales and due to lower royalty incentives.
- International royalties and franchise and development fees increased approximately $80,000, or 1.2%, and $1.1 million, or 6.0%, for the three and nine months ended September 27, 2015, respectively, primarily due to increases in the number of franchised restaurants and increases in comparable sales of 8.5% and 7.8%, calculated on a constant dollar basis. The negative impact of foreign currency exchange rates reduced our revenues by approximately $800,000 and $2.1 million for the three- and nine-month periods.
- International restaurant and commissary sales increased approximately $500,000, or 2.7%, and $2.0 million, or 3.6%, for the three and nine months ended September 27, 2015, respectively, primarily due to an increase in United Kingdom commissary revenues from increases in units and higher comparable sales. This increase was partially offset by lower sales at China Company-owned restaurants due to the disposition of eleven restaurants in 2014 and negative comparable sales. Additionally, sales were negatively impacted $1.3 million and $3.8 million for the three- and nine month periods, respectively, by foreign currency exchange rates.
- Other sales decreased approximately $9.3 million, or 39.7%, and increased $400,000, or 0.8%, for the three and nine months ended September 27, 2015, respectively. The decrease for the three-month period was primarily due to higher FOCUS equipment sales to franchisees in 2014. FOCUS equipment sales had no significant impact on operating income results. See the "FOCUS System" section above for additional information.
- Domestic commissary sales decreased $3.4 million, or 2.3%, and $6.6 million, or 1.4%, for the three and nine months ended September 27, 2015, respectively, as lower revenues associated with lower cheese prices were somewhat offset by increases in restaurant sales volumes.

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*Discussion of Operating Results*

Third quarter 2015 income before income taxes was $26.3 million compared to $24.2 million in the prior year comparable period, or an increase of 8.4%. Income before income taxes was $80.2 million for the nine months ended September 27, 2015, compared to $81.9 million for the prior year comparable period. Excluding the previously discussed legal settlement, income before income taxes was $92.5 million for the nine months ended September 28, 2015, or an increase of 13.0%. Income before income taxes is summarized in the following table on a reporting segment basis. Alongside the GAAP income before income taxes data, we have included "adjusted" income before income taxes for the nine-month period of 2015 to exclude the legal settlement expense. We believe this non-GAAP measure is important for purposes of comparing to prior year results.

| | Three Months Ended | | |
|---|---|---|---|
| **(In thousands)** | **Sept. 27, 2015** | **Sept. 28, 2014** | **Increase (Decrease)** |
| Domestic company-owned restaurants | $ 8,088 | $ 8,133 | $ (45) |
| Domestic commissaries | 10,192 | 8,897 | 1,295 |
| North America franchising | 19,172 | 19,023 | 149 |
| International | 3,184 | 1,436 | 1,748 |
| All others | (556) | (298) | (258) |
| Unallocated corporate expenses | (13,482) | (12,242) | (1,240) |
| Elimination of intersegment profits | (341) | (731) | 390 |
| Total income before income taxes (a) | $ 26,257 | $ 24,218 | $ 2,039 |

| | Nine Months Ended | | | | |
|---|---|---|---|---|---|
| **(In thousands)** | **As Reported Sept. 27, 2015** | **Legal Settlement Expense** | **Adjusted Sept. 27, 2015** | **Sept. 28, 2014** | **Adjusted Increase (Decrease)** |
| Domestic company-owned restaurants | $ 41,185 | $ — | $ 41,185 | $ 32,069 | $ 9,116 |
| Domestic commissaries | 32,694 | — | 32,694 | 26,174 | 6,520 |
| North America franchising | 61,545 | — | 61,545 | 56,389 | 5,156 |
| International | 6,807 | — | 6,807 | 4,071 | 2,736 |
| All others | (230) | — | (230) | (150) | (80) |
| Unallocated corporate expenses | (60,636) | 12,278 | (48,358) | (35,405) | (12,953) |
| Elimination of intersegment losses | (1,141) | — | (1,141) | (1,284) | 143 |
| Total income before income taxes (a) | $ 80,224 | $ 12,278 | $ 92,502 | $ 81,864 | $ 10,638 |

(a) Includes FOCUS system costs of approximately $2.0 million and $1.2 million for the three months ended September 27, 2015 and September 28, 2014, respectively, and approximately $5.8 million and $2.3 million for the nine months ended September 27, 2015 and September 28, 2014, respectively. See the "Focus System" section above for additional information.

The increases of $2.0 million, or 8.4%, and $10.6 million, or 13.0%, excluding the legal settlement, for the three- and nine-month periods in 2015, respectively, were primarily due to the following:

- **Domestic Company-owned Restaurant Segment.** Domestic Company-owned restaurants' income before income taxes were relatively flat for the third quarter of 2015, compared to the same quarter of the prior year, as higher profits from the 4.7% increase in comparable sales and lower commodity costs were offset by incremental insurance expense of approximately $2.9 million primarily from higher non-owned automobile claims costs. Income before income taxes increased approximately $9.1 million for the nine-month period, compared to the corresponding prior year period, as higher profits from the 6.8% increase in comparable sales and lower commodity costs were partially offset by incremental insurance costs of $3.9 million and higher depreciation expense of $1.1 million associated with FOCUS equipment. The market price for cheese averaged $1.68 and $1.62 per pound for the three- and nine-month periods in 2015, compared to $2.14 and $2.16 per pound in the prior year comparable periods.

- **Domestic Commissary Segment.** Domestic commissaries' income before income taxes increased approximately $1.3 million and $6.5 million for the three and nine months ended September 27, 2015, respectively, compared to the corresponding prior year periods primarily due to higher margins and incremental profits from higher restaurant volumes. These increases were partially offset by incremental insurance expense of approximately $1.6 million and $2.2 million for the three and nine-month periods, respectively, primarily from higher automobile claims costs.

- **North America Franchising Segment.** North America Franchising income before income taxes was $149,000 higher for the third quarter of 2015, compared to the same quarter of the prior year, as higher royalties from the 2.4% comparable sales increase were substantially offset by higher royalty incentives. Income before income taxes increased $5.2 million for the nine months ended September 27, 2015, compared to the corresponding prior year period, due to higher royalties from the 4.4% comparable sales increase and lower royalty incentives.

- **International Segment.** Income before income taxes increased approximately $1.7 million and $2.7 million for the three and nine months ended September 27, 2015, respectively, compared to the corresponding prior year periods. The increases were primarily due to increases in units and comparable sales increases of 8.0% and 7.5%, which resulted in both higher royalties and increases of approximately $1.4 million and $1.9 million in United Kingdom results for the three- and nine-month periods, respectively. These increases were somewhat offset by the impact of negative foreign currency exchange rates of approximately $900,000 and $2.2 million for the three- and nine-month periods, respectively. Additionally, the 2014 periods include an impairment charge of approximately $700,000 for eight Company-owned restaurants in China.

- **All Others Segment.** The "All Others" reporting segment income before income taxes, which primarily includes our online and mobile ordering business and our wholly-owned print and promotions subsidiary, Preferred Marketing Solutions, decreased approximately $250,000 and $80,000 for the three and nine months ended September 27, 2015, respectively, compared to the corresponding prior year periods. The decrease of approximately $250,000 for the three-month period was primarily due to higher infrastructure costs to support our online and mobile ordering business, partially offset by higher online volumes. The decrease of approximately $80,000 for the nine-month period was primarily due to reduced operating results at Preferred Marketing Solutions, primarily associated with an increased number of discounted direct mail campaigns, partially offset by improvements in our online and mobile ordering business due to higher online volumes.

- **Unallocated Corporate Expenses.** Unallocated corporate expenses increased approximately $1.2 million and $13.0 million for the three and nine months ended September 27, 2015, respectively, compared to the corresponding 2014 periods. The increase of $1.2 million for the third quarter was primarily due to higher health insurance claims costs. The increase of $13.0 million for the nine-month period was primarily due to higher salaries and benefits, including an increase in health insurance claims costs, and increased legal and interest costs. In addition, management incentive compensation costs have increased in 2015 due to higher annual operating results.

Diluted earnings per share were $0.45 for the three months ended September 27, 2015, compared to $0.39 in the corresponding prior year period. Diluted earnings per share were $1.27 ($1.47, excluding the $0.20 legal settlement), for the nine months ended September 27, 2015, compared to $1.23 in the corresponding prior year period. Diluted earnings per share increased $0.02 and $0.07 for the three- and nine-month periods, respectively, due to reductions in shares outstanding (a 3.6% reduction for the three-month period and a 4.3% reduction for the nine-month period). Additionally, FOCUS system costs reduced diluted earnings per share by $0.04 and $0.02 for the three months ended September 27, 2015 and September 28, 2014, respectively, and $0.10 and $0.04 for the nine months ended September 27, 2015 and September 28, 2014, respectively.

*Review of Consolidated Operating Results*

*Revenues.* Domestic Company-owned restaurant sales were $180.1 million for the three months ended September 27, 2015, compared to $169.1 million for the same period in 2014, and $563.3 million for the nine months ended September 27, 2015, compared to $517.3 million for the same period in 2014. The increases of $11.0 million and $46.0 million were primarily due to the previously mentioned increases of 4.7% and 6.8% in comparable sales and increases of 2.8% and 2.9% in equivalent units during the three and nine months ended September 27, 2015, respectively.

North America franchise royalties were $22.1 million and $70.5 million for the three and nine months ended September 27, 2015, respectively, representing a decrease of approximately $50,000, or 0.2%, and an increase of $4.8 million, or 7.3%, from the comparable periods in the prior year. The decrease for the three-month period was primarily due to increased levels of royalty incentives which more than offset the higher royalties from an increase in North America franchise sales. The increase for the nine-month period was primarily due to higher royalties from the increase in North America franchise sales and reduced levels of royalty incentives. North America franchise sales increased 3.1% to $499.2 million for the three months ended September 27, 2015, compared to $484.3 million for the same period in 2014, and increased 4.9% to $1.585 billion for the nine months ended September 27, 2015, compared to $1.511 billion for the same period in 2014. The increases were primarily due to the 2.4% and 4.4% increases in comparable sales for the three- and nine-month periods, respectively. Franchise restaurant sales are not included in Company revenues; however, our domestic royalty revenue is derived from these sales.

Average weekly sales for comparable units include restaurants that were open throughout the periods presented below. The comparable sales base for domestic Company-owned and North America franchised restaurants, respectively, includes restaurants acquired by the Company or divested to franchisees during the previous twelve months. Average weekly sales for non-comparable units include restaurants that were not open throughout the periods presented below and include non-traditional sites. Average weekly sales for non-traditional units not subject to continuous operations are calculated based upon actual days open.

The comparable sales base and average weekly sales for 2015 and 2014 for domestic Company-owned and North America franchised restaurants consisted of the following:

| | Three Months Ended | | | |
|---|---|---|---|---|
| | September 27, 2015 | | September 28, 2014 | |
| | Company | Franchised | Company | Franchised |
| Total domestic units (end of period) | 697 | 2,664 | 683 | 2,630 |
| Equivalent units | 685 | 2,521 | 667 | 2,496 |
| Comparable sales base units | 668 | 2,355 | 649 | 2,311 |
| Comparable sales base percentage | 97.5% | 93.4% | 97.3% | 92.6% |
| Average weekly sales - comparable units | $ 20,382 | $ 15,596 | $ 19,628 | $ 15,306 |
| Average weekly sales - total non-comparable units (a) | $ 13,525 | $ 10,073 | $ 15,081 | $ 10,179 |
| Average weekly sales - all units | $ 20,208 | $ 15,234 | $ 19,504 | $ 14,926 |

(a) Includes 124 traditional and 214 non-traditional units as of September 27, 2015 and 150 traditional and 204 non-traditional units as of September 28, 2014.

| | Nine Months Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | September 27, 2015 | | | | September 28, 2014 | | | |
| | Company | | Franchised | | Company | | Franchised | |
| Total domestic units (end of period) | | 697 | | 2,664 | | 683 | | 2,630 |
| Equivalent units | | 682 | | 2,536 | | 662 | | 2,513 |
| Comparable sales base units | | 665 | | 2,348 | | 644 | | 2,302 |
| Comparable sales base percentage | | 97.5% | | 92.6% | | 97.3% | | 91.6% |
| Average weekly sales - comparable units | $ | 21,369 | $ | 16,482 | $ | 20,209 | $ | 15,879 |
| Average weekly sales - total non-comparable units (a) | $ | 13,686 | $ | 10,324 | $ | 13,759 | $ | 10,356 |
| Average weekly sales - all units | $ | 21,184 | $ | 16,204 | $ | 20,026 | $ | 15,415 |

(a) Includes 124 traditional and 214 non-traditional units as of September 27, 2015 and 150 traditional and 204 non-traditional units as of September 28, 2014.

Domestic commissary sales decreased 2.3% to $145.9 million for the three months ended September 27, 2015, from $149.2 million in the comparable 2014 period and decreased 1.4% to $457.2 million for the nine months ended September 27, 2015, from $463.9 million in the comparable 2014 period. The decreases were primarily due to decreases in cheese prices, which were somewhat offset by increases in sales volumes. PJFS pricing for cheese is based on a fixed dollar markup; when cheese prices decrease, revenues will decrease with no overall impact on the related dollar margin.

Other sales decreased approximately $9.3 million, or 39.7%, and increased approximately $400,000, or 0.8%, for the three and nine months ended September 27, 2015, from the prior comparable periods. The decrease for the three-month period was primarily due to lower FOCUS equipment sales to franchisees. See the "FOCUS System" section above for additional information.

International royalties and franchise and development fees increased approximately $80,000, or 1.2%, for the three months ended September 27, 2015, and increased $1.1 million, or 6.0%, for the nine months ended September 27, 2015, from the prior comparable periods. The increases were due to increases in units and comparable sales of 8.5% and 7.8%, calculated on a constant dollar basis, for the three- and nine-month periods, respectively. The negative impact of foreign currency exchange rates reduced our revenues by approximately $800,000 and $2.1 million for the three- and nine-month periods. International franchise sales were $146.1 million for the three months ended September 27, 2015, compared to $139.4 million for the same period in 2014, representing an increase of 4.8%. International franchise sales for the nine months ended September 27, 2015 increased 7.0% to $438.9 million compared to $410.3 million for the same period in 2014. International franchise sales are not included in Company revenues; however, our international royalty revenue is derived from these sales.

International restaurant and commissary sales increased approximately $500,000, or 2.7%, for the three months ended September 27, 2015, and increased $2.0 million, or 3.6%, for the nine months ended September 27, 2015, from the prior comparable periods. The increases were primarily due to higher commissary revenues from increases in units and comparable sales. The increases were partially offset by lower sales at China Company-owned restaurants due to the disposition of eleven restaurants in 2014 and negative comparable sales. Additionally, sales were negatively impacted $1.3 million and $3.8 million for the three- and nine month periods, respectively, by foreign currency exchange rates.

*Costs and expenses.* The restaurant operating margin for domestic Company-owned units was 17.5% for the three months ended September 27, 2015, compared to 17.6% for the same period in 2014, and was 20.0% for the nine months ended September 27, 2015, compared to 18.6% for the same period in 2014. The margins were comprised of the following changes for the three and nine months ended September 27, 2015, as compared to the same periods in 2014:

- Cost of sales were 1.7% and 1.5% lower for the three and nine months ended September 27, 2015, as compared to the same periods in 2014, primarily due to lower commodity costs, primarily cheese.

- Salaries and benefits were 0.8% and 0.7% higher for the three and nine months ended September 27, 2015, primarily due to higher bonuses paid to general managers and minimum wage increases.
- Advertising and related costs were 0.3% lower for the nine months ended September 27, 2015 (no change for the third quarter) primarily due to lower discretionary spending and the benefit of higher sales.
- Occupancy costs and other restaurant operating costs were 1.0% higher and 0.2% lower for the three and nine months ended September 27, 2015. The higher operating expenses for the three months ended were due to the previously mentioned increase in non-owned automobile insurance claims costs, partially offset by lower mileage reimbursement due to lower gas prices.

Domestic commissary margin was 7.3% for the three months ended September 27, 2015, compared to 6.8% for the corresponding period in 2014, and 7.6% for the nine months ended September 27, 2015, compared to 6.8% for the corresponding period in 2014 and consisted of the following differences:

- Cost of sales were 2.1% and 2.0% lower for the three and nine months ended September 27, 2015 primarily due to lower cheese costs which have a fixed-dollar markup. As cheese prices are lower, food cost as a percentage of sales is lower.
- Salaries and benefits and other commissary operating expenses were 1.6% and 1.1% higher as a percentage of sales. This is primarily due to the previously discussed incremental automobile insurance claims costs of $1.6 million and $2.2 million for the three- and nine-month periods of 2015, respectively. Additionally, PJFS revenues are lower due to lower cheese prices, which increases overall salaries and benefits and other commissary operating expenses as a percentage of sales.

Other operating expenses as a percentage of other sales were 95.7% for the three months ended September 27, 2015 compared to 97.6% for the corresponding period in 2014 and 95.2% for the nine months ended September 27, 2015 compared to 95.5% in the prior comparable periods. The lower operating expenses for the quarter were primarily due to the decreasing number of franchise FOCUS systems sales, and related operating expenses, as we finished the rollout. Overall, FOCUS systems sales have a low margin. The nine month results reflect the impact of an increased number of direct mail campaigns offered to our domestic restaurants by Preferred Marketing Solutions.

International restaurant and commissary expenses as a percentage of sales were 81.4% for the third quarter of 2015 and 84.2% in the third quarter of 2014. For the nine months ended September 27, 2015, expenses were 81.9% as compared to 83.4% for the corresponding 2014 period. The decreases as a percentage of sales for the three- and nine-month periods were primarily due to the benefit of higher commissary sales volumes and higher commissary margins.

General and administrative (G&A) costs were $36.1 million, or 9.3%, of revenues for the three months ended September 27, 2015, compared to $33.7 million, or 8.6%, of revenues for the same period in 2014. G&A costs were $120.0 million, or 9.8%, of revenues for the nine months ended September 27, 2015, compared to $104.2 million, or 8.9%, of revenues for the same period in 2014. The increase of $2.4 million for the three-month period was primarily due to higher insurance claims costs, primarily health insurance, and international support costs. The increase of $15.8 million for the nine-month period was primarily due to the following:

- Corporate G&A costs increased primarily due to higher salaries and benefits, including an increase in health insurance claims costs, increased legal costs, and higher management incentive compensation due to higher annual operating results.
- Domestic Company-owned restaurant supervisor bonuses increased due to higher sales and higher operating profits.
- International G&A costs increased primarily due to incremental advertising spending and other international support costs.

Other general expenses decreased approximately $1.5 million and $2.2 million for the three and nine months ended September 27, 2015, respectively, primarily due to lower provisions for uncollectible accounts and notes receivable and the $700,000 impairment charge in the prior year for eight Company-owned restaurants in China.

Depreciation and amortization was $10.5 million (2.7% of revenues) for the three months ended September 27, 2015, compared to $10.5 million (2.7% of revenues) for the same 2014 period, and $30.6 million (2.5% of revenues) for the nine months ended September 27, 2015, compared to $29.5 million (2.5% of revenues) for the 2014 period. The nine-month period of 2015 includes higher depreciation from both FOCUS capitalized software costs and Company-owned restaurants equipment costs.

*Legal settlement expense.* This line item consists of $12.3 million of settlement costs in the nine month period of 2015 for a conditionally certified collective and class action alleging our delivery drivers were not properly reimbursed for mileage and expenses in accordance with the Fair Labor Standards Act (“FLSA”). For additional information, see “Note 5” of “Notes to Condensed Consolidated Financial Statements.”

*Net interest expense.* Net interest expense increased approximately $200,000 and $1.3 million for the three and nine months ended September 27, 2015, respectively, primarily due to a higher average outstanding debt balance and higher effective interest rates.

*Income tax expense.* Our effective income tax rates were 27.7% and 30.6% for the three and nine months ended September 27, 2015, respectively, representing decreases from the prior year comparable periods of 2.2% and 1.8% for the three- and nine-month periods, respectively. The rates for 2015 include higher benefits from various tax deductions and credits, including the U.S. federal manufacturing deduction.

**Planned Sale of China Company-owned Operations**

The Company has decided to refranchise the China market and is planning a sale of its existing China operations, consisting of the Company-owned restaurants and a commissary. We expect to sell the business within the next 12 months; upon completion of the sale, the Company will not have any Company-owned international restaurants.

The Company-owned China operations have incurred losses before income taxes of $0.4 million and $1.4 million for the three months ended September 27, 2015 and September 28, 2014, respectively, and losses before income taxes of $0.9 million and $2.3 million for the nine months ended September 27, 2015 and September 28, 2014, respectively, which are recorded in our International segment. The losses for the three and nine months ended September 28, 2014, include an impairment charge of $0.7 million for eight Company-owned restaurants in China. We do not expect the sale of our China operations to have a significant impact on our financial results.

See “Note 7” of “Notes to Condensed Consolidated Financial Statements” for additional information.

**Liquidity and Capital Resources**

Our debt is comprised entirely of borrowings under our unsecured revolving credit facility (“Credit Facility”) with a maturity date of October 31, 2019. Outstanding balances under this $400 million Credit Facility were $239.0 million as of September 27, 2015 and $230.5 million as of December 28, 2014.

The interest rate charged on outstanding balances is LIBOR plus 75 to 175 basis points. The commitment fee on the unused balance ranges from 15 to 25 basis points. The increment over LIBOR and the commitment fee are determined quarterly based upon the ratio of total indebtedness to earnings before interest, taxes, depreciation and amortization (“EBITDA”), as defined by the Credit Facility. The remaining availability under the Credit Facility, reduced for outstanding letters of credit, was approximately $138.5 million as of September 27, 2015.

We use interest rate swaps to hedge against the effects of potential interest rate increases on borrowings under our Credit Facility. During the quarter ended September 27, 2015, we executed three additional forward starting swaps for $125.0 million that become effective in 2018 upon expiration of the two existing swaps for $125.0 million. As of September 27, 2015, we have the following interest rate swap agreements:

| Effective Dates | Debt Amount | Fixed Rates |
|---|---|---|
| July 30, 2013 through April 30, 2018 | $75 million | 1.42% |
| December 30, 2014 through April 30, 2018 | $50 million | 1.36% |
| April 30, 2018 through April 30, 2023 | $55 million | 2.33% |
| April 30, 2018 through April 30, 2023 | $35 million | 2.36% |
| April 30, 2018 through April 30, 2023 | $35 million | 2.34% |

Our Credit Facility contains affirmative and negative covenants, including the following financial covenants, as defined by the revolving credit facility:

| | Permitted Ratio | Actual Ratio for the Quarter Ended September 27, 2015 |
|---|---|---|
| Leverage Ratio | Not to exceed 3.0 to 1.0 | 1.6 to 1.0 |
| Interest Coverage Ratio | Not less than 3.5 to 1.0 | 4.7 to 1.0 |

Our leverage ratio is defined as outstanding debt divided by EBITDA for the most recent four fiscal quarters. Our interest coverage ratio is defined as the sum of consolidated EBITDA and consolidated rental expense for the most recent four fiscal quarters divided by the sum of consolidated interest expense and consolidated rental expense for the most recent four fiscal quarters. We were in compliance with all covenants as of September 27, 2015.

Cash flow provided by operating activities was $119.7 million for the nine months ended September 27, 2015, compared to $84.8 million for the same period in 2014. The increase of approximately $34.9 million was primarily due to higher operating income and favorable changes in inventory and other working capital items. The prior year included higher inventory levels of equipment to support the rollout of FOCUS to our domestic franchised restaurants. The *Perrin* legal settlement does not currently impact cash provided by operating activities as it has not yet been paid. Payments will begin in 2016 following court approval.

Our free cash flow, a non-GAAP financial measure, for the nine months ended September 27, 2015 and September 28, 2014 was as follows (in thousands):

| | Nine Months Ended | |
|---|---|---|
| | Sept. 27, 2015 | Sept. 28, 2014 |
| Net cash provided by operating activities | $ 119,738 | $ 84,826 |
| Purchases of property and equipment (a) | (26,508) | (37,700) |
| Free cash flow (b) | $ 93,230 | $ 47,126 |

(a) We require capital primarily for the development, acquisition, renovation and maintenance of restaurants, the development, renovation and maintenance of commissary facilities and equipment and the enhancement of corporate systems and facilities, including technological enhancements such as our FOCUS system. The decrease of approximately $11.2 million is primarily due to the prior year including FOCUS equipment costs for domestic Company-owned restaurants and higher levels of FOCUS software development costs.

(b) Free cash flow, a non-GAAP measure, is defined as net cash provided by operating activities (from the consolidated statements of cash flows) less the purchases of property and equipment. We view free cash flow as an important measure because it is one factor that management uses in determining the amount of cash available for dividends, share repurchases and discretionary investment. Free cash flow is not a term defined by GAAP and as a result our measure of free cash flow might not be comparable to similarly titled measures used by other companies. Free cash flow should not be construed as a substitute for or a better indicator of our performance than the Company's GAAP measures.

We also require capital for share repurchases and the payment of cash dividends, which are funded by cash flow from operations and borrowings on our revolving credit facility. We repurchased $80.2 million and $94.2 million of common stock for the nine months ended September 27, 2015 and September 28, 2014, respectively. Subsequent to September 27, 2015, through October 27, 2015, we repurchased an additional $13.2 million of common stock. As of October 27, 2015, approximately $161.1 million remained available for repurchase under our Board of Directors' authorization.

We paid cash dividends of $18.0 million ($0.455 per common share) and $16.1 million ($0.39 per common share) for the nine months ended September 27, 2015 and September 28, 2014, respectively. Subsequent to the third quarter, on October 30, 2015, our Board of Directors declared a fourth quarter dividend of $0.175 per common share (approximately $6.9 million in total based on current outstanding shares). The dividend will be paid on November 20, 2015 to shareholders of record as of the close of business on November 10, 2015. The declaration and payment of any future dividends will be at the discretion of our Board of Directors, subject to the Company's financial results, cash requirements, and other factors deemed relevant by our Board of Directors.

**Forward-Looking Statements**

Certain matters discussed in this report, including information within Management's Discussion and Analysis of Financial Condition and Results of Operations, constitute forward-looking statements within the meaning of the federal securities laws. Generally, the use of words such as "expect," "estimate," "believe," "anticipate," "will," "forecast," "plan," "project," or similar words identify forward-looking statements that we intend to be included within the safe harbor protections provided by the federal securities laws. Such forward-looking statements may relate to projections or guidance concerning business performance, revenue, earnings, contingent liabilities, resolution of litigation, commodity costs, profit margins, unit growth, capital expenditures, and other financial and operational measures. Such statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict and many of which are beyond our control. Therefore, actual outcomes and results may differ materially from those matters expressed or implied in such forward-looking statements. The risks, uncertainties and assumptions that are involved in our forward-looking statements include, but are not limited to:

- aggressive changes in pricing or other marketing or promotional strategies by competitors, which may adversely affect sales; and new product and concept developments by food industry competitors;
- changes in consumer preferences or consumer buying habits, including the impact of adverse economic conditions;
- the impact that product recalls, food quality or safety issues, incidences of foodborne illness, food contamination and other general public health concerns, including potential epidemics, could have system-wide on our restaurants or our results;
- failure to maintain our brand strength and quality reputation and risks related to our better ingredients marketing strategy;
- the ability of the Company and its franchisees to meet planned growth targets and operate new and existing restaurants profitably;

- increases in or sustained high costs of food ingredients or other restaurant costs. This could include increased employee compensation, benefits, insurance, tax rates, regulatory compliance and similar costs; including increased costs resulting from federal health care legislation;
- increases in insurance claims and related costs for programs funded by the company up to certain retention limits, including medical, owned and non-owned automobiles, workers' compensation, general liability and property;
- disruption of our supply chain or commissary operations which could be caused by our sole source of supply of cheese or limited source of suppliers for other key ingredients or more generally due to weather, drought, disease, geopolitical or other disruptions beyond our control;
- increased risks associated with our international operations, including economic and political conditions, instability in our international markets, fluctuations in currency exchange rates, and difficulty in meeting planned sales targets and new store growth. This could include our expansion into emerging or underpenetrated markets where we have a Company-owned presence;
- the impact of increases in interest rates on the Company or our franchisees;
- the credit performance of our franchise loan programs;
- the impact of the resolution of current or future claims and litigation;
- current or proposed legislation impacting our business;
- failure to effectively execute succession planning, and our reliance on the multiple roles of our Founder, Chairman and Chief Executive Officer, who also serves as our brand spokesperson; and
- disruption of critical business or information technology systems, and risks associated with systems failures and data privacy and security breaches, including theft of Company, employee and customer information.

For a discussion of these and other risks that may cause actual results to differ from expectations, refer to "Part I. Item 1A. — Risk Factors" in our Annual Report on Form 10-K for the year ended December 28, 2014, as well as subsequent filings. We undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise, except as required by law.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

*Interest Rate Risk*

Our debt is comprised entirely of borrowings under our revolving credit facility ("Credit Facility") with outstanding balances of $239.0 million as of September 27, 2015 and $230.5 million as of December 28, 2014. On October 31, 2014, we amended our Credit Facility to increase the amount available from $300 million to $400 million and extend the maturity date from April 30, 2018 to October 31, 2019. The amendment also allows for an additional $100 million in borrowings. The interest rate charged on outstanding balances is LIBOR plus 75 to 175 basis points. The commitment fee on the unused balance ranges from 15 to 25 basis points.

We attempt to minimize interest risk exposure and to lower our overall long-term borrowing costs for changes in interest rates through the utilization of interest rate swaps, which are derivative financial instruments. Our swaps are entered into with financial institutions and have reset dates and critical terms that match those of the existing debt and we anticipate critical terms match on future debt. By using a derivative instrument to hedge exposures to changes in interest rates, we expose ourselves to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract.

During the quarter ended September 27, 2015, we executed three additional forward starting swaps for $125.0 million that become effective in 2018 upon expiration of the two existing swaps for $125.0 million. As of September 27, 2015, we have the following interest rate swap agreements:

| Effective Dates | Debt Amount | Fixed Rates |
|---|---|---|
| July 30, 2013 through April 30, 2018 | $75 million | 1.42% |
| December 30, 2014 through April 30, 2018 | $50 million | 1.36% |
| April 30, 2018 through April 30, 2023 | $55 million | 2.33% |
| April 30, 2018 through April 30, 2023 | $35 million | 2.36% |
| April 30, 2018 through April 30, 2023 | $35 million | 2.34% |

The effective interest rate on borrowings under the Credit Facility, including the impact of the interest rate swaps, was 2.0% for the third quarter of 2015. An increase in the present interest rate of 100 basis points on the outstanding balance as of September 27, 2015, including the impact of the interest rate swaps, would increase interest expense by $1.1 million.

*Foreign Currency Exchange Rate Risk*

We currently do not enter into any financial instruments to manage foreign currency exchange rates. Sales to customers and royalties outside of the United States represent approximately 6% of our total revenues.

*Commodity Price Risk*

In the ordinary course of business, the food and paper products we purchase, including cheese (historically representing 35% to 40% of our food cost), are subject to seasonal fluctuations, weather, availability, demand and other factors that are beyond our control. We have pricing agreements with some of our vendors, including forward pricing agreements for a portion of our cheese purchases for our domestic Company-owned restaurants, which are accounted for as normal purchases; however, we still remain exposed to on-going commodity volatility.

The following table presents the actual average block price for cheese by quarter through the third quarter of 2015 and the projected average block price for cheese for the fourth quarter of 2015 (based on the October 27, 2015 Chicago Mercantile Exchange cheese futures market prices):

| | 2015 Projected Block Price | 2014 Actual Block Price |
|---|---|---|
| Quarter 1 | $ 1.538 | $ 2.212 |
| Quarter 2 | 1.630 | 2.131 |
| Quarter 3 | 1.684 | 2.141 |
| Quarter 4 | 1.676 | 1.991 |
| Full Year | $ 1.632* | $ 2.119 |

*The full year estimate is based on futures prices and does not include the impact of forward pricing agreements for a portion of our cheese purchases for our domestic Company-owned restaurants.

**Item 4. Controls and Procedures**

Under the supervision and with the participation of the Company’s management, including its chief executive officer and chief financial officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based upon this evaluation, the chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this report, the Company’s disclosure controls and procedures were effective.

During the most recently completed fiscal quarter, there was no change made in the Company’s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

The Company is involved in a number of lawsuits, claims, investigations and proceedings, including the matter identified below, consisting of intellectual property, employment, consumer, commercial and other matters arising in the ordinary course of business. In accordance with Accounting Standards Codification 450, *Contingencies*, the Company has made accruals with respect to these matters, where appropriate, which are reflected in the Company’s financial statements. We review these provisions at least quarterly and adjust these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case.

Perrin v. Papa John’s International, Inc. and Papa John’s USA, Inc. is a conditionally certified collective and class action filed in August 2009 in the United States District Court, Eastern District of Missouri (“the Court”), alleging that delivery drivers were not properly reimbursed for mileage and expenses in accordance with the Fair Labor Standards Act (“FLSA”). Approximately 3,900 drivers out of a potential class size of 28,800 opted into the action. In late December 2013, the Court granted a motion for class certification in five additional states, which added approximately 15,000 plaintiffs to the case. The trial, originally scheduled for August 2015, was stayed in June 2015, pending U.S. Supreme Court review of another relevant case regarding certification. After the stay was granted, the parties reached a settlement in principle, which has been preliminarily approved by the Court in September 2015. The Court has scheduled a final approval hearing in January 2016. The Company continues to deny any liability or wrongdoing in this matter. In accordance with this preliminary settlement agreement, the Company recorded a pre-tax expense of $12.3 million in June 2015 under the provisions of ASC 450, Contingencies. There was no impact for the quarter ended September 27, 2015. This amount is separately reported as Legal settlement expense in the condensed consolidated statements of income.

**Item 1A. Risk Factors**

There have been no material changes in the risk factors previously disclosed in the Company’s Annual Report on Form 10-K for the fiscal year ended December 28, 2014.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Our Board of Directors has authorized the repurchase of up to $1.45 billion of common stock under a share repurchase program that began on December 9, 1999 and expires on December 31, 2016. Through September 27, 2015, a total of 106.8 million shares with an aggregate cost of $1.3 billion and an average price of $11.94 per share have been repurchased under this program. Subsequent to September 27, 2015, through October 27, 2015, we acquired an additional 192,000 shares at an aggregate cost of $13.2 million. As of October 27, 2015, approximately $161.1 million remained available for repurchase of common stock under this authorization.

The following table summarizes our repurchases by fiscal period during the three months ended September 27, 2015 (in thousands, except per-share amounts):

| Fiscal Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| 06/29/2015 - 07/26/2015 | 99 | $ 76.28 | 106,527 | $ 194,808 |
| 07/27/2015 - 08/23/2015 | 97 | $ 73.87 | 106,624 | $ 187,680 |
| 08/24/2015 - 09/27/2015 | 194 | $ 68.86 | 106,818 | $ 174,308 |

Our share repurchase authorization increased from $1.325 billion to $1.45 billion as of October 30, 2015. For presentation purposes, the maximum dollar value of shares that may be purchased was adjusted retroactively to September 27, 2015.

The Company utilizes a written trading plan under Rule 10b5-1 under the Exchange Act from time to time to facilitate the repurchase of shares of our common stock under this share repurchase program. There can be no assurance that we will repurchase shares of our common stock either through a Rule 10b5-1 trading plan or otherwise.

During the fiscal quarter ended September 27, 2015, the Company acquired approximately 4,100 shares of its common stock from employees to satisfy minimum tax withholding obligations that arose upon (i) vesting of restricted stock granted pursuant to approved plans and (ii) distribution of shares of common stock issued pursuant to deferred compensation obligations.

**Item 5. Other Information.**

On October 30, 2015, our Board of Directors, upon recommendation of the Corporate Governance and Nominating Committee, adopted amendments to the Company’s Amended and Restated Bylaws that provide for a forum selection provision identifying Delaware as the exclusive forum for certain disputes.

The Board of Directors believes that this amendment is in the best interests of the Company and its stockholders, and could provide protection for the Company against having to defend potentially concurrent multi-jurisdictional litigation in non-Delaware courts that would subject the Company to, among other things, the risk of conflicting outcomes and the potential of litigating in inconvenient forums. The amendment could therefore help the Company avoid excessive costs and inefficiencies that may occur from certain types of multi-jurisdictional litigation.

In addition, our Board approved certain other non-material changes to our Bylaws that are primarily clerical in nature and designed to update and conform our Bylaws with the current Delaware General Corporation Law, including, among other things, notice and record dates and other procedural requirements for stockholder and director meetings.

The foregoing is a summary of the amendments to the Bylaws and is qualified in its entirety by the Amended and Restated Bylaws, a copy of which is included as Exhibit 3.1 to this Form 10-Q and is incorporated into this Item 5 by reference.

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**Item 6. Exhibits**

| Exhibit Number | Description |
|---|---|
| 3.1 | Amended and Restated By-Laws |
| 31.1 | Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-15(e), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-15(e), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101 | Financial statements from the quarterly report on Form 10-Q of Papa John's International, Inc. for the quarter ended September 27, 2015, filed on November 3, 2015, formatted in XBRL: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to Condensed Consolidated Financial Statements. |

**SIGNATURE**

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: November 3, 2015

/s/ Lance F. Tucker
Lance F. Tucker
Senior Vice President,
Chief Financial Officer,
Chief Administrative Officer and Treasurer

**Exhibit 3.1**

# AMENDED AND RESTATED BY-LAWS
# OF
# PAPA JOHN'S INTERNATIONAL, INC.

## ARTICLE I
## Offices

SECTION 1. *Registered Office.* The registered office of the Corporation shall be in Wilmington, New Castle County, Delaware. The registered agent of the Corporation in the State of Delaware shall be appointed from time to time by the Board of Directors.

SECTION 2. *Other Offices.* The Corporation may also have a place of business and other offices at any place or places within or without the State of Delaware, as the Board of Directors shall from time to time determine or the business of the Corporation may require.

## ARTICLE II
## Meetings of Stockholders

SECTION 1. *Place of Meetings.* All meetings of the stockholders shall be held at any place within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of meeting, or if not so designated, the principal place of business of the Corporation in Louisville, Kentucky. The Board of Directors may, in its sole discretion, determine that any meeting of stockholders shall not be held at any place, but shall instead be held solely by means of remote communication as permitted by statute. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication (a) participate in a meeting of stockholders; and (b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder; (ii) the corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and (iii) if any stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

SECTION 2. *Annual Meeting.* The annual meeting of stockholders shall be held at the date and time designated by the Board of Directors and stated in the notice of meeting. At the annual meeting, the stockholders shall elect directors and transact any other business properly brought before the meeting.

SECTION 3. *Special Meetings.* Subject to the rights of the holders of any series of the Corporation's Preferred Stock, a special meeting of stockholders, unless otherwise required by statute, may be called at any time only by (a) the Board of Directors, (b) the Chairman of the Board of the Corporation, or (c) the holders of not less than 60% of the shares entitled to vote at the special meeting.

SECTION 4. *Notice of Meetings.* Except as otherwise permitted or required by applicable laws and regulations, notice of each annual and special meeting of stockholders shall be given stating the date, place, if any, and hour of the meeting; the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting (if the date is different from the record date for stockholders entitled to notice of the meeting); and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the Corporation's Amended and Restated Certificate of Incorporation as the same may be amended from time to time ("Certificate of Incorporation") or these By-Laws, the notice of any meeting shall be given to each stockholder of record entitled to vote at the meeting as of the record date for determining the stockholders entitled to notice of the meeting not less than ten nor more than sixty days before the date of the meeting. Notice may be given in any manner permitted by applicable laws and regulations, and shall be deemed given at the time prescribed by applicable laws and regulations for such manner of notice. Notice shall be deemed to have been given to all stockholders of record who share an address if notice is given in accordance with the "householding" rules set forth in Rule 14a-3(e) under the Securities Exchange Act of 1934 and Section 233 of the General Corporation Law of the State of Delaware. Notice of any meeting shall not be required to be given to any person who attends the meeting, except when the person attends the meeting in person or by proxy for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, or who, either before or after the meeting, submits a signed written waiver of notice, or an electronically transmitted waiver of notice, in person or by proxy. Neither the business to be transacted at, nor the purpose or purposes of, an annual or special meeting of stockholders need be specified in any waiver of notice.

SECTION 5. *List of Stockholders.* After the record date for a meeting of stockholders has been fixed, at least ten days before such meeting, the officer who has charge of the stock ledger of the Corporation shall prepare and make a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. The list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, in any manner permitted by statute. If the meeting is held at a place, the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is held solely by remote communication, the list shall be open to examination by any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the network shall be provided with the notice of the meeting. If the list is available on an electronic network, the

Corporation may take reasonable steps to ensure that the list is available only to stockholders of the Corporation. The stock ledger shall be the only evidence as to the stockholders who are entitled to the list described in this section or to vote at any meeting of stockholders.

SECTION 6. *Quorum, Adjournments.* The holders of a majority in voting power of the shares entitled to vote at any meeting of stockholders, present in person or represented by proxy, shall constitute a quorum for the transaction of business at the meeting, except as otherwise required by statute or by the Certificate of Incorporation. If, however, a quorum is not present or represented by proxy at any meeting of stockholders, the stockholders entitled to vote at the meeting, present in person or represented by proxy, may adjourn the meeting from time to time, but no other business shall be transacted at the meeting. Any business may be transacted at the adjourned meeting which might have been transacted at the original meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at the meeting at which the adjournment is taken. If the adjournment is for more than thirty days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting. Once a share is represented for any purpose at a meeting (other than solely to object (1) to holding the meeting or transacting business at the meeting, or (2) (if it is a special meeting) to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice), it is deemed present for quorum purposes for the remainder of the meeting and or any adjournment of that meeting unless a new record date is set for the adjourned meeting.

SECTION 7. *Organization*. Meetings of stockholders shall be presided over by the Chairman of the Board, the lead director, if any, or by a chairman designated by the Board of Directors, or in the absence of the Chairman of the Board and lead director, if any, and the lack of an alternative designation by the Board of Directors, by a chairman chosen at the meeting. The Secretary or, in his or her absence or inability to act, any person appointed by the chairman of the meeting, shall act as secretary of the meeting and keep the minutes thereof.

SECTION 8. *Order of Business and Conduct of Meetings.* The order of business at all meetings of the stockholders shall be as determined by the chairman of the meeting. The Board of Directors may adopt by resolution any rules and regulations for the conduct of the meeting of stockholders as it deems appropriate. Except to the extent inconsistent with rules and regulations adopted by the Board of Directors, the chairman of any meeting of stockholders shall have authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of the chairman, are appropriate for the proper conduct of the meeting. The rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or any other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement of the meeting; and (v) limitations on the time allotted to questions or comments by participants. The chairman of the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such chairman should so determine, such chairman shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 9. *Voting and Proxies.* Except as otherwise required by statute or the Certificate of Incorporation, each stockholder of the Corporation shall be entitled at each meeting of stockholders to one vote on each matter for each share of capital stock of the Corporation held by the stockholder on the record date for such meeting. Each stockholder entitled to vote at any meeting of stockholders may authorize another person or persons to act for him or her by a proxy signed or otherwise authorized in accordance with statute by the stockholder or the stockholder's attorney-in-fact, but no proxy shall be voted after three years from its date, unless the proxy provides for a longer period. Any such proxy shall be delivered or transmitted to the secretary of the meeting at or prior to the time designated in the order of business for so delivering such proxies. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary of the Corporation. A proxy is not revoked by the death or incapacity of the maker unless, before the vote is counted, written notice of such death or incapacity is received by the Corporation. When a quorum is present at any meeting, the vote of the holders of a majority in voting power of the shares entitled to vote on the subject matter, present in person or represented by proxy, shall decide any question brought before the meeting, other than the election of directors or unless the question is one upon which by express provision of statute, law or regulation applicable to the Corporation, the rules or regulations of any stock exchange applicable to the Corporation, or of the Certificate of Incorporation or of these By-Laws, a different or minimum vote is required, in which case the different or minimum vote shall be the applicable vote on the matter. Except as provided in the Certificate of Incorporation or required by law, at any meeting for the election of directors at which a quorum is present, each director shall be elected by the vote of the majority of the votes cast with respect to the director, provided that if as of the record date for such meeting the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this Section, a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director (with "abstentions" and "broker nonvotes" not counted as a vote cast either "for" or "against" that director's election). Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any matter need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by his or her proxy, and shall state the number of shares voted. Any vote by written ballot may be taken by any means of electronic transmission, and the written ballot shall be deemed signed, if the electronic transmission sets forth or is submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

SECTION 10. *Inspectors.* The Board of Directors shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting or any adjournment thereof and make a written report thereof. If any of the inspectors so appointed shall fail to appear or shall be unable to act, the chairman of the meeting shall appoint one or more inspectors. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability. The inspectors shall ascertain the numbers of shares of capital stock of the Corporation outstanding and the voting power of each; determine the number of shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies and ballots; count all votes and ballots; determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; certify their determination of the number of shares represented at the meeting and their count of all votes and ballots; and do any other acts that may be proper to conduct the meeting. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties. No director or candidate for the office of director shall act as an inspector of an election of directors. Inspectors need not be stockholders or employees of the Corporation.

## ARTICLE III
## Board of Directors

SECTION 1. *Number and Qualifications.* The number of directors which shall constitute the whole Board of Directors shall not be fewer than three nor more than fifteen, unless otherwise provided in the Certificate of Incorporation. Within the limits above, the number of directors shall be determined by action of not less than a majority of the members of the Board of Directors then in office, though less than a quorum. Any incumbent director who is nominated for election by the Board of Directors or a committee thereof shall, as a condition to such nomination submit a conditional and, in the case of an uncontested election, irrevocable letter of resignation to the Chairman of the Board. If an incumbent director is not elected, the Corporate Governance and Nominating Committee will consider the conditional resignation of such nominee and make a recommendation to the Board of Directors on whether to accept or reject the conditional resignation, or whether other action should be taken. The Board of Directors will act on the Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The director whose conditional resignation is being considered will not participate in the Committee's recommendation or the Board of Directors' decision. In addition, if there are not at least two members of the Corporate Governance and Nominating

Committee who either were elected at the meeting or did not stand for election, then each of the independent members of the Board of Directors who either were elected at the meeting or did not stand for election shall appoint a committee amongst themselves to consider the resignation offer and recommend to the Board of Directors whether to accept it (which committee of the independent members shall act in lieu of the Corporate Governance and Nominating Committee with respect to the resignation offer in such situation). Each director shall hold office for the term for which he is elected and until his successor shall have been duly elected and qualified or until death, or until he or she shall have resigned or have been removed or disqualified in accordance with these By-Laws and the Certificate of Incorporation.

SECTION 2. *Place of Meetings.* Meetings of the Board of Directors shall be held at any place, within or without the State of Delaware, as the Board of Directors may from time to time determine or as shall be specified in the notice of any such meeting.

SECTION 3. *Annual Meeting.* The Board of Directors may meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual meeting of stockholders, on the same day and at the same place where the annual meeting of stockholders is held. Notice of the meeting need not be given. If the annual meeting of the Board of Directors is not so held, the annual meeting may be held at the time or place specified in a notice given as provided in Section 6 of this Article III.

SECTION 4. *Regular Meetings.* Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors may fix. If any day fixed for a regular meeting is a legal holiday at the place where the meeting is to be held, then the meeting shall be held at the same hour on the next succeeding business day (unless the Chairman of the Board or the lead director, if one shall have been elected, determines otherwise). Notice of regular meetings of the Board of Directors need not be given unless required by statute or these By-Laws.

SECTION 5. *Special Meetings.* Special meetings of the Board of Directors may be called by the Chairman of the Board, by the lead director, if one shall have been elected, by three or more directors of the Corporation or by the Chief Executive Officer.

SECTION 6. *Notice of Meetings*. Notice of the time and place of each special meeting of the Board of Directors (and of each regular meeting for which notice is required) shall be given by the Secretary as provided in this Section 6. Unless otherwise required by these By-Laws, the notice need not state the purpose or purposes of the meeting. Notice may be given in any manner permitted by statute. Notice shall be given at least twenty four hours before the meeting. Notice need not be given to any director who, either before or after the meeting, signs and submits a written waiver of notice, submits a waiver by electronic transmission, or attends the meeting, except when he or she attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 7. *Quorum and Manner of Acting.* A majority of the entire Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, and, except as otherwise required by statute, the Certificate of Incorporation or these By-Laws, the vote of a majority of the directors present at any meeting at which a quorum is present shall be regarded as the act of the Board of Directors. Whether a quorum is present or otherwise, a majority of the directors present at a meeting of the Board may adjourn the meeting to another time and place. Notice of the time and place of any adjourned meeting shall be given to all of the directors unless the time and place were announced at the meeting at which the adjournment was taken, in which case the notice shall only be given to the directors who were not present at the original meeting. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. The directors shall act only as a Board and the individual directors shall have no power as such.

SECTION 8. *Organization.* At each meeting of the Board of Directors, the Chairman of the Board or, at the request of the Chairman of the Board or in his or her absence or if one shall not have been elected, the lead director, or if one shall not have been elected, another director chosen by a majority of the directors present, shall act as chairman of the meeting and preside at the meeting. The Secretary or, in his or her absence or if one shall not have been elected, any person appointed by the chairman of the meeting, shall act as secretary of the meeting and keep the minutes thereof.

SECTION 9. *Resignations.* Any director of the Corporation may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Any such resignation shall be effective when the resignation is delivered to the Corporation, unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. The acceptance of a resignation shall not be necessary to make it effective.

SECTION 10. *Compensation.* The Board of Directors shall have authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

SECTION 11. *Committees.* The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In addition, in the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Unless otherwise provided in the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to a subcommittee such powers and authority as the committee deems appropriate.

Except to the extent restricted by statute or the Certificate of Incorporation, each committee, to the extent provided in the resolution creating it, shall have and may exercise all the powers and authority of the Board of Directors and may authorize the seal of the Corporation to be affixed to all papers which require it. Each committee shall serve at the pleasure of the Board of Directors and have the name determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors.

Except as the Board of Directors may otherwise determine or as provided in these By-Laws, any committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in a committee's rules, the business of each committee shall be conducted as nearly as possible in the same manner as is provided in these By-Laws for the Board of Directors.

SECTION 12. *Action by Consent.* Unless restricted by the Certificate of Incorporation, any action required or permitted to be taken by the Board of Directors or any committee may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 13. *Telephonic Meeting.* Unless restricted by the Certificate of Incorporation, any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or the committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting.

## ARTICLE IV
## Officers

SECTION 1. *Number and Qualifications.* The officers of the Corporation shall be elected by the Board of Directors and shall include a Chairman of the Board, a President, one or more Vice Presidents (including Senior, Executive Vice Presidents or other classifications of Vice Presidents), a Secretary and a Treasurer. If the Board of Directors so wishes, it may also elect other officers (including a Chief Executive Officer, one or more Assistant Treasurers and one or more Assistant Secretaries) as may be necessary or desirable for the business of the Corporation. Any two or more offices may be held by the same person, and no officer except the Chairman of the Board need be a director. Each officer shall hold office until his or her successor shall have been duly elected and qualified, or until death, or until he or she shall have resigned or have been removed or disqualified, as provided in these By-Laws.

SECTION 2. *Resignations.* Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Corporation. Any such resignation shall take effect at the time specified therein or, if no time is specified, immediately upon receipt by the Corporation. The acceptance of a resignation shall not be necessary to make it effective.

SECTION 3. *Removal*. Any officer of the Corporation may be removed, either with or without cause, at any time, by the Board of Directors.

SECTION 4. *Chairman of the Board.* If present, the Chairman of the Board shall preside at all meetings of the Board of Directors, or request the lead director, if one shall have been elected, to preside. The Chairman shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chairman shall advise and counsel with the Chief Executive Officer, President, and other executives of the Corporation, and shall perform any other duties assigned to him or her by the Board of Directors.

SECTION 5. *Chief Executive Officer*. The Chief Executive Officer, if any, shall exercise the powers and authority and perform all of the duties commonly incident to such office and shall perform such other duties as the Board of Directors shall specify from time to time.

SECTION 6. *President.* The President shall be charged with the general supervision of the management and policy of the Corporation, subject to the authority of the Board of Directors, the Chairman and the Chief Executive Officer. The President shall perform all duties commonly incident to the office of president and any other duties assigned to him or her by the Board of Directors or the Chairman of the Board.

SECTION 7. *Vice President*. Each Vice President shall perform all duties assigned to him or her by the Board of Directors, the Chairman of the Board, the Chief Executive Officer, or the President. At the request of the President or in the event of his or her inability or refusal to act, the Vice President, or if there is more than one, the Vice Presidents in the order determined by the Board of Directors (or if there has been no such determination, then the Vice Presidents in the order of their election), shall perform the duties of the President, and, when so acting, shall have the powers of and be subject to the restrictions placed upon the President in respect of the performance of such duties.

SECTION 8. *Treasurer*. The Treasurer shall have responsibility for the custody of the corporate funds and securities and shall see to it that full and accurate accounts of receipts and disbursements are kept in books belonging to the Corporation. The Treasurer shall render to the Chairman, the Chief Executive Officer, the President, and the Board of Directors, upon request, an account of all financial transactions and of the financial condition of the Corporation.

SECTION 9. *Secretary*. The Secretary shall have responsibility for preparation of minutes of meetings of the Board of Directors and of the stockholders and for authenticating records of the Corporation. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors. The Secretary or an Assistant Secretary may also attest all instruments signed by any other officer of the Corporation.

SECTION 10. *The Assistant Treasurer*. The Assistant Treasurer, if any, or if there is more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there has been no such determination, then in the order of their election), shall, in the event of the Treasurer's inability or refusal to act, perform the duties and exercise the powers of the Treasurer and any other duties assigned to him or her by the Board of Directors.

SECTION 11. *The Assistant Secretary.* The Assistant Secretary, if any, or if there is more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there has been no such determination, then in the order of their election), shall, in the event of the Secretary's inability or refusal to act, perform the duties and exercise the powers of the Secretary and any other duties assigned to him or her by the Board of Directors.

SECTION 12. *Officers' Bond or Other Security.* If required by the Board of Directors, any officer of the Corporation shall give a bond or other security for the faithful performance of his or her duties, in such amount and with such surety as the Board of Directors may require.

SECTION 13. *Compensation.* The compensation of the officers of the Corporation for their services as officers shall be fixed from time to time by or under the oversight of the Board of Directors. An officer of the Corporation shall not be prevented from receiving compensation by reason of the fact that he or she is also a director of the Corporation.

**ARTICLE V**
**Stock Certificates and Their Transfer**

SECTION 1. *Stock Certificates.* The shares of the Corporation shall be represented by certificates, unless the Board of Directors provides by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until the certificate is surrendered to the Corporation. Every holder of stock in the Corporation represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chairman of the Board, the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares registered in certificate form. The powers, designations, preferences and relative, participating, optional or other special rights of each class of the Corporation's stock or any series of any class and the qualifications or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of any certificate which the Corporation shall issue to represent the class or series of stock; *provided that,* except as otherwise provided in Section 202 of the General Corporation Law of the State of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of any certificate which the Corporation shall issue to represent any class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions or such preferences and/or rights.

SECTION 2. *Facsimile Signatures.* Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

SECTION 3. *Lost Certificates*. The Corporation may direct a new certificate or certificates of stock to be issued in place of any certificate or certificates theretofore issued by the Corporation, alleged to have been lost, stolen or destroyed. When authorizing the issue of a new certificate or certificates, the Corporation may, as a condition precedent to the issuance thereof, require the owner of the alleged lost, stolen or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond in such sum as it may direct sufficient to indemnify it against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of any such certificate or the issuance of the new certificate or uncertificated shares. The Corporation may adopt such other provisions and restrictions with reference to lost certificates, not inconsistent with applicable law, as it shall in its discretion deem appropriate.

SECTION 4. *Transfer of Stock.* Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate or uncertificated shares to the person entitled thereto, cancel the old certificate and record the transaction upon its records; *provided*, *however,* that the Corporation shall be entitled to recognize and enforce any lawful restriction on transfer. Whenever any transfer of stock is made for collateral security, and not absolutely, it shall be so expressed in the entry of transfer if, when the certificates or uncertificated shares are presented to the Corporation for transfer, both the transferor and the transferee request the Corporation to do so.

SECTION 5. *Transfer Agents and Registrars.* The Board of Directors may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars.

SECTION 6. *Regulations.* The Board of Directors may make such additional rules and regulations, not inconsistent with these By-Laws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock or uncertificated shares of the Corporation.

SECTION 7. *Fixing the Record Date*.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than sixty (60) days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 8. *Registered Stockholders*. The Corporation shall be entitled to recognize the exclusive right of a person registered on its records as the owner of shares of stock to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments a person registered on its records as the owner of shares of stock, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

**ARTICLE VI**
**General Provisions**

SECTION 1. *Dividends*. Subject to the provisions of statute and the Certificate of Incorporation, dividends upon the shares of capital stock of the Corporation may be declared by the Board of Directors at any regular or special meeting. Dividends may be paid in cash, in property or in shares of stock of the Corporation, unless otherwise provided by statute or the Certificate of Incorporation.

SECTION 2. *Seal*. The seal of the Corporation shall be in such form as shall be approved by the Board of Directors.

SECTION 3. *Fiscal Year*. The fiscal year of the Corporation shall end on the last Sunday of each calendar year or such other date designated by resolution of the Board of Directors.

SECTION 4. *Checks, Notes, Drafts, Etc.* All checks, notes, drafts or other orders for the payment of money of the Corporation shall be signed, endorsed or accepted in the name of the Corporation by such officer, officers, person or persons as from time to time may be designated by the Board of Directors or by an officer or officers authorized by the Board of Directors to make such designation.

SECTION 5. *Execution of Contracts, Deeds, Etc*. The Board of Directors may authorize any officer or officers, or agent or agents, in the name and on behalf of the Corporation to enter into or execute and deliver any and all contracts, deeds, bonds, mortgages and other obligations or instruments, and such authority may be general or confined to specific instances.

SECTION 6. *Voting of Stock in Other Corporations or Entities*. Unless otherwise provided by resolution of the Board of Directors, the Chairman of the Board, the Chief Executive Officer, or the President or any Vice President, from time to time, may (or may appoint one or more attorneys or agents to) cast the votes which the Corporation may be entitled to cast as a stockholder or holder of an equity interest in any other corporation or entity, any of whose shares or securities may be held by the Corporation, at meetings of the holders of the shares or other securities of such other corporation or entity. In the event one or more attorneys or agents are appointed, the Chairman of the Board, the Chief Executive Officer, or the President or any Vice President may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent. The Chairman of the Board, the Chief Executive Officer, or the President may, or may instruct the attorneys or agents appointed to, execute or cause to be executed in the name and on behalf of the Corporation or under its seal or otherwise, such written proxies, consents, waivers or other instruments as may be necessary or proper in the circumstances.

SECTION 7. *Evidence of Authority*. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the Corporation shall, as to all persons who rely on the certificate in good faith, be conclusive evidence of the action.

SECTION 8. *Facsimile Signatures*. In addition to the provisions for use of facsimile signatures specifically authorized in these By-Laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or any committee thereof.

SECTION 9. *Reliance upon Books, Reports and Records*. Each director, each member of any committee designated by the Board of Directors, shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within the other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

SECTION 10. *Severability*. Any determination that any provision of these By-Laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-Laws.

SECTION 11. *Exclusive Jurisdiction for Certain Actions*. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Corporation, (2) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, other employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (3) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware or as to which the General Corporation Law of the State of Delaware confers jurisdiction on the Court of Chancery of the State of Delaware, or (4) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 11 of Article VI.

## ARTICLE VII
## ELECTRONIC TRANSMISSION

When used in these By-Laws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process, including without limitation any telegram, cablegram, facsimile transmission and communication by electronic mail.

## ARTICLE VIII
## Amendments

These By-Laws may be amended or repealed or new by-laws adopted as provided by the Certificate of Incorporation.

Approved by the Board:

October 30, 2015

**EXHIBIT 31.1**

**SECTION 302**
**CERTIFICATION**

I, John H. Schnatter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Papa John's International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2015

/s/ John H. Schnatter
John H. Schnatter
Founder, Chairman and
Chief Executive Officer

**EXHIBIT 31.2**

**SECTION 302**
**CERTIFICATION**

I, Lance F. Tucker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Papa John's International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2015

/s/ Lance F. Tucker
Lance F. Tucker
Senior Vice President, Chief Financial Officer,
Chief Administrative Officer and Treasurer

**EXHIBIT 32.1**

**SECTION 906**
**CERTIFICATION**

I, John H. Schnatter, Founder, Chairman and Chief Executive Officer of Papa John's International, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Report on Form 10-Q of the Company for the quarterly period ended September 27, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2015

/s/ John H. Schnatter
John H. Schnatter
Founder, Chairman and
Chief Executive Officer

**EXHIBIT 32.2**

**SECTION 906**
**CERTIFICATION**

I, Lance F. Tucker, Senior Vice President, Chief Financial Officer, Chief Administrative Officer and Treasurer of Papa John's International, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Report on Form 10-Q of the Company for the quarterly period ended September 27, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2015

/s/ Lance F. Tucker
Lance F. Tucker
Senior Vice President, Chief Financial Officer,
Chief Administrative Officer and Treasurer