

Item 11

FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you under the Development Agreement.

Before you open a Restaurant, we will:

- (1) grant you rights to establish a specific number of Restaurants at locations we approve within the Development Area (Development Agreement - Section 1.(a));
- (2) offer certain training programs designed to assist you in the operation of the Restaurant, as more fully described below (Development Agreement - Section 3.(c));
- (3) not unreasonably withhold our approval of a site that meets our requirements (Development Agreement - Section 3.(b));
- (4) approve all plans for the layout of all equipment, signs and leasehold improvements in each Restaurant, which plans must be prepared according to our specifications (Development Agreement - Section 5); and
- (5) deliver the Franchise Agreement to you within 20 days after you provide the address and telephone number for an approved location that you have leased or purchased, provided, the approval of a location and the delivery of a Franchise Agreement by us is conditioned upon our determination in our reasonable judgment, that:
 - (a) you have the financial and operational capacity to develop and operate the Restaurant;

(b) the site that you have proposed for the Restaurant is within the Development Area and is a suitable site based upon criteria that we establish from time to time; and

(c) you and your owners are in compliance with the Development Agreement and each Franchise Agreement executed pursuant to the Development Agreement (Development Agreement - Section 3.(d)).

(6) designate or approve the grand opening advertising and promotional program for your first two Restaurants (Development Agreement - Sections 2.(b) and 2.(c)).

Except as listed below, we need not provide any assistance to you under the Franchise Agreement:

Before you open the Restaurant, we will:

1. provide specifications for the design of the Restaurant and related facilities at the approved location (Franchise Agreement - Section 4.(a));

2. provide you with specifications for all equipment, communications and computer hardware and software, design, signs, furnishings and fixtures (Franchise Agreement - Section 4.(b));

3. provide you with specifications and standards, and may mandate certain designated and approved suppliers, for: (a) all food products, beverages, ingredients and cooking materials sold from or used in the operation of the Restaurant; and (b) all containers, boxes, cups, packaging, menus, uniforms and other products and materials used in connection with the operation of the Restaurant (Franchise Agreement - Section 4.(c));

4. lend you one copy of the confidential manuals (the "Manuals") for the Restaurant. The Manuals contain mandatory and suggested specifications, standards, policies and operating procedures that we prescribe and may also include information about your other obligations under the Franchise Agreement. The Manuals may be revised to reflect changes in the System. Such changes may include, without limitation, decor, design, appearance, equipment, methods, standards and specifications, operating procedures, Papa John's PROFIT System™, policies, menus, recipes and food and beverage products to be used in the operation of the Restaurant. You must keep the Manuals confidential and current, and may not copy any part of any manual. The table of contents of the Manuals as of our last fiscal year end are attached to this Offering Circular as **Exhibit 10** (Franchise Agreement - Section 11.(e));

During your operation of the Restaurant, we will:

(1) communicate to you information relating to the operation of the Restaurant to the extent we deem it necessary or pertinent (Franchise Agreement - Section 4.(f));

(2) revise the Manuals (Franchise Agreement - Section 11.(e));

- (3) not unreasonably withhold approval to a proposed transfer if all requirements are met (Franchise Agreement - Section 14.(c));
- (4) administer the Papa John's Marketing Fund, Inc. (the "Marketing Fund"), a Kentucky non-profit organization organized to receive, hold and spend contributions from its members in connection with producing and conducting advertising related to Papa John's and Papa John's Restaurants and products (Franchise Agreement, Section 8));
- (5) operate and maintain the On-Line Ordering System; and
- (6) administer Papa Card, Inc., a Colorado non-profit corporation and wholly-owned subsidiary of the Marketing Fund, to process Papa Card transactions and receive Papa Card transaction fees (Franchise Agreement - Section 3.(b)).

The Articles of Incorporation of the Marketing Fund provide that all of our franchisees (and any entity licensed by us to grant Papa John's franchises) shall be members of the Marketing Fund. The By-Laws of the Marketing Fund currently provide for 4 directors, 2 of whom we appoint and 2 of whom are elected by the Franchise Advisory Council, a council representing our franchisees, whose members are elected by franchisees according to the number of Restaurants that they own and operate. Under the By-Laws, we have the right to the tie-breaking vote on all matters subject to vote of the directors. All Marketing Fund contribution rate decisions up to 3% are made by the Board of Directors (the "Board"), provided that we will continue to conduct membership votes for contribution rates in excess of 1½%, so long as franchisees in the system operate under Franchise Agreements requiring such a vote and such franchisees do not waive the vote requirements. The vote requirements for contribution rates of 3% or less will be phased out as existing franchise agreements expire and are renewed on our current form. This phase-out process may take as long as 10 years to complete. In order to raise the contribution rate above 3% of Net Sales, the affirmative vote of not less than 2/3 of the Restaurants voting in the election (including Restaurants that we own) is required. On each matter on which members are entitled to vote, each member is entitled to one vote for each Restaurant that it owns or controls. We would have one vote on all matters for each Restaurant that we own or control. As described in Item 6, you are also required to sign the Advertising Agreement. In 2006, the members approved a contribution rate of 2.7% which took effect on January 1, 2007. Non-Traditional Restaurants are required to contribute 25% of the standard contribution rate.

Pursuant to the Advertising Agreement, you acknowledge membership in the Marketing Fund and contractually obligate yourself to make required contributions to the Marketing Fund and to otherwise comply with the Articles of Incorporation and By-Laws of the Marketing Fund and any rules and regulations that the Marketing Fund may adopt. The Marketing Fund has been organized and is intended to operate as a non-profit corporation, and should not be taxed on its receipt of contributions. The Marketing Fund's use of the Marks is governed by a License Agreement entered into between us and the Marketing Fund.

The Marketing Fund is intended to increase recognition of the Marks and to further the public image and acceptance of the Papa John's brand and the System. We, the Marketing Fund and the

directors of the Marketing Fund do not undertake any obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Marketing Fund by Papa John's Restaurants operating in such geographic area or that you or your Restaurant will benefit directly or in proportion to your contribution to the Marketing Fund. We, our officers, directors, agents and employees shall not be deemed a fiduciary or trustee of the contributions to, or the assets of, the Marketing Fund. We, the Marketing Fund and our and their respective officers, directors, agents or employees, will not be liable to you for the maintenance, direction or administration of the Marketing Fund, including for contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct.

Item 6 contains a full description of your Marketing Fund contribution rates. All of our franchisees currently contribute at the same rate, except that Non-Traditional Restaurants are required to contribute only 25% of the standard rate. We will make contributions to the Marketing Fund for each Restaurant that we or our affiliates own on the same basis as required of comparable franchisees within the System.

As long as you are in compliance with the Advertising Agreement and the Articles and By-Laws of the Marketing Fund, you will be furnished with advertising materials that were produced by or for the Marketing Fund for System-wide distribution, on the same terms and conditions as such materials are furnished to other franchisees.

As described in Item 6 and as provided in the Advertising Agreement, your bank account will be debited for Marketing Fund contributions. Contributions to the Marketing Fund may be used to defray our expenses only to the extent of the administrative costs and overhead that we may reasonably incur in rendering services to the Marketing Fund. The funds collected by the Marketing Fund, and any earnings, are not and shall not be an asset of us or any franchisee.

We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund, audited by an independent CPA firm, and furnish it to you upon written request. Contributions are not necessarily spent in the year received. Any amounts not spent are carried forward to the next year. During the fiscal year ending December 31, 2006, a total of \$51.2 million was spent by the Marketing Fund. These monies were spent on the following:

<u>Category</u>	<u>Percentage</u>
Production	14%
Media	75%
Promotions and Public Relations	6%
Research	3%
Administrative and other	<u>2%</u>
Total	<u>100%</u>

No money was spent by the Marketing Fund to solicit new franchisees. The Marketing Fund may place advertising in any media, including print, radio and television. The coverage is typically national but local and regional campaigns have been undertaken and such campaigns will likely be repeated.

Advertising is developed by both our in-house advertising department and national and regional advertising agencies and is designed to benefit all Papa John's restaurants equally. However, we have no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to Marketing Fund contributions made by Papa John's Restaurants in the area or that any Papa John's Restaurant will benefit directly or in proportion to its contribution to the Marketing Fund.

Although the Marketing Fund is intended to be of perpetual duration, the Board has the right to terminate the Marketing Fund. However, the Marketing Fund will not be terminated until all monies held by it have been expended for the purposes set forth in its Articles of Incorporation and By-Laws or distributed as permitted by law.

You are also required to participate in the Papa Card program administered by Papa Card, Inc. The Papa Card is an electronic cash card available for purchase and redemption at Papa John's Restaurants for use as a gift certificate or other purchase credit purposes for food and beverage purchases. Customers may also increase or replenish balances available on the Papa Card. Customers may redeem the balance (or any portion thereof) on the Papa Card for food and beverage purchases. We will debit or credit your bank account for the net amount of Papa Card purchases/balance increases and redemption transactions. Upon redemption of a Papa Card for a purchase transaction at your Restaurant, you will incur a fee of 2% of the transaction amount to Papa Card, Inc. to defray the expenses of administering the Papa Card Program. This fee will be collected weekly and the rate may be changed by the Board of the Marketing Fund, but may be set higher than 2% only if approved by us. The funds collected by Papa Card, Inc., and any earnings, are not and shall not be, an asset of us or any franchisee. All assets and earnings of Papa Card, Inc. will be applied to administer the Papa Card Program, including production and distribution of Papa Cards, promoting the program to consumers and processing transactions.

You are also required to participate in local Cooperatives. A Cooperative is an organization established for Restaurants in a specified geographic area (typically a "DMA" as defined by the A.C. Nielsen Company ratings service). In no event will any Restaurant be required to contribute to more than one Cooperative. Although we specify the area and the Restaurants covered, each Cooperative is owned, operated and controlled by its members. However, no dissolution of a Cooperative by its members will affect the requirement that all Restaurants in the area that we have specified must participate in a Cooperative. The form and structure of a Cooperative must be as permitted by applicable state law and in conformity with the Franchise Agreement. A suggested form of By-Laws is attached to this Offering Circular as **Exhibit 11**. Any significant deviation from this form must be approved by us. The governing body of each Cooperative will have the authority to establish the contribution rate for its members from 2% up to the net of 6% of Net Sales less the then-current required Marketing Fund contribution rate. Any increase in the contribution rate will be submitted to a vote of the members of the Cooperative and will take effect only if approved by a majority of votes cast in such election. We may authorize a Cooperative to set the contribution rate at less than 2% but we reserve the right to subsequently withdraw our approval of a reduced rate and require that the minimum contribution rate of 2% of Net Sales be re-established. Non-Traditional Restaurants are required to contribute 25% of the standard contribution rate. On matters submitted to a vote of the members, you will be entitled to one vote for each Restaurant that you own or control that is a

member of the Cooperative. We will also have one vote for each Restaurant that we own or control that is a member of the Cooperative. We may also authorize any Cooperative to determine contributions on a different basis (fixed amount, geographic location, etc.). Our decision on any issue concerning Cooperative contributions is final.

Each Cooperative must be organized and governed in a form and manner permitted under applicable state law and commence operation on a date that we designate in advance. Prior to signing the Franchise Agreement, organizational documents of your Cooperative are available for your review. Each Cooperative will be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members. We will make contributions to each Cooperative of which we or our affiliates are members on the same basis as required of comparable franchisees within the System. No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without our prior written approval. Any advertising agency or media placement agency employed by a Cooperative must be approved by us. You must make your contributions to the Cooperative on the date and in the manner designated by the Cooperative.

You must also submit such statements and reports as may be designated by us and the Cooperative. The Cooperative will submit to us such statements and reports as we may designate. We are not required to prepare, and the Cooperatives are not required by us to prepare, annual financial statements. Cooperative contributions are not required by us to be spent in the year received. We do have the right to audit a Cooperative or any agency approved to conduct marketing activities for Cooperatives. We may designate a formula for calculating a proration or reduction of the contribution rate for Restaurants in a Cooperative based on media coverage. We, in our sole discretion, may, upon written request of a franchisee stating reasons supporting such request, grant any franchisee an exemption from the requirement of membership in a Cooperative. An exemption may be for any length of time and may apply to one or more Restaurants owned by a franchisee. We may also exempt one or more Restaurants owned or controlled by us from the requirement of membership in a Cooperative for such periods as we reasonably deem appropriate. Our decision concerning an exemption is final. If any exemption is granted to you, you may be required to spend on local advertising up to the full amount that would otherwise be payable to the Cooperative.

In addition to Marketing Fund and Cooperative advertising contributions, you must conduct certain local advertising and ongoing monthly expenditures based on the Net Sales of the Restaurant. The percentage of Net Sales that we require you to spend each month for local advertising is 7% minus the percentage required to be contributed to the Marketing Fund and your Cooperative. All advertising materials that have not been prepared or approved by us within the 90-day period preceding their intended use must be submitted to us for approval. If we do not notify you within 20 days after we receive the proposed advertising materials that we disapprove of such materials, we are deemed to have given our approval. You must at all times comply with our instructions regarding the use of advertising materials, including modifying or ceasing to use such materials, whether or not such materials had been previously prepared or approved by us. You are also required to submit reports verifying your local marketing expenditures as we request. Non-Traditional Restaurants generally are not required to undertake local advertising.

You are required to spend up to a minimum of \$9,000 prior to and during the 2-month period after your first Restaurant opens to publicize the existence and opening of the Restaurant and a minimum of \$9,000 for the same purposes with respect to your second Restaurant. As described above, we will collect these amounts from you and reimburse you upon proof of incurrence of expenses for approved grand opening advertising and promotional campaign activities with respect to your first two Restaurants. If you are developing only one Restaurant, the second payment and its associated grand opening advertising and promotional campaign will not be required. We encourage you to undertake similar grand opening advertising and promotional campaigns for any additional Restaurants that you may open after your first two. However, you are not required to do so and we provide only advice and guidance concerning such additional campaigns. We do not plan, execute or provide other material assistance with any such additional grand opening advertising or promotional efforts. However, all grand opening advertising must be pre-approved or acquired from us or our affiliates.

You must, at your own expense, obtain (or contribute to the cost of obtaining) a listing for the Restaurant in each "yellow pages" and other telephone directory serving the Territory and each such listing must be of the style, format and size, and in such form, as we may specify. Non-Traditional Restaurants that do not accept orders by telephone are exempt from this requirement.

We may spend our own funds to produce such promotional materials and conduct such advertising as we deem necessary or desirable. In any advertising conducted solely by or for us, we shall have the sole discretion to determine the products and geographical markets to be included and the medium employed, and we shall have no duty or obligation to supply you with any advertising or promotional materials produced by or for us at our sole expense.

We will be the sole and exclusive owner of all materials and rights that result from advertising and marketing programs produced and conducted, whether by you, us, a Cooperative or the Marketing Fund. Any participation by you in any advertising, whether by monetary contribution or otherwise, will not vest you with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including copyrights, generated by such advertising. If requested by us, you must assign to us any contractual rights or copyright you acquire in any advertising.

As used in the Franchise Agreement and this Offering Circular, the term "advertising" also includes Websites. The term "Website" means an interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Restaurant, any of the Marks, us, or the System. The term Website includes, among other things, Internet, intranet, e-mail and World Wide Web home pages, as well as pages on electronic services (Franchise Agreement - Section 8(h)). In connection with any Website: (a) before establishing the Website, you must submit to us a sample of the Website format and information in the form and manner we may reasonably require; (b) you may not establish or use the Website without our prior written approval; (c) in addition to any other requirements, you must comply with the standards and specifications for Websites that we establish from time to time in the Manuals or otherwise in writing; (d) upon our written request, you must establish your Website only as part of our Website and/or establish electronic links to our Website; and (e) if you propose any

material revision to the Website or any of the information contained in the Website, you submit each such revision to us for our prior written approval.

You must keep books and business records according to our formats (Franchise Agreement - Section 13). You must to buy and use the computer system and software that we periodically designate.

Information Systems

You are required to purchase, license and use in the operation of the Restaurant only the Designated Software and Information System that we periodically specify and require. The "Information System" means those brands, types, makes and/or models of communications and computer systems or hardware specified and required by us for use in the Restaurant or between or among Papa John's Restaurants and/or us. The Information System will include point of sale systems, information storage, retrieval, and transmission systems and security systems. The "Designated Software" means such software, programming and services as we may specify and require for use by you in the Restaurant. The Designated Software and the Information System are collectively referred to as the "Papa John's PROFIT System™." The Designated Software may consist of software purchased or licensed from us or a third party and/or contain third-party subcomponents that we have the authority to license or sell to you ("Packaged Software") pursuant to and in accordance with agreements that we enter into with such third-party vendors (collectively, the "Packaged Software Agreements"). The Designated Software may also consist of or contain proprietary computer software programs that we may develop or cause to be developed and that are owned by us and that we designate for use on the Papa John's PROFIT System™ in the operation of a Restaurant, including any modifications, additions or enhancements to such software programs ("Proprietary Programs"). The Designated Software does not include any data or data bases owned or compiled by us for use with the Papa John's PROFIT System™ or otherwise or any data generated by the use of the Designated Software.

Current specifications for the Papa John's PROFIT System™ are attached as part of **Exhibit 7**. The principal hardware and software components and their brand type and principal functions are as follows:

Hardware

Host:			
	Qty	Description	Model Numbers
CPU	1	Dell PIII/IBM M52	
Monitor	1	17" Color Monitor	
DVD - R/W	1	DVD - R/W	
Equinox Equipment	1	Equinox Super Serial Card/HUB	99010/210016

Emergency Recovery Kit	1	Spare Parts Kit	
Peripherals:			
Modem	2	Zoom 56k Modem	
Line Sharing Device	1	Multi-Link Phone Line Sharing Device-Stick	
Terminals	6	Televideo 990 Terminals w/o Keyboards	TV990
101 AT Keyboard	6	Televideo 101 AT Keyboard with skins and labels	120022-501
UPS	1	Minuteman Pro 500	
Report Printer	1	Dell Laser Printer	
Strip/Label Printer	1	Barcode Blaster	Advantage
Receipt Printer	1	Barcode Blaster/Star Micronics	Advantage/TSP 847
Miscellaneous Hardware and Accessories:			
Adapter/Cable Kit	1	Male DB25-RJ12 and Serial Cables and RJ-12 Patch	
Installation Supplies	1	Cable Tie Wraps, Velcro Strips, Miscellaneous Installation Supplies	
Keyboard Covers	7		
Miscellaneous Hardware	1	UPS Cable, Surge Protectors	
Paper Supplies Kit	1	Emergency Supply of Paper Products	
Cabinets	1	Metro Max 54" Shelving Unit	

This equipment list is subject to change. You will be notified of any required changes.

Software

PROFIT System Application — main computer program used to operate Restaurant
Linux — System V6 (operating system)

Except as provided below, none of the Designated Software currently includes Proprietary Programs nor is any of the Information System proprietary. We have not approved any compatible equivalent system.

The current Packaged Software that we require is proprietary to Papa John's. We will provide software maintenance, research and development, upgrades and enhancements for the PROFIT System. The annual cost of this service is the Software Enhancement Fee of \$41 per month (payable and invoiced monthly), as further described in Item 6. Certain telephone support and assistance is provided by The Papa John's Help Desk. The cost to you will depend on whether you use the services that we offer (which is not mandatory) and if so, whether you select the flat monthly fee option or the fee-for-services option, as described in Items 6 and 7.

The Packaged Software was first installed in a Papa John's Restaurant operated by PJ USA in October 1995 and was first installed in a franchised Papa John's Restaurant in January 1996 and has been in continuous use since those dates.

As further described in Items 6 and 7 and above, we require you to pay to us or our affiliate or agent periodic Software Enhancement Fees. At the time the Designated Software is initially installed, we will require you to pay to us an On-Site Installation Fee if we or our agent performs the installation of the Designated Software. The On-Site Installation Fee must be paid to us in connection with each Restaurant opening as described in Item 6. Each time a modification or enhancement is installed at the Restaurant, we will require you to pay us the On-Site Support Fee unless the modification is made by direct electronic access to your Information System. We may raise these fees at any time and there are no contractual limits on our right to do so. During the term of the Franchise Agreement, and provided that you are in compliance with the terms of the Franchise Agreement, we are contractually obligated to provide to you, and you must promptly implement, all upgrades, modifications, enhancements, extensions, error corrections and other changes to the Papa John's PROFIT System™ developed or adopted by us for use in the operation of the Restaurant. You must also maintain the Information System in accordance with our published release notes and deployment alerts. If you fail to maintain the Information System in accordance with our published maintenance release notes and deployment alerts, you must reimburse any costs that we or our agents incur to bring your Information System up to our standards.

We may also modify the current specifications and the components of the Information System and Designated Software. We may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use all or a portion of the Designated Software, from us or a third party under a separate agreement. Our modification of the specifications of the Papa John's PROFIT System™ may require you to incur costs to purchase, lease and/or license new, replacement or modified computer and communications hardware and/or software and to obtain service and support for such items during the Term of the Franchise Agreement. We cannot estimate the costs of future additions, enhancements and modifications beyond those estimated for the current configuration. We may continue to add hardware and software components to the Papa John's PROFIT System™ and the cost to you of obtaining such additions, enhancements and modifications may not be fully depreciated over the remaining Term of the Franchise Agreement. However, you are required to incur such costs, provided that the Designated Software and Information System that we specify for use by you is the same that we are currently specifying generally for use in Papa John's Restaurants. There are no other contractual limits on the frequency or cost of your obligation to update or upgrade any part of the Information System. Within 120 days after you receive notice from

us, you must obtain the components of the Papa John's PROFIT System™ that we designate and require.

The Information System is used in the Restaurant for the purpose of Restaurant operations. The Information System will collect customer information for use in marketing, employee information for use in payroll, sales statistics used in financial reporting, inventory information used for Quality Control Center ordering and inventory control. The Information System can perform various other miscellaneous useful tasks and automation.

We will have the right at all times to access the Papa John's PROFIT System™ and to retrieve, analyze, download and use the Designated Software and all software, data and files stored or used on it. We may access the Papa John's PROFIT System™ on the premises at the Restaurant or from other locations, including our headquarters and regional offices. There are no contractual limits on our right to access data (Franchise Agreement - Section 10.(c)). All data provided by you, uploaded to our system from your system, and/or downloaded from your system to our system is and will be owned exclusively by us, and we will have the right to use that data in any manner that we deem appropriate without compensation to you.

The Information System generally will not be required for Non-Traditional Restaurants, but each Restaurant must nevertheless have an approved point-of-sale technology system, including, at a minimum, the capability of electronic reporting of sales. (Non-Traditional Franchise Agreement — Section 10).

Under the Development Agreement and Franchise Agreement, you select the site for your Restaurant. With respect to each proposed location, you must submit a completed site evaluation form, together with such other information and materials as we may reasonably request. We will have 30 days after receipt of such information to accept or reject each proposed location. If we fail to respond within such 30-day period, the submitted location will be deemed to be approved. We will not unreasonably withhold our approval of a location. We will consider such factors as we deem material, including the demographic characteristics of the proposed site, traffic patterns, parking, the predominant character of the neighborhood, competition, nature of other businesses in proximity to the site, commercial characteristics (including the lease terms) and the size, appearance and other physical characteristics of the site. Any proposed lease must include an addendum in the form of Exhibit A to the Franchise Agreement, or shall contain terms and conditions that we approve which are substantially similar to those contained in Exhibit A to the Franchise Agreement (generally not applicable to Non-Traditional Restaurants). Once a site is approved and has been leased or purchased, we will deliver the Franchise Agreement to you within 20 days after you provide the address and telephone number (generally not applicable to Non-Traditional Restaurants) for the location. The Franchise Agreement for such location must be signed by you and submitted to us along with the payment of the Initial Franchise Fee within 10 days after delivery to you.

Under the Development Agreement, our approval of a location and the delivery of a Franchise Agreement will be conditioned upon our determination in our reasonable judgment, that: (i) you have the financial and operational capacity to develop and operate the Restaurant; (ii) the proposed site for the Restaurant is within the Development Area and is a suitable site based upon criteria

established by us from time to time; and (iii) you and your owners are in compliance with the Development Agreement and all Franchise Agreements executed pursuant to the Development Agreement.

We estimate that there will be an interval of 90 to 120 days between the execution of the Development Agreement and the opening of the first Restaurant, which includes a typical interval of 30 to 45 days between the execution of the Franchise Agreement and the opening of the Restaurant, but the interval may vary based upon such factors as the location and condition of the site, the construction schedule for the Restaurant, the extent to which an existing location must be constructed, upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations. You must open the Restaurant for business within 60 days after the execution of the Franchise Agreement unless we agree otherwise (Franchise Agreement - Section 1) .

Before the opening of your first Restaurant, we will provide initial training on the operation of the Restaurant to the Principal Operator (see Item 15) and your restaurant managers. The Principal Operator must attend training in a certified training restaurant identified by us, and at Papa John's University in Louisville, Kentucky. The Principal Operator training is outlined below.

- A minimum of five weeks of operations training as outlined by Papa John's Management Training Program.
- One week of mentoring with an existing Principal Operator designated by Papa John's International, Inc., to include two days of Training General Manager certification conducted by a Papa John's International, Inc. representative.
- One week at Papa John's University in Louisville, Kentucky.

Training will be provided primarily at a designated Papa John's Restaurant, although training conducted at Papa John's University in Louisville will include written materials and classroom instruction. Customized training may be considered for any approved Principal Operator when Papa John's experience and tenure indicate sound knowledge of our operations systems and processes.

Restaurant managers must be certified to Papa John's operational standards through Papa John's Management Training Program (MTP) outlined below and may attend training at any approved training restaurant.

- A minimum of five weeks of operations training as outlined by Papa John's Management Training Program.

The Principal Operator and all restaurant managers may be required to attend additional training that we determine to be necessary or appropriate. If the Principal Operator or any manager or other of your employees, in our reasonable determination, does not meet our standards for knowledge and performance or does not pursue or successfully complete our training requirements, we reserve the right to require that such Principal Operator or employee(s) be retrained, or that another person be trained and perform the functions of the category of employee for which the

training was offered. You are responsible for all travel and living expenses and salaries that the Principal Operator and your employees incur in connection with training.

We also offer a training program for a *Certified Training General Manager* position. You may, at your expense, send a qualified employee (General Manager, Multi-unit Manager) through this program. General Managers may be certified as a Training General Manager only after completion of the Management Training Program, a sufficient length of time working in a Papa John's restaurant, recommendation by his/her Principal Operator and approval by the assigned Franchise Business Director, completion of all criteria outlined in the Training General Manager Selection Guide and satisfactory completion of the Training General Manager workshop. Certified Training General Managers must also attend course assessments and restaurant evaluations from time to time to maintain certification.

An opening support team made up of our designated employees may be used for training prior to your first two Restaurant openings. A team may be scheduled to arrive 3 days before the opening of your Restaurants and stay 2 to 3 days afterward. The support team's primary role is to conduct on-site training with respect to the duties of each position in the Restaurant, including the areas of staffing, food preparation and dough management. After the first two Restaurants, you may request a team to assist but you will be required to pay a separate fee for this service. Changes in the opening date of a Restaurant requiring the opening team to change travel arrangements may also result in a separate fee. Many franchisees form corporate entities for liability and tax purposes. Occasionally, a franchisee or franchisee group may be formed by the same owners and principal managers of an existing franchisee company. We will not be obligated to provide initial training or opening assistance or support to any management team to whom we have previously provided such training, assistance or support, even if the ownership and management has formed a new, separate franchisee entity in order to undertake development and operation of additional Restaurant(s).

The initial installation, training and support for the Information System (and PROFIT System) is provided by a Papa John's certified installer over a two to four day process. The certified installer will arrive one day before the restaurant's opening day. The first day will be spent installing and testing the hardware with the franchisee being responsible for electrical and data cable wiring prior to the installer's arrival. The second day will be devoted to data file maintenance and Restaurant personnel training. On the third day, the installer will continue to provide training and support throughout the Restaurant's first open day. The fourth day will again involve training and support during a live situation. This process completes the installation and training of the PROFIT System and its associated costs are defined in Items 6 and 7.

The Papa John's Information Services department offers PROFIT System Installer/Trainer certification ("Certification"). Franchisees are eligible to have an employee(s) certified as a PROFIT System installer/trainer(s) if they meet the following criteria:

- 10 or more undeveloped Restaurants under the development agreement
- development of at least one restaurant opening every quarter
- approval from the Papa John's Information Services Department

To be eligible for Certification, the trainee must attend and complete:

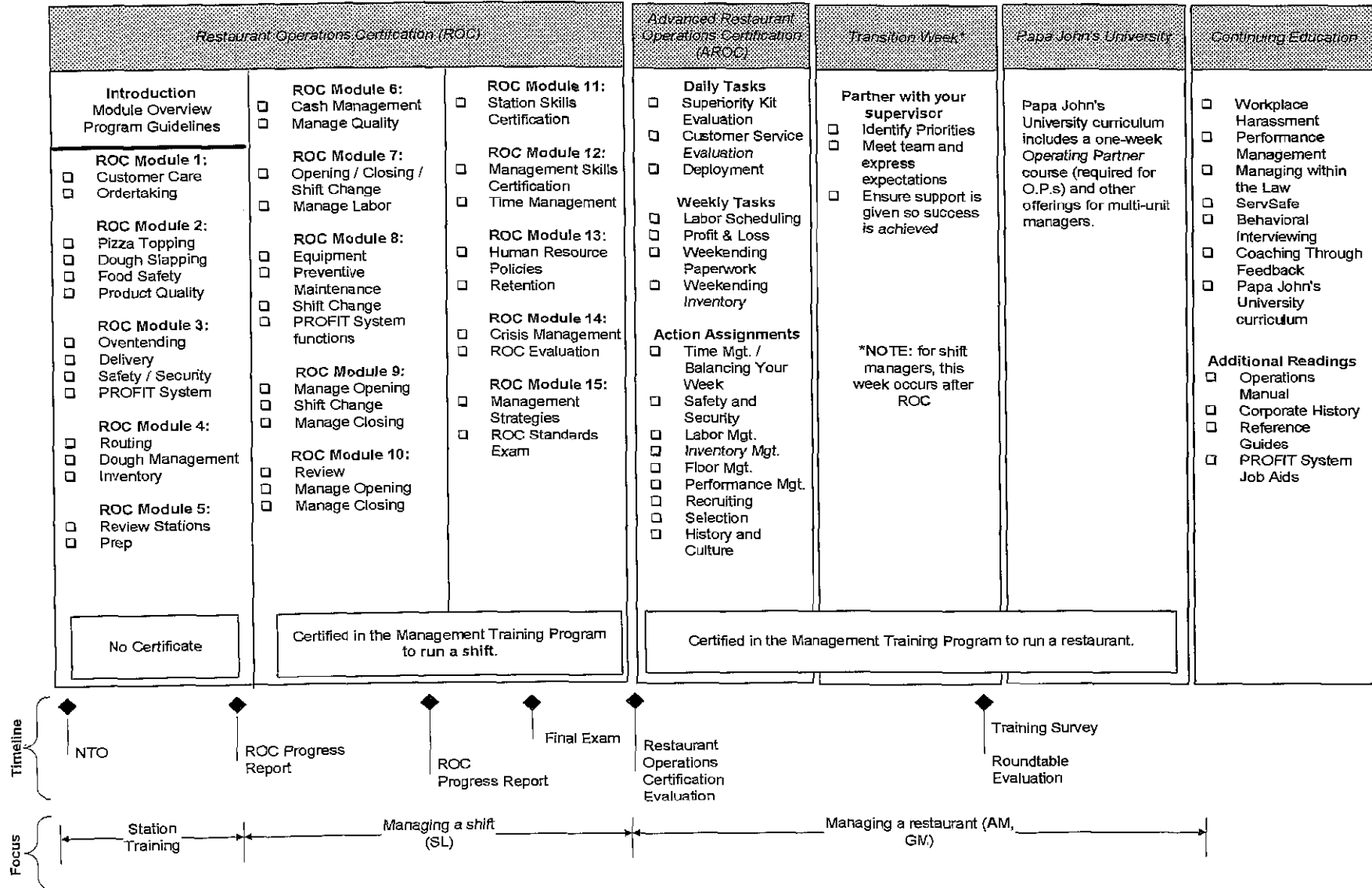
- observation of a complete PROFIT System installation by a certified Papa John's corporate installer
- participation in a complete PROFIT System installation by a certified Papa John's corporate installer
- a final review and certification by Papa John's Field Systems Deployment personnel

To maintain currency of Certification, all certified franchisee installer/trainers may be required to attend re-certification courses. All travel, lodging and meal expenses for the franchise employee for these courses are to be paid by the franchisee. There is no charge for the training class or the observation, participation and certification process except for the franchisee's responsibility for all travel, lodging and meal expenses. Efforts will be made to avoid excessive costs by using franchise sites whenever possible.

We also reserve the right to require any of your employees or prospective employees to take part in such training and instruction as we deem necessary. These programs are mandatory and are generally conducted at our principal offices and/or at a Papa John's certified training Restaurant, or at your Restaurant. We may also require you to conduct training or instruction at your Restaurant using materials, equipment and supplies we designate.

We expect that training will be conducted for the Principal Operator and your personnel after the Development Agreement has been signed and completed 3 or 4 weeks prior to opening your first Restaurant. Advance planning is required for timely participation in the training program. The training offered as of our most recent fiscal year end is set forth in the table beginning on the next page and further explained in the notes accompanying and immediately following the table.

Papa John's Management Training Program Overview



NOTES TO TRAINING TABLE

1. Trainers. See Item 2 for an employment biography of Rick Woods, our Vice President for Operations Support Services and Training. Instructors/Training General Managers will vary and change. We require Training General Managers to have a minimum of 2 years successful restaurant management or supervision experience with salary progression, and a successful track record as a general manager with Papa John's International. We require them to be certified in both the Papa John's Management Training Program and the Training General Manager program, and to have strong operations skills and strong verbal, written communication and presentation skills.
2. Hours of Training. Both the Principal Operator training program and the Management Training Program are organized and carried out as set forth in the foregoing table. The training program takes approximately six weeks to complete. Each segment of the foregoing table represents one week of training/instruction. A typical week consists of 50 to 55 hours of training/instruction.
3. Training Facilities. Most of the training is "on-the-job" training and is typically conducted at a Papa John's certified training Restaurant. Classroom instruction may also be utilized to facilitate the training program but this type of training typically makes up only about 5% of the total hours of training under the General Manager training program and 25% of the total hours of training and instruction under the Principal Operator training program. However, the Principal Operator will also be required to attend one week of training at Papa John's University located at our headquarters in Louisville, Kentucky.
4. Training Locations; Frequency. In the Principal Operator training program, the first three weeks are conducted in company-owned certified training restaurants, the location to be determined by the Franchise Business Director. The second three weeks are conducted primarily in regional certified training restaurants, either company-owned or franchised. Once field training is completed, the Principal Operator will attend a one-week program held at Papa John's University in Louisville, Kentucky. A new Principal Operator training program is conducted as the need arises. The Management Training Program is conducted entirely in regional company-owned or approved franchised Restaurants. The program is not offered on a fixed schedule but rather is offered as often as necessary to meet demand.

Item 12

TERRITORY

The Development Agreement grants you rights in the Development Area in which to establish a certain number of Restaurants. The Development Area consists of a designated geographic area which may be delineated by one or more counties, or by another means, such as census blocks or a mapped area. However, unless we agree otherwise in a rider or an amendment to the Development Agreement, the Development Area excludes enclosed malls, institutions (such as hospitals or

schools), airports, parks (including these parks), military installations and sports arenas. During the term of the Development Agreement, we will not locate or license another to locate a standard Papa John's Restaurant in the Development Area. However, as described below, we may operate other businesses in the Development Area or sell products under the Marks in the Development Area subject only to the limitations provided for in the Franchise Agreement, and we may operate, or license others to operate, one or more Non-Traditional Restaurants at suitable venues within the Development Area unless your Development Area expressly includes such venue(s).

You must operate your Restaurant at a specific location identified in the Franchise Agreement. You may not conduct business at any site other than the Restaurant. You may not relocate the Restaurant without our written consent, which we will not unreasonably withhold. We will not, during the term of the Franchise Agreement, locate nor license another to locate a standard Papa John's Restaurant within a specified radius of your Restaurant, generally 1.5 miles (the "Territory"). In densely populated urban areas, such as the city of New York, the Territory will be defined by geographic boundaries designed to encompass a specified population, number of households or other specified customer base. Prior to signing the Development Agreement, we will review with you the parameters that will be used to determine the bounds of the Territory and the approximate customer base that is anticipated to be included in the Territory for your Restaurant(s). This may vary in urban areas depending on the density of households and business population in the area and the logistics of delivery operations in the particular area in which the Restaurant will be located. If the Restaurant is opened pursuant to a Development Agreement however, the boundaries of the Territory cannot exceed those of the Development Area and neither termination nor expiration of the Development Agreement will alter this limitation. In addition, if you relocate the Restaurant, the Territory will not change unless we agree in writing to a change, and the specified radius will not necessarily be applicable to the relocated site of the Restaurant, even though we have approved the new location. We also reserve the right to operate, and license others to operate, Non-Traditional Restaurants at suitable venues within the Territory. If you open a Non-Traditional Restaurant, the Territory for that Restaurant will extend only to the bounds of the site in which the Non-Traditional Restaurant is located. Neither Papa John's nor any of our franchisees are prohibited from soliciting or making sales within the Development Area or Territory. We have no duty to protect you from such sales, solicitations, or attempted sales. You acknowledge that: (i) you will compete with other Papa John's Restaurants that are now, or that may in the future be, located near or adjacent to your Territory or Development Area; and (ii) such Restaurants may be owned by us, our affiliates or third parties, or both.

In operating the online ordering system, we will by necessity direct incoming orders to a specific Papa John's Restaurant. Under the Franchise Agreement, you must acknowledge and agree that we will define the trade area for your Restaurant for the purpose of directing online orders to your Restaurant. However, this online trade area definition does not grant you any exclusivity to any particular customers or geographic territory and we have no obligation to protect your online trade area or reserve it for your exclusive benefit. Your online trade area may be significantly different than the Territory and may change from time to time. In determining to which Papa John's restaurant an on-line order will be routed, we will consider such matters as we reasonably deem material, including, without limitation: existing trade or delivery areas of Papa John's Restaurants in geographic proximity to the address or customer placing the order; demographic characteristics of the location of such

proximate Papa John's Restaurants; traffic patterns and similar factors affecting delivery efficiency; the opening or closing of other Papa John's Restaurants; and other commercial characteristics of geographically proximate Papa John's restaurants. Owing to these considerations, routing of online orders may change from time to time and such changes may remove particular addresses or groups of addresses, particular customers, groups of customers or geographic area(s) from routing to your Restaurant and online orders from such addresses, groups of addresses, customers, groups of customers or geographic area(s) may be re-routed to other Papa John's Restaurants that are now, or that may in the future be, located near or adjacent to your Restaurant. Such other Papa John's Restaurants may be owned by us, our affiliated companies or other franchisees. However, we will not unreasonably remove particular addresses, groups of addresses, particular customers, groups of customers or geographic areas from routing to your Restaurant. If you relocate the Restaurant, the routing of online orders to your Restaurant may be reduced, changed, altered or restricted, even though we have approved the new location for the Restaurant.

Your Development Area or Territory will not be altered even if there is a population increase. It will not be affected by your sales volume. Except as the Development Agreement grants you the right to develop a specific number of Restaurants, you are not granted any other option, right of first refusal or similar right to acquire additional Restaurants in your Development Area or Territory under either the Development Agreement or Franchise Agreement.

Although we do not currently do so, pursuant to the Franchise Agreement we reserve the right, either directly or through affiliated entities, to operate or franchise or license others to operate or franchise, restaurants or other food related establishments or businesses other than Papa John's Pizza Restaurants and you agree that we and our affiliates may do so within the Territory; provided, that such restaurants or food establishments or businesses will not sell pizza on a delivery basis, or primarily on a carry-out basis. However, we will contribute 30% of the net revenues of such activities to the Marketing Fund, subject to a maximum contribution of \$5 million annually from these revenues and net revenues that we receive from third parties from coordinated or "partnership" marketing activities. We also reserve the right to develop, market and conduct any other business under the Marks or any other trademark within and outside the Territory. We also reserve the right, directly or through third parties, to manufacture or sell, or both, within and outside the Territory, pizza and other products that are the same as or similar to those sold in Papa John's Restaurants using brand names that are the same as, or similar to, the Marks through any channel of distribution; provided that such items are not sold through restaurants or on a ready-to-eat basis.