

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

Current Report  
Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):  
August 2, 2011

Commission File Number: 0-21660

**PAPA JOHN'S INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**61-1203323**

(I.R.S. Employer Identification  
Number)

**2002 Papa Johns Boulevard  
Louisville, Kentucky 40299-2367**

(Address of principal executive offices)

**(502) 261-7272**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Section 2 – Financial Information**

**Item 2.02 Results of Operations and Financial Condition**

On August 2, 2011, Papa John’s International, Inc. issued a press release discussing second quarter 2011 results.

**Section 9 – Financial Statements and Exhibits**

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

| Exhibit<br>Number | Description   |
|-------------------|---|
| 99.1              | Papa John’s International, Inc. press release dated August 2, 2011. |

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## SIGNATURES

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

**PAPA JOHN'S INTERNATIONAL, INC.**

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(Registrant)

Date: August 2, 2011

By: /s/ Lance F. Tucker

Lance F. Tucker

Senior Vice President and Chief Financial Officer

**Papa John's Announces Second Quarter Results****EPS Increased 9.3% over Prior Year Results, Excluding the Impact of BIBP Cheese Purchasing Entity****Highlights**

- **Second quarter earnings per diluted share of \$0.47 in 2011 vs. \$0.49 in 2010 (\$0.43 in 2010 excluding the impact of franchisee-owned BIBP cheese purchasing entity)**
- **Second quarter system-wide comparable sales increased 0.4% for North America and 4.8% for International**
- **46 worldwide net unit openings during the quarter**
- **Earnings guidance for 2011 reaffirmed at a range of \$2.02 to \$2.12**
- **2011 international comparable sales guidance increased to a range of +2% to +4%**

LOUISVILLE, Ky.--(BUSINESS WIRE)--August 2, 2011--Papa John's International, Inc. (NASDAQ: PZZA) today announced revenues of \$293.5 million for second quarter 2011, a 4.6% increase from revenues of \$280.6 million for second quarter 2010. Net income was \$12.1 million for second quarter 2011, or \$0.47 per diluted share, compared to \$13.2 million for second quarter 2010, or \$0.49 per diluted share (\$11.5 million, or \$0.43 per diluted share, excluding the consolidation of BIBP Commodities, Inc. ("BIBP"), a variable interest entity). See "Non-GAAP Measures" for additional information regarding BIBP.

Revenues were \$606.0 million for the six months ended June 26, 2011, a 7.0% increase from revenues of \$566.4 million for the same period in 2010. Net income was \$28.6 million for the six months ended June 26, 2011, or \$1.11 per diluted share, compared to net income of \$30.1 million for the same period in 2010, or \$1.11 per diluted share (\$26.2 million, or \$0.97 per diluted share, excluding BIBP, an increase of \$2.4 million).

"We are pleased with our solid second quarter results," commented Papa John's Founder, Chairman and Chief Executive Officer, John Schnatter. "Even in the face of what continues to be a challenging commodity cost and competitive environment, the Papa John's system ran positive comp sales in both North America and our international business while adding 46 net new restaurants during the quarter. These results are a testament to the strength of our brand and our operators."

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**Financial Highlights***Summary Financial Data:*

(In thousands, except per share amounts)

|   | Three Months Ended |                  | Six Months Ended |                  |
|---|--------------------|------------------|------------------|------------------|
|   | June 26,<br>2011   | June 27,<br>2010 | June 26,<br>2011 | June 27,<br>2010 |
| Revenues  | \$ 293,534         | \$ 280,647       | \$ 606,001       | \$ 566,433       |
| Income before income taxes, net of noncontrolling interests | \$ 18,138          | \$ 20,752        | \$ 43,796        | \$ 46,592        |
| Net income  | \$ 12,124          | \$ 13,192        | \$ 28,551        | \$ 30,067        |
| Earnings per share - assuming dilution                      | \$ 0.47            | \$ 0.49          | \$ 1.11          | \$ 1.11          |
| Weighted average shares outstanding - assuming dilution     | 25,685             | 26,971           | 25,713           | 27,036           |

*Global Restaurant Sales Information:*

|   | Three Months Ended |                  | Six Months Ended |                  |
|---|--------------------|------------------|------------------|------------------|
|   | June 26,<br>2011   | June 27,<br>2010 | June 26,<br>2011 | June 27,<br>2010 |
| Global restaurant sales growth (a)  | 5.6%               | 2.4%             | 8.3%             | 2.1%             |
| Global restaurant sales growth, excluding the impact of foreign currency conversion (a) | 4.8%               | 2.3%             | 7.8%             | 1.7%             |
| Comparable sales growth (decline) (b)   |                    |                  |                  |                  |
| North America company-owned restaurants   | 2.1%               | (1.1%)           | 4.4%             | (1.5%)           |
| North America franchised restaurants  | (0.1%)             | 0.9%             | 2.9%             | 0.5%             |
| System-wide North America restaurants   | 0.4%               | 0.4%             | 3.3%             | -                |
| System-wide international restaurants   | 4.8%               | 0.2%             | 5.2%             | (0.3%)           |

(a) Includes both company-owned and franchised restaurant sales.

(b) Represents the change in year-over-year sales for the same base of restaurants for the same calendar period. Comparable sales results for restaurants operating outside of the United States are reported on a constant dollar basis, which excludes the impact of foreign currency conversion.

Management believes global restaurant and comparable sales growth information, as defined in the table above, is useful in analyzing our results since our franchisees pay royalties that are based on a percentage of franchise sales. Franchise sales generate commissary revenue in the United States and in certain international markets. Global restaurant and comparable sales growth information is also useful in analyzing industry trends and the strength of our brand. Franchise restaurant sales are not included in company revenues.

### **Revenues Highlights**

Consolidated revenues increased \$12.9 million, or 4.6%, for the second quarter of 2011 and increased \$39.6 million, or 7.0%, for the six months ended June 26, 2011, compared to the same periods in the prior year. The increases in revenues were due to the following:

- Domestic company-owned restaurant sales increased \$3.0 million, or 2.4%, and \$12.1 million, or 4.7%, for the three and six months ended June 26, 2011, respectively, due to increases in comparable sales of 2.1% and 4.4%.
- North America franchise royalty revenues increased approximately \$700,000, or 3.8%, and \$2.3 million, or 6.6%, for the three and six months ended June 26, 2011, respectively, due to net increases in franchise units over the prior year. The year-to-date increase was also favorably impacted by an increase of 2.9% in comparable sales (comparable sales decreased 0.1% for the second quarter of 2011).
- Domestic commissary sales increased \$7.1 million, or 6.2%, and \$22.1 million, or 9.8%, for the three and six months ended June 26, 2011, respectively. The increases were primarily due to increases in the selling prices of certain commodities. Sales volumes were lower for the three-month period and higher for the six-month period, compared to the prior year results.
- International revenues increased \$2.7 million, or 23.6%, and \$4.7 million, or 21.3%, for the three and six months ended June 26, 2011, respectively, primarily due to increases in the number of restaurants and increases in comparable sales of 4.8% and 5.2%, calculated on a constant dollar basis. These increases were partially offset by the prior year's inclusion of revenues from company-owned restaurants located in the United Kingdom, which were sold in the third quarter of 2010.

### **Operating Highlights**

Our pre-tax income, net of noncontrolling interests, for the second quarter of 2011 was \$18.1 million, compared to \$20.8 million for the corresponding quarter in 2010 (\$18.1 million, excluding the impact of BIBP—see Non-GAAP Measures discussion for additional information). For the six months ended June 26, 2011, pre-tax income, net of noncontrolling interests, was \$43.8 million, compared to \$46.6 million for the corresponding period in 2010 (\$40.4 million excluding the impact of BIBP, an increase of \$3.4 million).

Pre-tax income was flat for the three months ended June 26, 2011 compared to the same period in 2010, excluding the impact of BIBP, primarily due to the following:

- North America franchising operating income increased approximately \$500,000 primarily due to the previously mentioned royalty revenue increases. International operating income results improved by \$1.1 million primarily due to the previously mentioned international royalty revenue increases. Unallocated corporate expenses decreased due to the elimination of discretionary contributions to the national marketing fund (replaced in 2011 with a sales incentive program reflected in royalties); lower short and long-term incentive compensation costs as a result of lower expected payouts in 2011; and lower interest expense than in the prior year due to lower debt levels.
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- The favorable differences noted above were offset by a reduction in domestic company-owned restaurants' operating income of \$1.2 million primarily due to higher commodity costs; a reduction in domestic commissary operating income of \$3.7 million due to a lower gross margin, reduced sales volumes, and an increase in distribution costs resulting from higher fuel prices; and a decline in the operating results of our online ordering ("eCommerce") business due to a reduction in online ordering fees and an increase in infrastructure and support costs.

The increase in pre-tax income of \$3.4 million, or 8.3%, for the six months ended June 26, 2011, excluding the impact of BIBP, was due primarily to our strong full year North America comparable sales of 3.3%, an improvement in our international segment of \$1.8 million, and increases in our year-to-date commissary sales volumes, partially offset by higher commodity costs.

Our effective income tax rates were 31.5% and 33.3% for the three and six months ended June 26, 2011, representing decreases of 3.2% and 0.3%, from the prior year rates, excluding BIBP. The lower effective rates were primarily due to a tax refund associated with the resolution of prior years' tax matters. Our effective income tax rate may fluctuate from quarter to quarter for various reasons, including the settlement or resolution of specific federal and state issues.

See the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission for additional information concerning our operating results, including segment and cash flow information, for the three- and six-month periods ended June 26, 2011.

#### **Cash Flow**

The company's free cash flow for the first six months of 2011 and 2010 was as follows (in thousands):

|   | <b>Six Months Ended</b>  |                          |
|---|--------------------------|--------------------------|
|   | <b>June 26,<br/>2011</b> | <b>June 27,<br/>2010</b> |
| Net cash provided by operating activities         | \$ 50,076                | \$ 45,686                |
| Pre-tax income from BIBP cheese purchasing entity | -                        | (6,163)                  |
| Purchase of property and equipment                | (12,422)                 | (16,871)                 |
| Free cash flow                                    | <u>\$ 37,654</u>         | <u>\$ 22,652</u>         |

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

Our net debt position, defined as total debt less cash and cash equivalents, was \$27.9 million at June 26, 2011, compared to \$52.8 million at December 26, 2010.

#### **Global Restaurant Unit Data**

At June 26, 2011, there were 3,733 Papa John's restaurants operating in all 50 states and in 32 countries, as follows:

|                               | <b>Company-<br/>owned North<br/>America</b> | <b>Franchised<br/>North<br/>America</b> | <b>Total North<br/>America</b> | <b>International</b> | <b>Systemwide</b> |
|-------------------------------|---|---|--------------------------------|----------------------|-------------------|
| <b><u>Second Quarter</u></b>  |   |   |                                |                      |                   |
| Beginning - March 27, 2011    | 592   | 2,371                                   | 2,963                          | 724                  | 3,687             |
| Opened                        | 3   | 35                                      | 38                             | 28                   | 66                |
| Closed                        | -   | (13)                                    | (13)                           | (7)                  | (20)              |
| Ending - June 26, 2011        | 595   | 2,393                                   | 2,988                          | 745                  | 3,733             |
| <b><u>Year-to-date</u></b>    |   |   |                                |                      |                   |
| Beginning - December 26, 2010 | 591   | 2,346                                   | 2,937                          | 709                  | 3,646             |
| Opened                        | 4   | 67                                      | 71                             | 51                   | 122               |
| Closed                        | -   | (20)                                    | (20)                           | (15)                 | (35)              |
| Ending - June 26, 2011        | 595   | 2,393                                   | 2,988                          | 745                  | 3,733             |
| Restaurants at June 27, 2010  | 590   | 2,283                                   | 2,873                          | 643                  | 3,516             |
| Restaurant unit growth        | 5   | 110                                     | 115                            | 102                  | 217               |
| % increase                    | 0.8%  | 4.8%                                    | 4.0%                           | 15.9%                | 6.2%              |

Our development pipeline as of June 26, 2011 included approximately 1,700 restaurants (440 units in North America and 1,260 units internationally), the majority of which are scheduled to open over the next six years.

#### **Share Repurchase Activity**

The company repurchased 674,000 shares of its common stock at an average price of \$32.69 per share, or a total of \$22.0 million, during the three months ended June 26, 2011 and repurchased 817,000 shares at an average price of \$32.02 per share, or a total of \$26.2 million during the six months ended June 26, 2011. Subsequent to quarter-end through July 27, 2011, the company repurchased 114,000 shares at a total cost of \$3.7 million, or \$31.92 per share average cost. Approximately \$57.0 million remains available under the company's share repurchase program.

There were 25.7 million diluted weighted average shares outstanding for both the three- and six-month periods, representing decreases of 4.8% and 4.9%, respectively, over the prior year comparable periods. Diluted earnings per share increased \$0.02 and \$0.05 for the three- and six-month periods, respectively, due to the reductions in shares outstanding. Approximately 25.2 million actual shares of the company's common stock were outstanding as of June 26, 2011.



### **2011 Earnings Guidance**

The company reaffirmed its previously issued diluted earnings per share guidance range of \$2.02 to \$2.12 for 2011. The company expects the current competitive pricing and promotional environment in the pizza category and the unfavorable impact of projected commodity cost increases, most notably cheese, to continue throughout the remainder of the year. The company reaffirmed its previously issued comparable sales guidance range of +2% to +3% for North America and increased the International comp sales guidance to +2% to +4%, from +1% to +3%. The company also reaffirmed projected worldwide net restaurant openings of 190 to 220 restaurants for 2011.

### **Conference Call**

A conference call is scheduled for August 3, 2011 at 10:00 a.m. Eastern Daylight Time to review our second quarter earnings results. The call can be accessed from the company's web page at [www.papajohns.com](http://www.papajohns.com) in a listen-only mode, or dial 877-312-8816 (U.S. and Canada) or 253-237-1189 (international). The conference call will be available for replay, including by downloadable podcast, through August 9, 2011. The replay can be accessed from the company's web site at [www.papajohns.com](http://www.papajohns.com) or by dialing 800-642-1687 (U.S. and Canada) or 706-645-9291 (international). The Conference ID is 69988522.

### **Non-GAAP Measures**

Certain financial measures we present in this press release exclude the impact of the consolidation of BIBP, which is not a measure that is defined in accordance with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP measures should not be construed as a substitute for or a better indicator of the company's performance than the company's GAAP measures. Management believes presenting the 2010 financial information excluding the impact of BIBP is important for purposes of comparison to current year results. As previously announced, we terminated our cheese purchasing arrangement with BIBP in February 2011 and BIBP operated at breakeven during the first two months of 2011. The presentation of the non-GAAP measures in this press release is made alongside the most directly comparable GAAP measures.

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The company has provided the following table to reconcile the pro forma financial results we present in this press release excluding the impact of BIBP to our GAAP financial measures for the three- and six-month periods ended June 26, 2011 and June 27, 2010:

(In thousands, except per share amounts)

|   | Three Months Ended |                  | Six Months Ended |                  |
|---|--------------------|------------------|------------------|------------------|
|   | June 26,<br>2011   | June 27,<br>2010 | June 26,<br>2011 | June 27,<br>2010 |
| Pre-tax income, net of noncontrolling interests, as reported    | \$ 18,138          | \$ 20,752        | \$ 43,796        | \$ 46,592        |
| Pre-tax income from BIBP cheese purchasing entity               | -                  | (2,678)          | -                | (6,163)          |
| Pre-tax income, net of noncontrolling interests, excluding BIBP | <u>\$ 18,138</u>   | <u>\$ 18,074</u> | <u>\$ 43,796</u> | <u>\$ 40,429</u> |
| Net income, as reported   | \$ 12,124          | \$ 13,192        | \$ 28,551        | \$ 30,067        |
| Net income from BIBP cheese purchasing entity                   | -                  | (1,700)          | -                | (3,913)          |
| Net income, excluding BIBP                                      | <u>\$ 12,124</u>   | <u>\$ 11,492</u> | <u>\$ 28,551</u> | <u>\$ 26,154</u> |
| Earnings per diluted share, as reported                         | \$ 0.47            | \$ 0.49          | \$ 1.11          | \$ 1.11          |
| Earnings from BIBP cheese purchasing entity                     | -                  | (0.06)           | -                | (0.14)           |
| Earnings per diluted share, excluding BIBP                      | <u>\$ 0.47</u>     | <u>\$ 0.43</u>   | <u>\$ 1.11</u>   | <u>\$ 0.97</u>   |
| Cash flow from operations, as reported                          |                    |                  | \$ 50,076        | \$ 45,686        |
| Cash flows from BIBP cheese purchasing entity                   |                    |                  | -                | (6,163)          |
| Cash flow from operations, excluding BIBP                       |                    |                  | <u>\$ 50,076</u> | <u>\$ 39,523</u> |

#### **Forward-Looking Statements**

Certain matters discussed in this press release and other company communications constitute forward-looking statements within the meaning of the federal securities laws. Generally, the use of words such as “expect,” “estimate,” “believe,” “anticipate,” “will,” “forecast,” “plan,” “project,” or similar words identify forward-looking statements that we intend to be included within the safe harbor protections provided by the federal securities laws. Such statements may relate to projections concerning revenue, earnings, commodity costs, margins, unit growth and other financial and operational measures. Such statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict and many of which are beyond our control. Therefore, actual outcomes and results may differ materially from those matters expressed or implied in such forward-looking statements.

The risks, uncertainties and assumptions that are involved in our forward-looking statements include, but are not limited to: changes in pricing or other marketing or promotional strategies by competitors which may adversely affect sales, including an increase in or continuation of the current aggressive pricing and promotional environment; new product and concept developments by food industry competitors; the ability of the company and its franchisees to meet planned growth targets and operate new and existing restaurants profitably; general economic conditions and resulting impact on consumer buying habits; changes in consumer preferences; increases in or sustained high costs of food ingredients and other commodities, paper, utilities, fuel, employee compensation and benefits, insurance and similar costs (including the impact of federal health care legislation); the ability of the company to pass along increases in or sustained high costs to franchisees or consumers; the impact of current or future legal claims and current or proposed legislation impacting our business; the impact that product recalls, food quality or safety issues, and general public health concerns could have on our restaurants; currency exchange and interest rates; credit risk associated with parties to leases of restaurants and commissaries, including those Perfect Pizza locations formerly operated by us, for which we remain contractually liable; and increased risks associated with our international operations, including economic and political conditions in our international markets and difficulty in meeting planned sales targets for our international operations. These and other risk factors are discussed in detail in “Part I. Item 1A. - Risk Factors” of the Annual Report on Form 10-K for the fiscal year ended December 26, 2010 and “Part II. Item 1A. – Risk Factors” of the Quarterly Report on Form 10-Q for the fiscal quarter ended June 26, 2011. We undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise.

For more information about the company, please visit [www.papajohns.com](http://www.papajohns.com).

**Papa John's International, Inc. and Subsidiaries**  
**Consolidated Statements of Income**

|   | Three Months Ended |                  | Six Months Ended |                  |
|---|--------------------|------------------|------------------|------------------|
|   | June 26, 2011      | June 27, 2010    | June 26, 2011    | June 27, 2010    |
|   | (Unaudited)        | (Unaudited)      | (Unaudited)      | (Unaudited)      |
| (In thousands, except per share amounts)  |                    |                  |                  |                  |
| <b>Revenues:</b>  |                    |                  |                  |                  |
| <b>North America:</b>   |                    |                  |                  |                  |
| Domestic Company-owned restaurant sales   | \$ 127,641         | \$ 124,594       | \$ 266,312       | \$ 254,238       |
| Franchise royalties   | 18,103             | 17,440           | 37,834           | 35,485           |
| Franchise and development fees  | 124                | 106              | 309              | 311              |
| Domestic commissary sales   | 121,027            | 113,936          | 248,699          | 226,576          |
| Other sales   | 12,370             | 13,023           | 25,817           | 27,536           |
| <b>International:</b>   |                    |                  |                  |                  |
| Royalties and franchise and development fees  | 4,049              | 3,153            | 7,811            | 6,319            |
| Restaurant and commissary sales   | 10,220             | 8,395            | 19,219           | 15,968           |
| <b>Total revenues</b>   | <b>293,534</b>     | <b>280,647</b>   | <b>606,001</b>   | <b>566,433</b>   |
| <b>Costs and expenses:</b>  |                    |                  |                  |                  |
| Domestic Company-owned restaurant expenses:   |                    |                  |                  |                  |
| Cost of sales   | 30,162             | 27,020           | 62,262           | 54,306           |
| Salaries and benefits   | 34,367             | 34,192           | 72,016           | 69,595           |
| Advertising and related costs   | 11,898             | 11,149           | 24,687           | 22,553           |
| Occupancy costs   | 7,939              | 7,930            | 15,808           | 15,770           |
| Other operating expenses  | 18,492             | 17,844           | 38,407           | 36,034           |
| Total domestic Company-owned restaurant expenses                                    | 102,858            | 98,135           | 213,180          | 198,258          |
| Domestic commissary and other expenses:   |                    |                  |                  |                  |
| Cost of sales   | 103,529            | 95,195           | 209,972          | 190,487          |
| Salaries and benefits   | 8,651              | 8,568            | 17,662           | 17,300           |
| Other operating expenses  | 13,084             | 11,841           | 26,669           | 23,541           |
| Total domestic commissary and other expenses  | 125,264            | 115,604          | 254,303          | 231,328          |
| Income from the franchise cheese-purchasing program, net of noncontrolling interest | -                  | (2,173)          | -                | (4,982)          |
| International operating expenses  | 8,756              | 7,430            | 16,484           | 14,206           |
| General and administrative expenses   | 27,617             | 28,990           | 56,691           | 56,850           |
| Other general expenses  | 1,459              | 1,687            | 2,240            | 3,977            |
| Depreciation and amortization   | 8,425              | 8,175            | 16,737           | 16,055           |
| <b>Total costs and expenses</b>   | <b>274,379</b>     | <b>257,848</b>   | <b>559,635</b>   | <b>515,692</b>   |
| <b>Operating income</b>   | <b>19,155</b>      | <b>22,799</b>    | <b>46,366</b>    | <b>50,741</b>    |
| Net interest expense  | (88)               | (1,136)          | (519)            | (2,149)          |
| <b>Income before income taxes</b>   | <b>19,067</b>      | <b>21,663</b>    | <b>45,847</b>    | <b>48,592</b>    |
| Income tax expense  | 6,014              | 7,560            | 15,245           | 16,525           |
| <b>Net income, including noncontrolling interests</b>                               | <b>13,053</b>      | <b>14,103</b>    | <b>30,602</b>    | <b>32,067</b>    |
| Less: income attributable to noncontrolling interests                               | (929)              | (911)            | (2,051)          | (2,000)          |
| <b>Net income, net of noncontrolling interests</b>                                  | <b>\$ 12,124</b>   | <b>\$ 13,192</b> | <b>\$ 28,551</b> | <b>\$ 30,067</b> |
| Basic earnings per common share   | \$ 0.48            | \$ 0.49          | \$ 1.12          | \$ 1.12          |
| Earnings per common share - assuming dilution                                       | \$ 0.47            | \$ 0.49          | \$ 1.11          | \$ 1.11          |
| Basic weighted average shares outstanding   | 25,464             | 26,760           | 25,474           | 26,901           |
| Diluted weighted average shares outstanding   | 25,685             | 26,971           | 25,713           | 27,036           |

Note: Beginning in the first quarter of 2011, we realigned financial reporting for the franchised restaurants operating in Hawaii, Alaska, and Canada from our International business segment to North America Franchising. Certain prior year amounts have been reclassified for consistent presentation with the current year results.

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

| (In thousands)                                    | June 26,<br>2011<br>(Unaudited) | December 26,<br>2010<br>(Note) |
|---|---------------------------------|--------------------------------|
| <b>Assets</b>                                     |                                 |                                |
| <b>Current assets:</b>                            |                                 |                                |
| Cash and cash equivalents                         | \$ 20,106                       | \$ 46,225                      |
| Accounts receivable, net                          | 26,471                          | 25,357                         |
| Inventories                                       | 15,583                          | 17,402                         |
| Prepaid expenses                                  | 10,277                          | 10,009                         |
| Other current assets                              | 3,710                           | 3,732                          |
| Deferred income taxes                             | 7,626                           | 9,647                          |
| <b>Total current assets</b>                       | <u>83,773</u>                   | <u>112,372</u>                 |
| Investments                                       | 1,714                           | 1,604                          |
| Net property and equipment                        | 182,788                         | 186,594                        |
| Notes receivable, net                             | 15,281                          | 17,354                         |
| Goodwill  | 74,746                          | 74,697                         |
| Other assets                                      | 22,393                          | 23,320                         |
| <b>Total assets</b>                               | <u>\$ 380,695</u>               | <u>\$ 415,941</u>              |
| <b>Liabilities and stockholders' equity</b>       |                                 |                                |
| <b>Current liabilities:</b>                       |                                 |                                |
| Accounts payable                                  | \$ 29,599                       | \$ 31,569                      |
| Income and other taxes payable                    | 6,868                           | 6,140                          |
| Accrued expenses                                  | 49,813                          | 52,978                         |
| <b>Total current liabilities</b>                  | <u>86,280</u>                   | <u>90,687</u>                  |
| Unearned franchise and development fees           | 6,651                           | 6,596                          |
| Long-term debt                                    | 48,000                          | 99,017                         |
| Other long-term liabilities                       | 12,478                          | 12,100                         |
| Deferred income taxes                             | 3,485                           | 341                            |
| <b>Total liabilities</b>                          | <u>156,894</u>                  | <u>208,741</u>                 |
| <b>Total stockholders' equity</b>                 | <u>223,801</u>                  | <u>207,200</u>                 |
| <b>Total liabilities and stockholders' equity</b> | <u>\$ 380,695</u>               | <u>\$ 415,941</u>              |

Note: The Condensed Consolidated Balance Sheet at December 26, 2010 has been derived from the audited consolidated financial statements at that date, but does not include all information and footnotes required by accounting principles generally accepted in the United States for a complete set of financial statements.

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

(In thousands)

**Operating activities**

Net income, net of noncontrolling interests  
Adjustments to reconcile net income to net cash provided by operating activities:

Provision (credit) for uncollectible accounts and notes receivable  
Depreciation and amortization  
Deferred income taxes  
Stock-based compensation expense  
Excess tax benefit related to exercise of non-qualified stock options  
Other

Changes in operating assets and liabilities, net of acquisitions:

Accounts receivable  
Inventories  
Prepaid expenses  
Other current assets  
Other assets and liabilities  
Accounts payable  
Income and other taxes  
Accrued expenses  
Unearned franchise and development fees

**Net cash provided by operating activities**

**Investing activities**

Purchase of property and equipment  
Purchase of investments  
Proceeds from sale or maturity of investments  
Loans issued  
Loan repayments  
Proceeds from divestitures of restaurants  
Other

**Net cash used in investing activities**

**Financing activities**

Net repayments on line of credit facility  
Excess tax benefit related to exercise of non-qualified stock options  
Proceeds from exercise of stock options  
Acquisition of Company common stock  
Noncontrolling interests, net of contributions and distributions  
Other

**Net cash used in financing activities**

Effect of exchange rate changes on cash and cash equivalents  
Change in cash and cash equivalents  
Cash and cash equivalents at beginning of period

**Cash and cash equivalents at end of period**

| Six Months Ended |               |
|------------------|---------------|
| June 26, 2011    | June 27, 2010 |
| (Unaudited)      | (Unaudited)   |
| \$ 28,551        | \$ 30,067     |
| (7)              | 713           |
| 16,737           | 16,055        |
| 4,332            | (250)         |
| 3,903            | 3,549         |
| (403)            | (242)         |
| 316              | 368           |
| (1,965)          | (1,764)       |
| 1,819            | 298           |
| (268)            | (1,559)       |
| 22               | 106           |
| 1,258            | (329)         |
| (1,970)          | (851)         |
| 728              | 4,529         |
| (3,032)          | (5,432)       |
| 55               | 428           |
| 50,076           | 45,686        |
| (12,422)         | (16,871)      |
| (205)            | (548)         |
| 95               | 240           |
| (1,684)          | (460)         |
| 3,920            | 1,943         |
| -                | 36            |
| 51               | 11            |
| (10,245)         | (15,649)      |
| (51,000)         | -             |
| 403              | 242           |
| 10,663           | 5,125         |
| (26,162)         | (24,417)      |
| 22               | 1,130         |
| 42               | 114           |
| (66,032)         | (17,806)      |
| 82               | 22            |
| (26,119)         | 12,253        |
| 46,225           | 25,457        |
| \$ 20,106        | \$ 37,710     |

CONTACT:  
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Chief Financial Officer