



Independent Special Committee of Papa John's Board of Directors Issues Letter

Aug 29, 2018

LOUISVILLE, Ky.--(BUSINESS WIRE)--Aug. 29, 2018-- Papa John's International, Inc. (NASDAQ: PZZA) today released the following from the Special Committee of independent directors of the Papa John's Board of Directors:

To the Papa John's Community:

The independent members of the Papa John's Board of Directors take seriously our responsibility to serve and protect the best interests of Papa John's and our stakeholders.

John Schnatter is promoting his self-interest at the expense of all others in an attempt to regain control. John Schnatter is harming the Company, not helping it, as evidenced by the negative impact his comments and actions have had on our business and that of our franchisees. We have tried to meet directly with John Schnatter to discuss how we can move forward in the best interest of all stakeholders. However, John Schnatter had not responded to our requests until last week when his attorney conveyed his conditions for a meeting, stating John Schnatter would agree to meet only if we cancelled the annual Operators Conference (OpCon) and allowed John Schnatter alone to reschedule it to a date, time and location of his choosing. OpCon, which is being held this week, is a critical annual meeting that brings together approximately 1,500 team members and franchisees from all around the world. John Schnatter's demand that it be cancelled just one week in advance was unreasonable and does not support his purported concern for the future success of Papa John's franchisees, employees and team members.

The Board's decision to appoint a new CEO at the end of last year was unanimous as was the later decision to appoint a new Chairman. John Schnatter praised Steve Ritchie in his own book as a "model of what a leader should be" and fully supported his appointment as CEO. However, when the Company decided to implement a new marketing plan that did not feature John Schnatter, he began to criticize the management team and undermine the new CEO's leadership.

John Schnatter has demonstrated a continued pattern of ignoring decisions of the Board, both in his role as CEO and as non-executive Chairman of the Board. For example:

- The Board specifically directed John Schnatter not to talk about the NFL controversy related to the National Anthem on the 2017 third quarter earnings call. In direct defiance of these instructions, John Schnatter made unscripted comments about the NFL controversy.
- When independent market research showed that a change in spokesperson and advertising strategy was warranted, John Schnatter commissioned his own research and produced separate commercials that starred himself.
- On numerous occasions it was reported that John Schnatter had meetings with Papa John's management and staff without the CEO's knowledge and gave management directions without informing the CEO or the Board. John Schnatter was reminded on many occasions that the CEO is to direct management, not the non-executive Chairman. John Schnatter also proposed to have all communications from management to the Board come through him, which was not in accordance with our governance guidelines regarding "director access to management, employees and advisors," and that was totally rejected by the Board.
- It is simply not true that the Board asked John Schnatter to become Executive Chairman, as he has recently asserted. Rather, John Schnatter suggested to individual Board members that he should become Executive Chairman and even directed a member of management to make unauthorized contact with the Compensation Committee's independent consultant in July 2018 to ask for peer compensation data.
- John Schnatter's assertion that the Board agreed with him that Steve Ritchie "needed to go" is not true.
- John Schnatter directly violated the instructions of the Board in July 2018 when he held a meeting with another restaurant company's executives without Steve Ritchie. The Board had instructed John Schnatter to only have this meeting with the CEO present.
- John Schnatter misinformed the Board about the circumstances surrounding the termination of the Company's relationship with Laundry Service.

It is unfortunate that John Schnatter continues to make allegations in the public domain. The Special Committee has an ongoing independent outside audit and investigation to review any allegations, which we are striving to complete in the most expedient way. John Schnatter's attacks on the Company, its Board and management seem to serve only his interests. As the independent directors, we will defend the Company against his actions and continue to do what is right for Papa John's and our stakeholders.

Papa John's is 120,000 strong, and we have a solid foundation in place that reflects our talented team, quality heritage and premier franchise network. Steve Ritchie and the Executive Leadership Team are now executing against new operating priorities, a new brand strategy and a renewed commitment to ensuring that diversity, equality, respect and inclusion are represented in all we do and say.

We have received outspoken support from customers, employees, franchisees, partners and shareholders for the actions we are taking. We are confident that we are building a better, more successful future for Papa John's.

Sincerely,

The Special Committee of the Papa John's Board of Directors

About Papa John's

Headquartered in Louisville, Kentucky, Papa John's International, Inc. (NASDAQ: PZZA) is the world's third-largest pizza delivery company. In 2018, consumers rated Papa John's No. 1 in product and service quality among national pizza chains in the American Customer Satisfaction Index (ACSI). For 17 of the past 19 years, consumers have rated Papa John's No. 1 in customer satisfaction among national pizza chains in the American Customer Satisfaction Index (ACSI). For more information about the company or to order pizza online, visit Papa John's at www.papajohns.com.

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," "intend," "estimate," "believe," "anticipate," "will," "forecast," "plan," "project," or similar words identify forward-looking statements that we intend to be included within the safe harbor protections provided by the federal securities laws. Such forward-looking statements may relate to projections or guidance concerning business performance, revenue, earnings, cash flow, consumer sentiment, profit margins, unit growth, unit level performance, capital expenditures, corporate governance, shareholder and other stakeholder engagement and support, strategic decisions and actions, changes to our current business plan, the effectiveness of our new brand strategy, the ongoing cultural audit and investigation and related initiatives and actions. 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. Our risk factors are discussed in detail in "Part I. Item 1A. – Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as updated by "Part II. Item 1A. – Risk Factors" in our Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2018. We undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise, except as required by law.

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