

1,000,000 SHARES

LOGO

COMMON STOCK

All of the shares of Common Stock offered hereby are being sold by Papa John's International, Inc. (the "Company"). The Common Stock is traded on the Nasdaq National Market tier of The Nasdaq Stock MarketSM under the symbol "PZZA." On May 1, 1996, the last sale price of the Common Stock as reported on the Nasdaq National Market was \$47.25 per share. See "Price Range of Common Stock."

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

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

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<TABLE>  
<CAPTION>

	Price to Public	Underwriting Discount(1)	Proceeds to Company(2)
<S>	<C>	<C>	<C>
Per Share.....	\$47.25	\$2.48	\$44.77
Total(3).....	\$47,250,000	\$2,480,000	\$44,770,000

</TABLE>

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- (1) See "Underwriting" for information concerning indemnification of the Underwriters and other matters.
  - (2) Before deducting expenses payable by the Company estimated at \$200,000.
  - (3) The Company has granted to the Underwriters a 30-day option to purchase up to 138,500 additional shares of Common Stock solely to cover over-allotments, if any. If the Underwriters exercise this option in full, the Price to Public will total \$53,794,125, the Underwriting Discount will total \$2,823,480 and the Proceeds to Company will total \$50,970,645. See "Underwriting."

The shares of Common Stock are offered by the Underwriters named herein when, as and if delivered to and accepted by the Underwriters and subject to their right to reject any order in whole or in part. It is expected that delivery of certificates representing the shares will be made against payment therefor at the office of Montgomery Securities on or about May 7, 1996.

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Montgomery Securities

Alex. Brown & Sons  
Incorporated

May 1, 1996  
[PHOTO OF "FREE-STANDING PAPA JOHN'S RESTAURANT"]

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

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

## AVAILABLE INFORMATION

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

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

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

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

- (1) Annual Report on Form 10-K for the fiscal year ended December 31, 1995;
- (2) Form 10-C dated March 27, 1996; and
- (3) the description of the Company's Common Stock contained in the Company's Registration Statement on Form 8-A, effective as of June 8, 1993, including any amendment filed for the purpose of updating such information.

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

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

## PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information, financial statements and financial data appearing elsewhere in this Prospectus or incorporated by reference herein. Unless otherwise noted, all information in this Prospectus assumes no exercise of the Underwriters' over-allotment option. Unless the context requires otherwise, all references to the "Company" in this Prospectus include Papa John's International, Inc. and its subsidiaries. All share and per share data in this Prospectus have been

adjusted to reflect a 3-for-2 stock split effected in the form of a 50% stock dividend effective March 25, 1996 for stockholders of record on March 12, 1996.

#### THE COMPANY

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

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

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

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

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

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

THE OFFERING

<TABLE>	
<S>	
Common Stock offered by the Company.	1,000,000 shares
Common Stock to be outstanding after the offering.....	18,875,322 shares(1)
Use of proceeds.....	To fund restaurant and commissary expansion, construct office facilities, to fund a franchise loan program and for general corporate purposes.
Nasdaq National Market Symbol.....	PZZA
</TABLE>	

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

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

<TABLE>  
<CAPTION>

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

</TABLE>

<TABLE>  
<CAPTION>

	DECEMBER 31, 1995	
	ACTUAL	AS ADJUSTED(4)
<S>	<C>	<C>
BALANCE SHEET DATA:		
Total assets.....	\$128,819	\$173,389
Total debt, including current maturities.....	2,510	2,510
Stockholders' equity.....	106,282	150,851

</TABLE>

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

(2) Reflects the effect on the historical income statement data for the fiscal years ended December 27, 1992 and December 26, 1993, assuming that (i) the Company had been treated as a C corporation rather than an S corporation for income tax purposes, with assumed combined federal, state and local effective income tax rates aggregating 37% and (ii) the Company's compensation program for the top three executive officers that was adopted during 1993 had been in effect for all relevant periods which would have

reduced compensation expense by \$872,788 and \$154,412 for the fiscal years ended December 27, 1992 and December 26, 1993, respectively. Information for years prior to 1992 is not meaningful.

- (3) Includes only Company-owned restaurants open throughout the periods being compared.
- (4) Adjusted to reflect the sale of the 1,000,000 shares of Common Stock by the Company in this offering and the application of the estimated net proceeds therefrom. See "Use of Proceeds" and "Capitalization."

#### UNAUDITED FIRST QUARTER 1996 RESULTS

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

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

5

#### THE COMPANY

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

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

#### RISK FACTORS

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

#### EXPANSION

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

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

#### RESTAURANT INDUSTRY AND COMPETITION

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

6

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

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

#### LIMITED OPERATING HISTORY

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

#### DEPENDENCE UPON KEY PERSONNEL

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

#### INCREASES IN OPERATING COSTS; AVAILABILITY OF SUPPLIES

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

#### CONTROL BY OFFICERS AND DIRECTORS

John Schnatter, the Company's Founder, Chairman and Chief Executive Officer, will own 33.3% of the outstanding Common Stock after this offering. As a result, Mr. Schnatter will have substantial control over matters requiring approval by the stockholders of the Company, including the election of directors. The Company's officers and directors will, in the aggregate, beneficially own approximately 36.0% of the outstanding Common Stock after this offering, including shares subject to currently exercisable options.

## EFFECT OF CERTAIN ANTI-TAKEOVER PROVISIONS

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

## GOVERNMENT REGULATION

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

## STOCK PRICE VOLATILITY

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

## USE OF PROCEEDS

The net proceeds to the Company from the sale of the 1,000,000 shares of Common Stock offered hereby at a public offering price of \$47.25 per share are estimated to be \$44,570,000 (\$50,770,645 if the Underwriters' over-allotment option is exercised in full). The net proceeds of the offering will be used primarily for the development of additional Company-owned restaurants, commissaries and distribution centers, the construction of corporate office facilities and to fund the implementation of a loan program for franchisees.

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

Program."

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

DIVIDEND POLICY

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

PRICE RANGE OF COMMON STOCK

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

<TABLE>  
<CAPTION>

	HIGH	LOW
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<S>	<C>	<C>
1994		
First quarter.....	\$ 22.17	\$16.50
Second quarter.....	20.00	14.00
Third quarter.....	19.67	15.83
Fourth quarter.....	21.67	16.00
1995		
First quarter.....	\$ 25.00	\$18.33
Second quarter.....	25.50	21.00
Third quarter.....	33.34	23.00
Fourth quarter.....	31.75	23.67
1996		
First quarter.....	\$ 44.75	\$25.21
Second quarter (through May 1, 1996).....	\$ 50.00	38.50

</TABLE>

On May 1, 1996, the last sale price of the Common Stock as reported on the Nasdaq National Market was \$47.25.

CAPITALIZATION

The following table sets forth the actual capitalization of the Company as of December 31, 1995, and as adjusted to give effect to the issuance and sale by the Company of 1,000,000 shares of Common Stock in this offering at a public offering price of \$47.25 per share and the application of the net proceeds therefrom. See "Use of Proceeds." This table should be read in conjunction with the financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus or incorporated by reference herein.

<TABLE>  
<CAPTION>

	DECEMBER 31, 1995	
	ACTUAL	AS ADJUSTED
	-----	-----
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Short-term debt.....	\$ --	\$ --
	=====	=====
Long-term debt, including current maturities.....	\$ 2,510	\$ 2,510
Stockholders' equity:		
Preferred stock, \$.01 par value, 5,000,000 authorized; no shares outstanding.....	--	--
Common stock, \$.01 par value, 35,000,000 shares		



authorized; 17,845,758 shares outstanding; 18,845,758 shares outstanding, as adjusted(1).....	178	188
Additional paid-in capital.....	88,133	132,692
Unrealized loss on investments (net).....	(263)	(263)
Deferred compensation (net).....	(4)	(4)
Retained earnings.....	18,842	18,842
Reacquired treasury stock.....	(604)	(604)
Total stockholders' equity.....	106,282	150,851
Total capitalization.....	\$108,792	\$153,361

</TABLE>

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

10

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

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

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

<TABLE>  
<CAPTION>

	FISCAL YEAR ENDED(1)				
	DEC. 31, 1991	DEC. 27, 1992	DEC. 26, 1993	DEC. 25, 1994	DEC. 31, 1995
<S>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:					
Revenues:					
Restaurant sales.....	\$11,916	\$20,033	\$32,505	\$ 66,267	\$111,747
Franchise royalties.....	891	2,481	5,290	9,163	13,561
Franchise and development fees...	659	1,374	2,379	3,274	3,508
Commissary sales.....	7,608	20,684	41,013	67,515	105,874
Equipment and other sales.....	2,661	5,056	8,046	15,316	18,665
Total revenues.....	23,735	49,628	89,233	161,535	253,355
Costs and expenses:					
Restaurant expenses:					
Cost of sales.....	3,209	5,561	9,334	19,095	31,703
Salaries and benefits.....	3,266	5,321	8,855	18,168	29,946
Advertising and related costs....	941	1,559	2,452	5,887	10,513
Occupancy costs.....	461	766	1,357	3,358	5,896
Other operating expenses.....	1,734	2,617	4,872	10,011	14,913
	9,611	15,824	26,870	56,519	92,971
Commissary, equipment and other expenses:					
Cost of sales.....	8,621	21,702	41,571	68,745	101,342
Salaries and benefits.....	570	884	1,966	3,956	7,072
Other operating expenses.....	673	1,836	3,307	4,881	7,577
	9,864	24,422	46,844	77,582	115,991
General and administrative expenses:					
Depreciation.....	316	721	1,435	3,367	5,776
Amortization.....	57	41	416	1,737	2,844
Total costs and expenses.....	22,882	46,502	83,166	151,471	237,536
Operating income.....	853	3,126	6,067	10,064	15,819
Other income (expense):					
Investment income.....	13	67	247	1,156	1,659
Interest expense.....	(112)	(100)	(35)	--	--
Other, net.....	14	19	35	162	251

Income before income taxes.....	768	3,112	6,314	11,382	17,729
Income tax expense.....	26	40	1,395	4,182	6,525
Net income.....	\$ 742	\$ 3,072	\$ 4,919	\$ 7,200	\$ 11,204
Net income per share.....				\$ 0.46	\$ 0.67
Weighted average shares outstanding.....				15,683	16,759
PRO FORMA INCOME STATEMENT					
DATA(2):					
Operating income.....		\$ 3,999	\$ 6,222		
Income before income taxes.....		3,985	6,468		
Income tax expense.....		1,475	2,393		
Net income.....		\$ 2,510	\$ 4,075		
Net income per share.....		\$ 0.20	\$ 0.30		
Weighted average shares outstanding.....		12,525	13,461		
BALANCE SHEET DATA (END OF PERIOD):					
Total assets.....	\$ 5,291	\$ 7,852	\$27,789	\$ 76,173	\$128,819
Total debt, including current maturities.....	1,431	1,161	0	1,279	2,510
Stockholders' equity.....	1,045	2,418	19,269	62,609	106,282

</TABLE>  
Notes on following page.

11

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

12

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

INTRODUCTION

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

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

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

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

The average cash investment for the 61 restaurants opened during 1995, exclusive of land and pre-opening costs, increased to approximately \$205,000 from \$146,000 for the 53 units opened in 1994. This increase was primarily due to higher average costs of free-standing units, increased signage and leasehold improvement costs and hardware and related costs associated with point of sale technology installed in substantially all Company-owned restaurants opened in 1995. Sales at free-standing restaurants generally exceed sales at in-line restaurants. During their first 13 weeks of operations, the 20 free-standing restaurants opened by the Company during 1995 had average weekly sales of approximately \$12,300, 27.5% higher than average weekly sales at the 41 in-line restaurants opened by the Company during the same period. The Company expects the average cash investment for its restaurants opened in 1996 to approximate 1995 costs, although there can be no assurance that these costs will not increase.

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

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

13

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

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

#### UNAUDITED FIRST QUARTER 1996 RESULTS

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

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

#### RESULTS OF OPERATIONS

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

<TABLE>

<CAPTION>

	YEAR ENDED		
	DEC. 26, 1993	DEC. 25, 1994	DEC. 31, 1995
<S>	<C>	<C>	<C>
INCOME STATEMENT DATA:			
Revenues:			
Restaurant sales.....	36.4%	41.0%	44.1%
Franchise royalties.....	5.9	5.7	5.3
Franchise and development fees.....	2.7	2.0	1.4
Commissary sales.....	46.0	41.8	41.8
Equipment and other sales.....	9.0	9.5	7.4
	-----	-----	-----
Total revenues.....	100.0	100.0	100.0
Costs and expenses:			
Restaurant cost of sales(1).....	28.7	28.8	28.4

Restaurant operating expenses(1).....	53.9	56.5	54.8
Commissary, equipment and other expenses(2).....	95.5	93.7	93.1
General and administrative expenses(3).....	8.3	7.6	7.9
Depreciation and amortization.....	2.1	3.2	3.4
Total costs and expenses(3).....	93.0	93.8	93.8
-----	-----	-----	-----
Operating income(3).....	7.0	6.2	6.2
Other income:			
Investment income.....	0.3	0.7	0.7
Other.....	0.0	0.1	0.1
-----	-----	-----	-----
Income before income taxes(3).....	7.3	7.0	7.0
Income tax expense(3).....	2.7	2.5	2.6
-----	-----	-----	-----
Net income(3).....	4.6%	4.5%	4.4%
=====	=====	=====	=====

</TABLE>

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14

<TABLE>  
<CAPTION>

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

</TABLE>

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

#### 1995 COMPARED TO 1994

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

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

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

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

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

15

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

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

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

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

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

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

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

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

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

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

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

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

#### 1994 COMPARED TO 1993

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

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

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

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

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

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

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

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

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

in new markets, including Baltimore and St. Louis, or emerging markets such as Atlanta and Charlotte.

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

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

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

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

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

#### LIQUIDITY AND CAPITAL RESOURCES

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

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

18

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

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

Capital expenditures are expected to be approximately \$34 million for fiscal 1996 and \$35 to \$45 million for fiscal 1997. Capital expenditures for 1996 will be primarily for the development of restaurants and the construction of new commissary and distribution facilities in Dallas, Texas (opened in March 1996), Denver, Colorado and Phoenix, Arizona. The Company also expects to begin construction during mid-1996 of a 150,000 to 200,000 square foot facility in Louisville, Kentucky, scheduled for completion in mid-1997, approximately one-half of which will accommodate relocation and expansion of the Louisville commissary facility and the remainder of which will accommodate relocation and consolidation of corporate offices. In addition, during each of 1996 and 1997 the Company expects to provide approximately \$6 to \$8 million in loans to selected franchisees under a loan program recently adopted by the Company. However, the amounts actually provided during 1996 and 1997 may vary as the Company gains experience with the loan program. See "Business--Franchise

Program--Franchisee Loan Program." Capital resources available at December 31, 1995 include \$44.3 million of cash and investments and \$7.6 million available under a line of credit expiring June 29, 1996. The Company expects to fund its planned capital expenditures through 1997 from these resources, the net proceeds to the Company from this offering and cash generated from operations.

#### IMPACT OF INFLATION

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

19

#### BUSINESS

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

#### STRATEGY

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

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

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

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

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

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



UNIT ECONOMICS

The Company believes its unit economics have been significantly better than most restaurant concepts. During the 53 weeks ended December 31, 1995, the 133 Company-owned restaurants that were open throughout the year generated average revenues of \$657,000, average cash flow (operating income plus depreciation) of \$114,000 and average restaurant operating income of \$93,000 (or 14.1% of revenues). A significant number of these restaurants were opened in new markets. Sales and profitability in the initial months of operations at the Company's restaurants, particularly in new markets, historically have been lower than mature restaurants. The average cash investment for the 61 Company-owned restaurants opened during the year ended December 31, 1995 was approximately \$205,000. This cash investment includes equipment, leasehold improvements, fixtures and signage, but excludes land and pre-opening costs. The Company opened a greater number of free-standing restaurants with increased signage during 1994 and 1995 and expects to continue this strategy. Sales at free-standing restaurants generally exceed sales at in-line restaurants. During their first 13 weeks of operations, the 20 free-standing restaurants opened by the Company during 1995 had average weekly sales of approximately \$12,300, 27.5% higher than average weekly sales at the 41 in-line restaurants opened by the Company during the same period. The Company expects the average cash investment for restaurants opened in 1996 to approximate 1995 costs, although there can be no assurance that these costs will not increase. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Restaurant Design and Site Selection." The Company leases the majority of its properties and expects to continue to lease, rather than own, most of its properties. Most leases are for five years or less and contain renewal options.

EXPANSION

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

The Company's expansion strategy is to cluster restaurants in targeted markets, thereby increasing consumer awareness and enabling the Company to take advantage of operational, distribution and advertising efficiencies. The Company's experience in developing markets indicates that market penetration through the opening of multiple restaurants within a particular market results in increased average restaurant sales in that market. To accelerate penetration of larger markets, the Company has co-developed markets with franchisees or divided markets among franchisees, and will continue to utilize market co-development in the future where appropriate. In determining which new markets to develop, the Company considers many factors, including the size of the market, demographics and population trends, competition, and real estate availability and pricing. Before entering any market with Company-owned or franchised restaurants, the Company analyzes detailed information of these factors and each market is toured and evaluated by senior management.

RESTAURANT LOCATIONS

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

<TABLE>  
<CAPTION>

LOCATION -----	NUMBER OF RESTAURANTS -----
<S>	<C>
Atlanta, Georgia.....	47
Baltimore, Maryland.....	31

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

</TABLE>

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

<TABLE>  
<CAPTION>

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

</TABLE>

MENU

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

RESTAURANT DESIGN AND SITE SELECTION

The exterior of a Papa John's restaurant is generally characterized by backlighted awnings, neon window designs and other visible signage. A typical Papa John's restaurant ranges from 1,200 to 1,500 square feet and is designed to facilitate a smooth flow of food orders through the restaurant. The layout includes specific areas for order taking, pizza preparation and routing, resulting in simplified operations, lower training and labor costs, increased efficiency and improved consistency and quality of food products. The interior

of a Papa John's restaurant has a vibrant red and white color scheme with green striping, and includes a bright menu board, custom counters and carry-out customer area. The counters are designed to allow customers to watch the employees slap out the dough and put sauce and toppings on pizzas.

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

During 1994 and 1995, the Company opened a greater number of free-standing locations than in prior years. The Company seeks either existing buildings suitable for conversion, or land suitable for the construction of its prototype restaurant. Free-standing buildings generally provide more signage and better visibility, accessibility and parking. The Company believes that these locations improve Papa John's image and brand awareness and expects free-standing and prototype units to approximate 15-20% of all Company-owned restaurants. Sales at free-standing restaurants generally exceed sales at in-line restaurants. During their first 13 weeks of operations, the 20 free-standing restaurants opened by the Company during 1995 had average weekly sales of approximately \$12,300, 27.5% higher than average weekly sales at the 41 in-line restaurants opened by the Company during the same period.

#### MARKETING PROGRAMS

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

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

23

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

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

#### PURCHASING

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

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

Phoenix, Arizona during the first quarter of 1997.

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

#### COMPANY OPERATIONS

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

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

**Training.** The Company has 34 employees dedicated to training and new restaurant openings, including a full-time coordinator in each of its markets. The Company provides an on-site training team three days

24

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

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

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

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

#### FRANCHISE PROGRAM

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

achieved. During the 1995 fiscal year and the three months ended March 31, 1996, franchisees opened 190 and 43 restaurants, respectively.

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

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

25

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

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

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

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

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

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

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

Operations, maintain constant communication with the franchise community, relaying operating and marketing information and new ideas between the Company and franchisees.

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

26

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

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

Reporting. The Company collects weekly and monthly sales and other operating information from its franchisees. As of March 31, 1996, point of sale technology was in place in 327 franchised restaurants of which 50 were the Company's proprietary PROFIT System. In 1995, the Company implemented a requirement that new and existing franchisees purchase and install the PROFIT System in their restaurants. See "Company Operations--Point of Sale Technology." The Company has agreements with most of its franchisees permitting the Company to electronically debit the franchisees' bank accounts for the payment of royalties, Marketing Fund contributions and purchases of products from the Company's commissaries and equipment, printing and promotional operations. This system significantly reduces the resources needed to process receivables, improves cash flow and virtually eliminates past-due accounts receivables.

#### COMPETITION

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

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

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

#### GOVERNMENT REGULATION

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

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

27

franchisee relationship. The FTC requires the Company to furnish to prospective

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

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

#### TRADEMARKS

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

#### EMPLOYEES

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

#### PROPERTIES

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

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

The Company owns approximately 31 acres in Louisville, Kentucky, and has entered into a contract to purchase an additional six acres of adjoining land. The Company has constructed a 40,000 square foot building on the land

consolidating its printing and promotional operations. The Company plans to begin construction of an additional 150,000 to 200,000 square foot facility on the land in 1996, approximately 50% of which will accommodate relocation and expansion of the Louisville commissary operation and the remaining 50% will accommodate relocation and consolidation of corporate offices. The facility is scheduled for completion in mid-1997.

LITIGATION

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

MANAGEMENT

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

<TABLE>  
<CAPTION>

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

</TABLE>

UNDERWRITING

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

<TABLE>  
<CAPTION>

UNDERWRITERS -----	NUMBER OF SHARES -----
<S>	<C>
Montgomery Securities.....	500,000
Alex. Brown & Sons Incorporated.....	500,000
Total.....	1,000,000
	=====

</TABLE>

The Company has been advised that the Underwriters propose initially to offer the Common Stock to the public on the terms set forth on the cover page of this



Prospectus. The Underwriters may allow a concession of not more than \$1.44 per share to selected dealers, and the Underwriters may allow, and such dealers may reallow, a concession of not more than \$0.10 per share to certain other dealers. After the offering, the offering price and other selling terms may be changed by the Underwriters. No reduction in such terms shall change the amount of proceeds to be received by the Company as set forth on the cover page of this Prospectus. The Common Stock is offered subject to receipt and acceptance by the Underwriters, and to certain other conditions, including the right to reject an order in whole or in part.

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

The Company has granted an option to the Underwriters, exercisable during the 30-day period after the date of this Prospectus, to purchase up to a maximum of 138,500 additional shares of Common Stock to cover over-allotments, if any, at the same price per share as the initial 1,000,000 shares to be purchased by the Underwriters. To the extent that the Underwriters exercise this option, the Underwriters will be committed, subject to certain conditions, to purchase such additional shares in approximately the same proportion as set forth in the above table. The Underwriters may purchase such shares only to cover over-allotments made in connection with this offering.

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

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

30

#### LEGAL MATTERS

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

#### EXPERTS

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

31

[PHOTO OF "PIZZA AND INGREDIENTS"]

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No dealer, salesperson or other person has been authorized to give any information to or make any representations other than those contained in this Prospectus in connection with this offering and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any Underwriter. This Prospectus does not constitute an offer to sell, or solicitation of an offer to buy, any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. Neither the delivery of this Prospectus nor any

sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

-----  
TABLE OF CONTENTS  
-----

<TABLE>  
<CAPTION>

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

</TABLE>

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1,000,000 SHARES

LOGO

COMMON STOCK

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PROSPECTUS  
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Montgomery Securities

Alex. Brown & Sons  
Incorporated

May 1, 1996  
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