PAPA JOHNS INTERNATIONAL INC
Form 10-Q/A
April 16, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
Amendment No. 1

(Mark One)	
[X]	Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended June 24, 2012

OR

[ ]	Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-21660

PAPA JOHN'S INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	61-1203323
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification number)

2002 Papa Johns Boulevard
Louisville, Kentucky 40299-2367
(Address of principal executive offices)
(502) 261-7272
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:
Yes [X] No [ ]

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

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

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [ ]

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

At July 26, 2012, there were outstanding 23,439,820 shares of the registrant's common stock, par value $0.01 per share.

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PART 1. FINANCIAL INFORMATION

EXPLANATORY NOTE

As described in Papa John's International, Inc.'s (the "Company") Current Report on Form 8-K filed on February 26, 2013 and Form 10-K for the fiscal year ended December 30, 2012 filed on February 28, 2013, in connection with the evaluation of the accounting for newly formed joint ventures, the Company reviewed the accounting for its previously existing joint venture arrangements. As a result of the review, the Company determined an error occurred in the accounting for one joint venture agreement, which contained a mandatorily redeemable feature added through a contract amendment in the third quarter of 2009. This provision contained in the 2009 contract amendment was not previously considered in determining the classification and measurement of the noncontrolling interest. In addition, the Company determined that an additional redeemable noncontrolling interest was incorrectly classified in shareholders' equity and should be classified as temporary equity. As a result, the Company is filing this amendment to its Form 10-Q for the three and six months ended June 24, 2012, to amend and restate the financial statements and other financial information contained herein to correct the errors.

This Form 10-Q/A amends the Company's Quarterly Report on Form 10-Q for the three and six months ended June 24, 2012 as originally filed with the Securities and Exchange Commission (the "SEC") on July 31, 2012 (the "Original Filing"). This Form 10-Q/A amends the Original Filing solely to correct the Company's accounting for noncontrolling interests related to our joint ventures as more fully described in Note 1 to the condensed consolidated financial statements. Revisions to the Original Filing have been made to the following items solely as a result of and to reflect the restatements and no other information in the Original Filing is amended herein:

Item 1 – Financial Statements
Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 4 – Controls and Procedures
Item 6 – Exhibits

The restatements resulted in decreases in diluted earnings per share of $0.02 and $0.01 for the three and six months ended June 24, 2012, respectively, and a decrease in diluted earnings per share of $0.02 for the six months ended June 26, 2011 (no impact for the three-month period ended June 26, 2011). The corrections had no impact on total revenues, operating income or operating cash flows and had no impact on the Company's compliance with debt covenants in any period presented.

The Company has also determined that a control deficiency related to the process of accounting for certain redemption features of the noncontrolling interests of our joint venture agreements, which gave rise to these restatements, constituted a material weakness in its internal controls over financial reporting. As a result, the Company has reviewed all existing joint venture agreements to ensure the accounting for any such redemption features was in compliance with U.S. generally accepted accounting principles. In addition, we are in the process of developing enhanced control procedures designed to ensure proper accounting for any future non-routine contracts or contract amendments. The material weakness cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. See "Item 4 – Controls and Procedures."

For the convenience of the reader, this Form 10-Q/A sets forth the Original Filing in its entirety. Except for the amended information referred to above, no other information in the Original Filing is amended and this Form 10-Q/A continues to describe conditions as of the date of the Original Filing and the Company has not modified or updated other disclosures presented in the Original Filing. This Form 10-Q/A does not reflect events occurring after the date of the Original Filing nor does it modify or update disclosures affected by subsequent events. Accordingly, this Form

10-Q/A should be read in conjunction with the Company's Form 10-K for the fiscal year ended December 30, 2012, and subsequent filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934.

Item 1. Financial Statements

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

(In thousands)	June 24, 2012 (As Restated) (Unaudited)	December 25, 2011 (As Restated)
Assets		
Current assets:		
Cash and cash equivalents	$ 33,625	$ 18,942
Accounts receivable, net	27,693	28,169
Notes receivable, net	4,447	4,221
Inventories	19,695	20,091
Deferred income taxes	6,240	7,636
Prepaid expenses	10,548	10,210
Other current assets	2,880	5,555
Total current assets	105,128	94,824
Property and equipment, net	186,567	181,910
Notes receivable, less current portion, net	10,572	11,502
Goodwill	78,342	75,085
Other assets	26,828	27,061
Total assets	$ 407,437	$ 390,382
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 32,379	$ 32,966
Income and other taxes payable	4,044	3,969
Accrued expenses and other current liabilities	49,666	44,198
Total current liabilities	86,089	81,133
Deferred revenue	8,592	4,780
Long-term debt	50,000	51,489
Deferred income taxes	7,044	6,692
Other long-term liabilities	39,094	36,676
Total liabilities	190,819	180,770
Redeemable noncontrolling interests	4,458	3,965
Stockholders' equity:		
Preferred stock	-	-
Common stock	371	367
Additional paid-in capital	274,863	262,456
Accumulated other comprehensive income	1,609	1,849
Retained earnings	326,071	294,801
Treasury stock	(390,754)	(353,826)
Total stockholders' equity	212,160	205,647
Total liabilities, redeemable noncontrolling interests and stockholders' equity	$ 407,437	$ 390,382

See accompanying notes.

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

(In thousands, except per share amounts)	Three Months Ended June 24, 2012 (As Restated)	Three Months Ended June 26, 2011 (As Restated)	Six Months Ended June 24, 2012 (As Restated)	Six Months Ended June 26, 2011 (As Restated)
North America revenues:				
Domestic Company-owned restaurant sales	$143,527	$127,641	$287,342	$266,312
Franchise royalties	19,101	18,103	39,619	37,834
Franchise and development fees	206	124	428	309
Domestic commissary sales	126,593	121,027	264,203	248,699
Other sales	11,771	12,370	24,029	25,817
International revenues:				
Royalties and franchise and development fees	4,701	4,049	9,187	7,811
Restaurant and commissary sales	12,680	10,220	25,047	19,219
Total revenues	318,579	293,534	649,855	606,001
Costs and expenses:				
Domestic Company-owned restaurant expenses:				
Cost of sales	32,881	30,162	65,337	62,262
Salaries and benefits	39,839	34,367	78,652	72,016
Advertising and related costs	13,278	11,898	25,977	24,687
Occupancy costs	8,619	7,939	16,517	15,808
Other operating expenses	20,830	18,492	41,248	38,407
Total domestic Company-owned restaurant expenses	115,447	102,858	227,731	213,180
Domestic commissary and other expenses:				
Cost of sales	104,412	103,529	217,250	209,972
Salaries and benefits	9,218	8,651	18,221	17,662
Other operating expenses	13,498	13,084	27,804	26,669
Total domestic commissary and other expenses	127,128	125,264	263,275	254,303
International operating expenses	10,975	8,756	21,367	16,484
General and administrative expenses	31,463	27,617	63,059	56,691
Other general expenses	1,135	1,459	6,809	2,240
Depreciation and amortization	8,104	8,425	16,031	16,737
Total costs and expenses	294,252	274,379	598,272	559,635
Operating income	24,327	19,155	51,583	46,366
Investment income	195	205	365	382
Interest expense	(1,056)	(383)	(962)	(1,718)
Income before income taxes	23,466	18,977	50,986	45,030
Income tax expense	8,005	5,980	17,218	14,935
Net income, including redeemable noncontrolling interests	15,461	12,997	33,768	30,095
Income attributable to redeemable noncontrolling interests	(1,172)	(929)	(2,498)	(2,051)
Net income, net of redeemable noncontrolling interests	$14,289	$12,068	$31,270	$28,044
Basic earnings per common share	$0.60	$0.47	$1.31	$1.10
Earnings per common share - assuming dilution	$0.59	$0.47	$1.29	$1.09

Basic weighted average shares outstanding	23,733	25,464	23,893	25,474
Diluted weighted average shares outstanding	24,112	25,685	24,270	25,713
Comprehensive income, including redeemable noncontrolling interests	$15,010	$12,483	$33,528	$30,854
Comprehensive income, redeemable noncontrolling interests	(1,172)	(929)	(2,498)	(2,051)
Comprehensive income, net of redeemable noncontrolling interests	$13,838	$11,554	$31,030	$28,803

See accompanying notes.

Papa John's International, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(Unaudited)

(In thousands)	Common Stock Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (As Restated)	Treasury Stock	Total Stockholders' Equity (As Restated)
Balance at December 26, 2010	25,439	$ 361	$ 245,380	$ 849	$ 240,066	$ (291,048)	$ 195,608
Comprehensive income:							
Net income, net of redeemable noncontrolling interests (1)	-	-	-	-	28,044	-	28,044
Other comprehensive income	-	-	-	759	-	-	759
Comprehensive income							28,803
Exercise of stock options	444	4	10,659	-	-	-	10,663
Tax effect of equity awards	-	-	(1,295)	-	-	-	(1,295)
Acquisition of Company common stock	(817)	-	-	-	-	(26,162)	(26,162)
Stock-based compensation expense	-	-	3,903	-	-	-	3,903
Issuance of restricted stock	76	-	(1,884)	-	-	1,884	-
Other	-	-	(58)	-	-	218	160
Balance at June 26, 2011	25,142	$ 365	$ 256,705	$ 1,608	$ 268,110	$ (315,108)	$ 211,680
Balance at December 25, 2011	24,019	$ 367	$ 262,456	$ 1,849	$ 294,801	$ (353,826)	$ 205,647
Comprehensive income:							
Net income, net of redeemable	-	-	-	-	31,270	-	31,270

noncontrolling interests (1)							
Other comprehensive loss	-	-	-	(240)	-	-	(240)
Comprehensive income							31,030
Exercise of stock options	361	4	10,396	-	-	-	10,400
Tax effect of equity awards	-	-	468	-	-	-	468
Acquisition of Company common stock	(957)	-	-	-	-	(38,728)	(38,728)
Stock-based compensation expense	-	-	3,218	-	-	-	3,218
Issuance of restricted stock	34	-	(1,541)	-	-	1,541	-
Other	-	-	(134)	-	-	259	125
Balance at June 24, 2012	23,457	$ 371	$ 274,863	$ 1,609	$ 326,071	$ (390,754)	$ 212,160

(1) Net income at June 24, 2012 and June 26, 2011 is net of $2,498 and $2,051, respectively, allocable to the redeemable noncontrolling interests for our joint venture arrangements.

See accompanying notes.

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

(In thousands)	Six Months Ended June 24, 2012 (As Restated)	June 26, 2011 (As Restated)
Operating activities		
Net income, including redeemable noncontrolling interests	$33,768	$30,095
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for uncollectible accounts and notes receivable	719	(7)
Depreciation and amortization	16,031	16,737
Deferred income taxes	1,797	4,022
Stock-based compensation expense	3,218	3,903
Excess tax benefit on equity awards	(1,471)	(403)
Other	2,872	1,133
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(75)	(1,167)
Inventories	533	1,819
Prepaid expenses	(338)	(268)
Other current assets	755	22
Other assets and liabilities	756	1,219
Accounts payable	(587)	(1,970)
Income and other taxes payable	75	325
Accrued expenses and other current liabilities	3,297	(1,611)
Deferred revenue	3,812	(924)
Net cash provided by operating activities	65,162	52,925
Investing activities		
Purchases of property and equipment	(15,046)	(12,422)
Loans issued	(1,206)	(1,684)
Repayments of loans issued	1,730	3,920
Acquisitions, net of cash acquired	(5,908)	-
Proceeds from divestitures of restaurants	948	-
Other	(4)	51
Net cash used in investing activities	(19,486)	(10,135)
Financing activities		
Net repayments on line of credit facility	(1,489)	(51,000)
Excess tax benefit on equity awards	1,471	403
Tax payments for restricted stock issuances	(822)	(798)
Proceeds from exercise of stock options	10,400	10,663
Acquisition of Company common stock	(38,728)	(26,162)
Distributions to redeemable noncontrolling interest holders	(1,930)	(2,029)
Other	125	42
Net cash used in financing activities	(30,973)	(68,881)

Effect of exchange rate changes on cash and cash equivalents	(20)	82
Change in cash and cash equivalents	14,683	(26,009)
Cash and cash equivalents at beginning of period	18,942	47,829
Cash and cash equivalents at end of period	$33,625	$21,820

See accompanying notes.

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Papa John's International, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

June 24, 2012

1. Restatement of Previously Issued Financial Statements

We are restating our condensed consolidated financial statements for the three- and six-month periods ended June 24, 2012 and June 26, 2011. In connection with the evaluation of the accounting for newly formed joint ventures, we reviewed our accounting for our previously existing joint venture arrangements. As a result of our review, we determined an error occurred in the accounting for one joint venture agreement, which contained a mandatorily redeemable feature added through a contract amendment in the third quarter of 2009. This provision contained in the 2009 contract amendment was not previously considered in determining the classification and measurement of the noncontrolling interest. In addition, we determined that an additional redeemable noncontrolling interest was incorrectly classified in shareholders' equity and should be classified as temporary equity.

To correctly reflect the appropriate measurement of the mandatorily redeemable noncontrolling interests, we recorded a $3.1 million adjustment, net of income taxes, to ending 2010 retained earnings in our Consolidated Statements of Stockholders' Equity to adjust the previously reported balance sheet to its redemption value as of December 26, 2010. Additionally, we also corrected the classification errors of the redeemable noncontrolling interests from stockholders' equity to either other long-term liabilities or redeemable noncontrolling interests in our consolidated balance sheets. The impact of the restatements on the financial statements is outlined in the tables below (in thousands, except per share data). The corrections had no impact on total revenues, operating income or operating cash flows and had no impact on our compliance with debt covenants in any period presented.

	Three Months Ended June 24, 2012		
	As Previously Reported	Adjustments	As Restated
Condensed Consolidated Statement of Comprehensive Income			
Interest expense	$ 282	$ 774	$ 1,056
Income before income taxes	24,240	(774)	23,466
Income tax expense	8,299	(294)	8,005
Net income, including noncontrolling interests	15,941	(480)	15,461
Net income, net of noncontrolling interests	14,769	(480)	14,289
Comprehensive income	15,490	(480)	15,010
Basic earnings per common share	0.62	(0.02)	0.60
Earnings per common share - assuming dilution	0.61	(0.02)	0.59

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	As of and For The Six Months Ended June 24, 2012			
	As Previously Reported	Reclassifications *	Adjustments	As Restated
Condensed Consolidated Balance Sheet				
Noncurrent deferred income tax liabilities	$9,648	$ -	$ (2,604)	$7,044
Long-term accrued income taxes	3,924	(3,924)	-	-
Other long-term liabilities	23,638	3,924	11,532	39,094
Redeemable noncontrolling interests	-	-	4,458	4,458
Retained earnings	330,320	-	(4,249)	326,071
Noncontrolling interests in subsidiaries	9,137	-	(9,137)	-
Total stockholders' equity	225,546	-	(13,386)	212,160
Condensed Consolidated Statement of Comprehensive Income				
Interest expense	$570	$ -	$ 392	$962
Income before income taxes	51,378	-	(392)	50,986
Income tax expense	17,367	-	(149)	17,218
Net income, including noncontrolling interests	34,011	-	(243)	33,768
Net income, net of noncontrolling interests	31,513	-	(243)	31,270
Comprehensive income	33,771	-	(243)	33,528
Basic earnings per common share	1.32	-	(0.01)	1.31
Earnings per common share - assuming dilution	1.30	-	(0.01)	1.29
Consolidated Statement of Cash Flows				
Net income, including noncontrolling interests	$34,011	$ -	$ (243)	$33,768
Deferred income taxes	1,946	-	(149)	1,797
Other	2,480	-	392	2,872
Net cash provided by operating activities	65,162	-	-	65,162

* Amounts have been reclassified from the originally filed presentation in order to conform to the presentation included in the Form 10-K for the fiscal year ended December 30, 2012, and are not associated with the restatement adjustments.

	Three Months Ended June 26, 2011		
	As Previously Reported	Adjustments	As Restated
Condensed Consolidated Statement of Comprehensive Income			
Interest expense	$ 293	$ 90	$ 383
Income before income taxes	19,067	(90)	18,977
Income tax expense	6,014	(34)	5,980
Net income, including noncontrolling interests	13,053	(56)	12,997
Net income, net of noncontrolling interests	12,124	(56)	12,068
Comprehensive income	12,539	(56)	12,483
Basic earnings per common share	0.48	(0.01)	0.47
	0.47	-	0.47

Earnings per common share - assuming dilution

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	As of and For The Six Months Ended June 26, 2011		
	As Previously Reported	Adjustments	As Restated
Condensed Consolidated Balance Sheet			
Noncurrent deferred income tax liabilities	$ 3,485	$ (2,202)	$ 1,283
Other long-term liabilities	12,478	10,675	23,153
Redeemable noncontrolling interests	-	3,648	3,648
Retained earnings	271,703	(3,593)	268,110
Noncontrolling interests in subsidiaries	8,528	(8,528)	-
Total stockholders' equity	223,801	(12,121)	211,680
Condensed Consolidated Statement of Comprehensive Income			
Interest expense	$ 901	$ 817	$ 1,718
Income before income taxes	45,847	(817)	45,030
Income tax expense	15,245	(310)	14,935
Net income, including noncontrolling interests	30,602	(507)	30,095
Net income, net of noncontrolling interests	28,551	(507)	28,044
Comprehensive income	31,361	(507)	30,854
Basic earnings per common share	1.12	(0.02)	1.10
Earnings per common share - assuming dilution	1.11	(0.02)	1.09
Consolidated Statement of Cash Flows			
Net income, including noncontrolling interests	$ 30,602	$ (507)	$ 30,095
Deferred income taxes	4,332	(310)	4,022
Other	316	817	1,133
Net cash provided by operating activities	52,925	-	52,925

	December 25, 2011		
	As Previously Reported	Adjustments	As Restated
Condensed Consolidated Balance Sheet			
Noncurrent deferred income tax liabilities	$ 9,147	$ (2,455)	$ 6,692
Other long-term liabilities	25,611	11,065	36,676
Redeemable noncontrolling interests	-	3,965	3,965
Retained earnings	298,807	(4,006)	294,801
Noncontrolling interests in subsidiaries	8,569	(8,569)	-
Total stockholders' equity	218,222	(12,575)	205,647

	December 26, 2010		
	As Previously	Adjustments	As Restated

	Reported		
Consolidated Statement of Stockholders' Equity			
Retained earnings	$ 243,152	$ (3,086)	$ 240,066
Noncontrolling interests in subsidiaries	8,506	(8,506)	-
Total stockholders' equity	207,200	(11,592)	195,608

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the six months ended June 24, 2012 are not necessarily indicative of the results that may be expected for the fiscal year ended December 30, 2012. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K/A for Papa John’s International, Inc. (referred to as the “Company”, “Papa John’s” or in the first person notations of “we”, “us” and “our”) for the year ended December 25, 2011.

Significant Accounting Policies

Comprehensive Income

The Company adopted the required Accounting Standards Updates ("ASU") Nos. 2011-05 and 2011-12, Comprehensive Income: Presentation of Comprehensive Income in the first quarter of 2012 on a retrospective basis. The updated guidance does not change the components of comprehensive income, but eliminates certain options for presenting comprehensive income in the financial statements. In accordance with this updated guidance, we no longer present components of comprehensive income in our Consolidated Statements of Stockholders' Equity. Instead, we are now required to present components of comprehensive income in either one continuous financial statement with two sections, net income and comprehensive income, or in two separate but consecutive statements. We elected the one continuous financial statement approach in the accompanying financial statements.

Noncontrolling Interests

The Consolidation topic of the Accounting Standards Codification ("ASC") requires all entities to report noncontrolling interests in subsidiaries as equity in the consolidated financial statements, but separate from the equity of the parent company. The Consolidation topic further requires that consolidated net income be reported at amounts attributable to the parent and the noncontrolling interest, rather than expensing the income attributable to the noncontrolling interest holder. Additionally, disclosures are required to clearly identify and distinguish between the interests of the parent company and the interests of the noncontrolling owners, including a disclosure on the face of the consolidated statements for income attributable to the noncontrolling interest holder.

Papa John's had two joint venture arrangements as of June 24, 2012 and June 26, 2011, which were as follows:

	Restaurants as of June 24, 2012	Restaurants as of June 26, 2011	Restaurant Locations	Papa John's Ownership*	Noncontrolling Interest Ownership*
Star Papa, LP	76	75	Texas	51 %	49 %
Colonel's Limited, LLC	52	52	Maryland and Virginia	70 %	30 %

*The ownership percentages were the same for both the 2012 and 2011 periods presented in the accompanying consolidated financial statements.

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The income before income taxes attributable to the joint ventures for the three and six months ended June 24, 2012 and June 26, 2011 was as follows (in thousands):

	Three Months		Six Months	
	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
Papa John's International, Inc.	$ 1,854	$ 1,518	$ 3,897	$ 3,316
Noncontrolling interests	1,172	929	2,498	2,051
Total income before income taxes	$ 3,026	$ 2,447	$ 6,395	$ 5,367

The Colonel’s Limited, LLC agreement contains a mandatory redemption clause and, accordingly, the Company has recorded this noncontrolling interest as a liability at its redemption value in other long-term liabilities.

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

The total of the mandatorily redeemable noncontrolling interest and the redeemable noncontrolling interest holders’ equity totaled $16.0 million as of June 24, 2012 and $15.0 million as of December 25, 2011.

As more fully described in Note 1, we have corrected errors in our accounting for noncontrolling interests related to our joint ventures.

Deferred Income Tax Accounts and Tax Reserves

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

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities, and are measured using enacted tax rates and laws that are expected to be in effect when the differences reverse. Deferred tax assets are also recognized for the estimated future effects of tax loss carryforwards. The effect on deferred taxes of changes in tax rates is recognized in the period in which the new tax is enacted. As a result, our effective tax rate may fluctuate. Valuation allowances are established when necessary on a jurisdictional basis to reduce deferred tax assets to the amounts we expect to realize. As of June 24, 2012, we had a net deferred tax liability of approximately $800,000.

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

Subsequent Events

The Company evaluated subsequent events through the date the financial statements were issued and filed. There were no subsequent events that required recognition or disclosure.

Reclassifications

Certain prior year amounts in the Condensed Consolidated Balance Sheets and the Consolidated Statements of Cash Flows have been reclassified to conform to the current year presentation.

3. Accumulated Other Comprehensive Income (Loss)

Accumulated Other Comprehensive Income (Loss) is comprised of the following (in thousands):

	Foreign Currency	Interest Rate Swaps (a)	Defined Pension Plan	Accumulated Other Comprehensive Income (Loss)
Three Months Ended				
Beginning balance - March 27, 2011	$2,122	$-	$-	$ 2,122
Current period other comprehensive income (loss)	(514)	-	-	(514)
Ending balance - June 26, 2011	$1,608	$-	$-	$ 1,608
Beginning balance - March 25, 2012	$2,163	$(74)	$(29)	$ 2,060
Current period other comprehensive income (loss)	(445)	(6)	-	(451)
Ending balance - June 24, 2012	$1,718	$(80)	$(29)	$ 1,609
Six Months Ended				
Beginning balance - December 26, 2010	$1,008	$(159)	$-	$ 849
Current period other comprehensive income (loss)	600	159	-	759
Ending balance - June 26, 2011	$1,608	$-	$-	$ 1,608
Beginning balance - December 25, 2011	$1,872	$6	$(29)	$ 1,849
Current period other comprehensive income (loss)	(154)	(86)	-	(240)
Ending balance - June 24, 2012	$1,718	$(80)	$(29)	$ 1,609

(a) Current period other comprehensive income (loss) is shown net of tax of $3 for the three months ended June 24, 2012 (none in the same period of 2011) and $89 and $51 for the six months ended June 26, 2011 and June 24, 2012, respectively.

4. Fair Value Measurements and Disclosures

The Company is required to determine the fair value of financial assets and liabilities based on the price that would be received to sell the asset or paid to transfer the liability to a market participant. Assets and liabilities carried at fair value are required to be classified and disclosed in one of the following categories:

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

Our financial assets and liabilities that were measured at fair value on a recurring basis as of June 24, 2012 and December 25, 2011 are as follows (in thousands):

	Carrying Value	Fair Value Measurements Level 1	Level 2	Level 3
June 24, 2012				
Financial assets:				
Cash surrender value of life insurance policies *	$12,438	$12,438	$-	$-
Financial liabilities:				
Interest rate swap	127	-	127	-
December 25, 2011				
Financial assets:				
Cash surrender value of life insurance policies *	$11,387	$11,387	$-	$-
Interest rate swap	11	-	11	-

* Represents life insurance policies held in our non-qualified deferred compensation plan.

There were no transfers among levels within the fair value hierarchy during the six months ended June 24, 2012.

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

5. Debt

Our long-term debt is comprised of the outstanding balance under our revolving line of credit. The balance was $50.0 million as of June 24, 2012 and $51.5 million as of December 25, 2011.

In September 2010, we entered into a five-year, $175.0 million unsecured revolving credit facility (“Credit Facility”). The Credit Facility was amended in November 2011 (the “Amended Credit Facility”), which extended the maturity date of the Credit Facility to November 30, 2016. Under the Amended Credit Facility, outstanding balances accrue interest at 75 basis points to 150 basis points over LIBOR or other bank developed rates at our option (previously interest accrued at 100 basis points to 175 basis points above LIBOR). The remaining availability under the Amended Credit Facility, reduced for outstanding letters of credit, was approximately $111.5 million as of June 24, 2012. The fair value of the outstanding debt approximates the carrying value since the debt agreements are variable-rate instruments.

The Amended Credit Facility contains customary affirmative and negative covenants, including financial covenants requiring the maintenance of specified fixed charges and leverage ratios. At June 24, 2012, we were in compliance with these covenants.

In August 2011, we entered into an interest rate swap agreement that provides for a fixed rate of 0.53%, as compared to LIBOR, with a notional amount of $50.0 million. The interest rate swap agreement expires in August 2013. We previously had two interest rate swap agreements that expired in January 2011. The previous swap agreements provided for fixed rates of 4.98% and 3.74%, as compared to LIBOR, with each having a notional amount of $50.0 million.

Our swaps are derivative instruments that are designated as cash flow hedges because the swaps provide a hedge against the effects of rising interest rates on borrowings. The effective portion of the gain or loss on the swap is reported as a component of accumulated other comprehensive income and reclassified into earnings in the same period or periods during which the swap affects earnings. Gains or losses on the swap representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. Amounts payable or receivable under the swap are accounted for as adjustments to interest expense. As of June 24, 2012, the swap is a highly effective cash flow hedge.

The weighted average interest rates for our revolving credit facilities, including the impact of the swap agreements, were 1.3% and 1.2% for the three months ended June 24, 2012 and June 26, 2011, respectively, and 1.3% and 2.4% for the six months ended June 24, 2012 and June 26, 2011, respectively. Interest paid, including payments made or received under the swaps, was $232,000 and $248,000 for the three months ended June 24, 2012 and June 26, 2011, respectively, and $482,000 and $1.1 million for the six months ended June 24, 2012 and June 26, 2011, respectively. As of June 24, 2012, the portion of the $127,000 interest rate swap liability that would be reclassified into earnings during the next twelve months as interest expense approximates $109,000.

6. Calculation of Earnings Per Share

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

	Three Months Ended		Six Months Ended	
	June 24, 2012 (As Restated)	June 26, 2011 (As Restated)	June 24, 2012 (As Restated)	June 26, 2011 (As Restated)
Basic earnings per common share:				
Net income, net of redeemable noncontrolling interests	$14,289	$12,068	$31,270	$28,044
Weighted average shares outstanding	23,733	25,464	23,893	25,474
Basic earnings per common share	$0.60	$0.47	$1.31	$1.10
Earnings per common share - assuming dilution:				
Net income, net of redeemable noncontrolling interests	$14,289	$12,068	$31,270	$28,044
Weighted average shares outstanding	23,733	25,464	23,893	25,474
Dilutive effect of outstanding equity awards	379	221	377	239
Diluted weighted average shares outstanding	24,112	25,685	24,270	25,713
Earnings per common share - assuming dilution	$0.59	$0.47	$1.29	$1.09

Shares subject to options to purchase common stock with an exercise price greater than the average market price were not included in the computation of earnings per common share – assuming dilution because the effect would have been antidilutive. The weighted average number of shares subject to the antidilutive options was 269,000 for the three months ended June 26, 2011 and 355,000 for the six months ended June 26, 2011 (none for the three and six months ended June 24, 2012).

7. Acquisition and Divestiture of Restaurants

On April 23, 2012, we completed the acquisition of 56 franchised Papa John's restaurants located in the Denver and Minneapolis markets. The purchase price, which was paid in cash, was $5.2 million net of divestiture proceeds of $0.7 million from the sale of six restaurants located in the Denver market to an existing franchisee. This business combination was accounted for by the purchase method of accounting, whereby operating results subsequent to the acquisition date are included in our consolidated financial results.

The preliminary purchase price of the acquisition has been allocated based on initial fair value estimates as follows (in thousands):

Property and equipment	$1,602
Reacquired franchise right	245
Goodwill	3,830
Other, including cash	239
Total purchase price	$5,916

The excess of the purchase price over the aggregate fair value of net assets acquired was allocated to goodwill, all of which is expected to be deductible for tax purposes.

8. Commitments and Contingencies

In connection with the 2006 sale of our former Perfect Pizza operations in the United Kingdom, we remain contingently liable for payment of certain lease agreements, primarily associated with Perfect Pizza restaurant sites for which the Perfect Pizza franchisor was primarily liable. As the initial party to the lease agreements, we are liable to the extent the primary obligor does not satisfy its payment obligations.

On August 1, 2011 the High Court of Justice Chancery Division, Birmingham District Registry entered an order placing Perfect Pizza in administration, thereby providing Perfect Pizza with protection from its creditors in accordance with UK insolvency law. On the same date, the administrators entered into an agreement to sell substantially all of the business and assets of Perfect Pizza. In accordance with the terms of the agreement, the buyer had an option period up to nine months, which expired May 1, 2012, to determine which Perfect Pizza leases they would assume. We remain contingently liable for approximately 40 leases, which have varying terms with most expiring by the end of 2015. The estimated maximum amount of undiscounted rental payments we would be required to make in the event of non-payment under these leases is approximately $1.9 million, net of amounts reserved of approximately $800,000.

In addition, we are subject to claims and legal actions in the ordinary course of business. We believe that all such claims and actions currently pending against us are either adequately covered by insurance or would not have a material adverse effect on us if decided in a manner unfavorable to us.

9. Segment Information

We have defined six reportable segments: domestic Company-owned restaurants, domestic commissaries, North America franchising, international operations, variable interest entities (“VIEs”) and “all other” units.

The domestic Company-owned restaurant segment consists of the operations of all domestic (“domestic” is defined as contiguous United States) Company-owned restaurants and derives its revenues principally from retail sales of pizza and side items, such as breadsticks, cheesesticks, chicken strips, chicken wings, dessert pizza, and soft drinks to the general public. The domestic commissary segment consists of the operations of our regional dough production and product distribution centers and derives its revenues principally from the sale and distribution of food and paper products to domestic Company-owned and franchised restaurants. The North America franchising segment consists of our franchise sales and support activities and derives its revenues from sales of franchise and development rights and collection of royalties from our franchisees located in the United States and Canada. The international operations segment principally consists of our Company-owned restaurants in China and distribution sales to franchised Papa John’s restaurants located in the United Kingdom, Mexico and China and our franchise sales and support activities, which derive revenues from sales of franchise and development rights and the collection of royalties from our international franchisees. International franchisees are defined as all franchise operations outside of the United States and Canada. BIBP Commodities, Inc., a franchisee-owned corporation, which operated through February 2011, was a VIE in which we were deemed the primary beneficiary, and is the only activity reflected in the VIE segment. All other business units that do not meet the quantitative thresholds for determining reportable segments, which are not operating segments, we refer to as our “all other” segment, which consists of operations that derive revenues from the sale, principally to Company-owned and franchised restaurants, of printing and promotional items, risk management services, and information systems and related services used in restaurant operations, including our online and other technology-based ordering platforms.

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

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

Our segment information is as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 24, 2012 (As Restated)	June 26, 2011 (As Restated)	June 24, 2012 (As Restated)	June 26, 2011 (As Restated)
Revenues from external customers:				
Domestic Company-owned restaurants	$143,527	$127,641	$287,342	$266,312
Domestic commissaries	126,593	121,027	264,203	248,699
North America franchising	19,307	18,227	40,047	38,143
International	17,381	14,269	34,234	27,030
All others	11,771	12,370	24,029	25,817
Total revenues from external customers	$318,579	$293,534	$649,855	$606,001
Intersegment revenues:				
Domestic commissaries	$39,953	$35,872	$81,490	$73,972
North America franchising	561	535	1,110	1,083
International	56	58	110	105
Variable interest entities	-	-	-	25,117
All others	2,664	2,571	5,685	5,126
Total intersegment revenues	$43,234	$39,036	$88,395	$105,403
Income (loss) before income taxes:				
Domestic Company-owned restaurants	$9,358	$7,421	$21,679	$18,304
Domestic commissaries	7,978	4,321	19,144	13,875
North America franchising	16,619	16,240	34,759	34,249
International	320	(250)	592	(1,066)
All others	471	(298)	866	(676)
Unallocated corporate expenses	(10,799)	(8,607)	(25,583)	(19,103)
Elimination of intersegment profits	(481)	150	(471)	(553)
Total income before income taxes	$23,466	$18,977	$50,986	$45,030
Property and equipment:				
Domestic Company-owned restaurants	$179,140			
Domestic commissaries	89,308			
International	19,032			
All others	42,668			
Unallocated corporate assets	136,340			

Accumulated depreciation and amortization	(279,921)
Net property and equipment	$186,567

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

Overview

Papa John’s International, Inc. (referred to as the “Company,” “Papa John’s” or in the first person notations of “we,” “us” a “our”) began operations in 1985. At June 24, 2012, there were 3,973 Papa John’s restaurants (676 Company-owned and 3,297 franchised) operating in all 50 states and 33 countries. Our revenues are principally derived from retail sales of pizza and other food and beverage products to the general public by Company-owned restaurants, franchise royalties, sales of franchise and development rights, sales to franchisees of food and paper products, printing and promotional items, risk management services, and information systems and related services used in their operations.

The results of operations are based on the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”). The preparation of consolidated financial statements requires management to select accounting policies for critical accounting areas and make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant changes in assumptions and/or conditions in our critical accounting policies could materially impact the operating results.

Restatement of Previously Issued Financial Statements

In connection with the evaluation of the accounting for newly formed joint ventures, we reviewed our accounting for our previously existing joint venture arrangements. As a result of our review, we determined an error occurred in the accounting for one joint venture agreement, which contained a mandatorily redeemable feature added through a contract amendment in the third quarter of 2009. This provision contained in the 2009 contract amendment was not previously considered in determining the classification and measurement of the noncontrolling interest. In addition, we determined an additional redeemable noncontrolling interest was incorrectly classified in shareholders' equity and should be classified as temporary equity, which impacted the consolidated balance sheets and statements of stockholders' equity. As such, we are restating our previously issued consolidated financial statements within this report. The correction of the error related to the mandatorily redeemable noncontrolling interest had an impact on our Condensed Consolidated Statements of Comprehensive Income, interest expense, income tax expense, and net income which is reflected herein for 2012 and 2011. The restatements resulted in decreases in diluted earnings per share of $0.02 and $0.01 for the three and six months ended June 24, 2012, respectively, and a decrease in diluted earnings per share of $0.02 for the six months ended June 26, 2011 (no impact for the three-month period ended June 26, 2011). The corrections were recorded to our “Unallocated Corporate Expenses” segment. The corrections had no impact on total revenues, operating income, or operating cash flows and had no impact on our compliance with debt covenants in any period presented. See “Note 1” and “Note 2” of “Notes to Condensed Consolidated Financial Statements” for additional information.

Non-GAAP Measures

In connection with a new multi-year supplier agreement, the Company received a $5.0 million supplier marketing payment in the first quarter of 2012. The Company is recognizing the supplier marketing payment evenly as income over the five-year term of the agreement ($250,000 per quarter). The Company then contributed the supplier marketing payment to the Papa John’s Marketing Fund (“PJMF”), an unconsolidated, non-profit corporation, for the benefit of domestic restaurants. The Company contribution to PJMF was fully expensed in the first quarter of 2012.

PJMF elected to distribute the $5.0 million supplier marketing payment to the domestic system as advertising credits in the first quarter of 2012. Our domestic Company-owned restaurants’ portion of the advertising credits resulted in an increase in income before income taxes of approximately $1.0 million for the six months ended June 24, 2012.

The overall impact of these transactions, defined as the "Incentive Contribution," was a net increase to income before income taxes of approximately $250,000 for the three months ended June 24, 2012 and a reduction of $3.5 million for the six months ended June 24, 2012. The impact for full-year 2012 will be a reduction to income before income taxes of approximately $3.0 million (or a reduction to diluted earnings per share of approximately $0.08).

The following table reconciles our GAAP financial results to the adjusted financial results, excluding the impact of the Incentive Contribution, for the three and six months ended June 24, 2012:

(In thousands, except per share amounts)	Three Months Ended June 24, 2012 (As Restated)	Three Months Ended June 26, 2011 (As Restated)	Increase (decrease)	Six Months Ended June 24, 2012 (As Restated)	Six Months Ended June 26, 2011 (As Restated)	Increase (decrease)
Income before income taxes, as reported	$ 23,466	$ 18,977	$ 4,489	$ 50,986	$ 45,030	$ 5,956
Incentive Contribution	(250)	-	(250)	3,471	-	3,471
Income before income taxes, excluding Incentive Contribution	$ 23,216	$ 18,977	$ 4,239	$ 54,457	$ 45,030	$ 9,427
Net income, as reported	$ 14,289	$ 12,068	$ 2,221	$ 31,270	$ 28,044	$ 3,226
Incentive Contribution	(164)	-	(164)	2,275	-	2,275
Net income, excluding Incentive Contribution	$ 14,125	$ 12,068	$ 2,057	$ 33,545	$ 28,044	$ 5,501
Earnings per diluted share, as reported	$ 0.59	$ 0.47	$ 0.12	$ 1.29	$ 1.09	$ 0.20
Incentive Contribution	-	-	-	0.09	-	0.09
Earnings per diluted share, excluding Incentive Contribution	$ 0.59	$ 0.47	$ 0.12	$ 1.38	$ 1.09	$ 0.29

The non-GAAP measures we present in this report, which exclude the Incentive Contribution, 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 financial information excluding the impact of the Incentive Contribution is important for purposes of comparison to prior year results. In addition, management uses these non-GAAP measures to allocate resources, and analyze trends and underlying operating performance. Annual cash bonuses, and certain long-term incentive programs for various levels of management, were based on financial measures that excluded the Incentive Contribution. The presentation of the non-GAAP measures in this report is made alongside the most directly comparable GAAP measures. See "Discussion of Operating Results" below for further analysis regarding the impact of the Incentive Contribution.

In addition, we present free cash flow in this report, which is not a term defined by GAAP. We define free cash flow as net cash provided by operating activities (from the consolidated statements of cash flows) less the purchases of property and equipment. We view free cash flow as an important measure because it is one factor that management uses in determining the amount of cash available for discretionary investment. Free cash flow is not a term defined by GAAP and as a result our measure of free cash flow might not be comparable to similarly titled measures used by other companies. Free cash flow should not be construed as a substitute for or a better indicator of our performance than the Company’s GAAP measures. See “Liquidity and Capital Resources” for a reconciliation of free cash flow to the most directly comparable GAAP measure.

Restaurant Progression

	Three Months Ended June 24, 2012	Three Months Ended June 26, 2011	Six Months Ended June 24, 2012	Six Months Ended June 26, 2011
North America Company-owned:				
Beginning of period	597	592	598	591
Opened	-	3	-	4
Closed	(2)	-	(3)	-
Acquired from franchisees	56	-	56	-
Sold to franchisees	(8)	-	(8)	-
End of period	643	595	643	595
International Company-owned:				
Beginning of period	29	21	30	21
Opened	4	2	4	2
Closed	-	-	(1)	-
End of period	33	23	33	23
North America franchised:				
Beginning of period	2,498	2,371	2,463	2,346
Opened	35	35	82	67
Closed	(10)	(13)	(22)	(20)
Acquired from Company	8	-	8	-
Sold to Company	(56)	-	(56)	-
End of period	2,475	2,393	2,475	2,393
International franchised:				
Beginning of period	809	703	792	688
Opened	28	26	51	49
Closed	(15)	(7)	(21)	(15)
End of period	822	722	822	722
Total restaurants - end of period	3,973	3,733	3,973	3,733

Results of Operations

Summary of Operating Results - Segment Review

Discussion of Revenues

Consolidated revenues were $318.6 million for the second quarter of 2012, an increase of $25.0 million, or 8.5%, over the corresponding 2011 period. For the six months ended June 24, 2012, total revenues were $649.9 million, an increase of 7.2% from revenues of $606.0 million for the comparable period in 2011. The increases in revenues for the second quarter and six months ended June 24, 2012 were primarily due to the following:

Domestic Company-owned restaurant sales increased $15.9 million, or 12.4%, and $21.0 million, or 7.9%, for the three and six months ended June 24, 2012, respectively, due to increases in comparable sales of 7.4% and 5.1% and the net acquisition of 50 restaurants in Denver and Minneapolis from a franchisee in the second quarter of 2012. “Comparable sales” represents the change in year-over-year sales for the same base of restaurants for the same fiscal periods.

North America franchise royalty revenue increased approximately $1.0 million, or 5.5%, and $1.8 million, or 4.7%, for the three and six months ended June 24, 2012, respectively, primarily due to increases in comparable sales of 5.1% and 2.7% and increases in net franchise units over the prior year. Royalty revenue increases were slightly offset by reduced royalties attributable to the Company's net acquisition of the 50 restaurants noted above.

Domestic commissary sales increased $5.6 million, or 4.6%, and $15.5 million, or 6.2%, for the three and six months ended June 24, 2012, respectively, primarily due to higher piece counts resulting in increases in the volume of restaurant sales.
International revenues increased $3.1 million, or 21.8%, and increased $7.2 million, or 26.7%, for the three and six months ended June 24, 2012, respectively, primarily due to increases in the number of restaurants and increases in comparable sales of 6.1% and 7.2% calculated on a constant dollar basis.
The above increases were partially offset by decreases in other sales of approximately $600,000, or 4.8%, and $1.8 million, or 6.9%, for the three and six months ended June 24, 2012, respectively, primarily due to a decline in sales at our print and promotions subsidiary, Preferred Marketing Solutions, partially offset by an increase in online sales.

Discussion of Operating Results

Second quarter 2012 income before income taxes was $23.5 million compared to $19.0 million in the prior year, or a 23.7% increase. Income before taxes was $51.0 million for the six months ended June 24, 2012, compared to $45.0 million for the prior year, or a 13.2% increase. The Incentive Contribution (see "Non-GAAP Measures" above) increased income before income taxes by $250,000 for the second quarter 2012 and decreased income before income taxes by $3.5 million for the six-month period in 2012. Excluding the net impact of the Incentive Contribution, income before income taxes was $23.2 million for the second quarter 2012, an increase of $4.2 million or 22.3% compared to the same period in the prior year and was $54.5 million for the six-month period in 2012, an increase of $9.4 million or 20.9% compared to the same period in the prior year. Income before income taxes is summarized in the following table on a reporting segment basis (in thousands):

	Three Months Ended			Six Months Ended		
	June 24, 2012 (As Restated)	June 26, 2011 (As Restated)	Increase (Decrease)	June 24, 2012 (As Restated)	June 26, 2011 (As Restated)	Increase (Decrease)
Domestic Company-owned restaurants (a)	$ 9,358	$ 7,421	$ 1,937	$ 21,679	$ 18,304	$ 3,375
Domestic commissaries	7,978	4,321	3,657	19,144	13,875	5,269
North America franchising	16,619	16,240	379	34,759	34,249	510
International	320	(250)	570	592	(1,066)	1,658
All others	471	(298)	769	866	(676)	1,542
Unallocated corporate expenses (b)	(10,799)	(8,607)	(2,192)	(25,583)	(19,103)	(6,480)
Elimination of intersegment loss (profit)	(481)	150	(631)	(471)	(553)	82
Total income before income taxes	$ 23,466	$ 18,977	$ 4,489	$ 50,986	$ 45,030	$ 5,956

(a) Includes the benefit of a $1.0 million advertising credit from PJMF related to the Incentive Contribution in the six months ended June 24, 2012.

(b) Includes the impact of the Incentive Contribution in 2012 ($250,000 increase for the three-month period and a $4.5 million reduction for the six-month period).

Income before income taxes increased $4.5 million and $6.0 million for the three and six months ended June 24, 2012, respectively ($4.2 million and $9.4 million, respectively, excluding the net impact of the Incentive Contribution). The changes in income before income taxes were due to the following:

Domestic Company-owned Restaurant Segment. Domestic Company-owned restaurants' operating income increased $1.9 million in the second quarter of 2012, and $3.4 million for the six months ended June 24, 2012, including the $1.0 million advertising credit from PJMF. These increases were primarily due to the previously noted comparable sales increases and lower commodity costs for the quarter. Additionally, the six-month period benefited from various supplier incentives.

Domestic Commissary Segment. Domestic commissaries' operating income increased approximately $3.7 million and $5.3 million for three and six months ended June 24, 2012, respectively, primarily due to higher piece counts resulting from increased sales volumes from the previously noted increase in net units and comparable sales, slightly offset by higher distribution costs primarily due to higher fuel prices for the six months ended June 24, 2012.

North America Franchising Segment. North America Franchising operating income increased $379,000 and $510,000 for the three and six months ended June 24, 2012, respectively. The increases were due to the previously mentioned royalty revenue increases, substantially offset by an increase in development incentive costs.

International Segment. The International Segment reported operating income of $320,000 and $592,000 for the three and six months ended June 24, 2012, respectively. The improvements in operating results of approximately $570,000 and $1.7 million for the three- and six-month periods, respectively, compared to the corresponding 2011 periods were primarily due to increased royalties due to growth in the number of units and the 6.1% and 7.2% increases in comparable sales in the three and six months ended June 24, 2012, respectively, and improved operating results in our United Kingdom commissary.

All Others Segment. The “All others” reporting segment reported income of approximately $471,000 and $866,000 for the three and six months ended June 24, 2012, respectively. The “All Others” reporting segment results increased approximately $769,000 and $1.5 million for the three- and six-month periods, respectively, as compared to the corresponding 2011 periods. These increases were primarily due to an improvement in our eCommerce operations due to higher online sales. These improved results were somewhat offset by reduced operating results of Preferred Marketing Solutions due to the previously noted reduction in sales.

Unallocated Corporate Segment. Unallocated corporate expenses increased approximately $2.2 million and $6.5 million for the three and six months ended June 24, 2012, respectively, compared to the corresponding 2011 periods. The components of unallocated corporate expenses were as follows (in thousands):

	Three Months Ended			Six Months Ended		
	June 24, 2012 (As Restated)	June 26, 2011 (As Restated)	Increase (decrease)	June 24, 2012 (As Restated)	June 26, 2011 (As Restated)	Increase (decrease)
General and administrative (a)	$ 8,039	$ 5,972	$ 2,067	$ 16,700	$ 13,357	$ 3,343
Supplier marketing (income) payment (b)	(250)	-	(250)	4,500	-	4,500
Net interest (c)	891	215	676	631	1,376	(745)
Depreciation	1,819	2,240	(421)	3,553	4,418	(865)
Other expense (income)	300	180	120	199	(48)	247
Total unallocated corporate expenses	$ 10,799	$ 8,607	$ 2,192	$ 25,583	$ 19,103	$ 6,480

(a) Unallocated general and administrative costs increased primarily due to an increase in short-term management incentive costs. The six-month period was also impacted by additional costs related to our operators’ conference and an increase in legal costs.

(b) See “Non-GAAP Measures” above for further information.

(c) The increase in net interest expense for the three months ended June 24, 2012, as compared to the same period in the prior year was primarily due to an increase in the redemption value of a mandatorily redeemable noncontrolling interest in a joint venture. The decrease in net interest expense for the six months ended June 24, 2012, as compared to the same period in the prior year was due to a decrease in the redemption value of a mandatorily redeemable noncontrolling interest in a joint venture, a lower average outstanding debt balance and a lower effective interest rate. See “Note 1” and “Note 2” of “Notes to Condensed Consolidated Financial Statements” for additional information.

Diluted earnings per share were $0.59 in the second quarter of 2012 compared to $0.47 in the second quarter of 2011, an increase of $0.12 or 25.5%. For the six months ended June 24, 2012 and June 26, 2011, diluted earnings per share were $1.29 and $1.09, respectively ($1.38 per share for the six months ended June 24, 2012, excluding the impact of the Incentive Contribution, an increase of $0.29 or 26.6%). Diluted weighted average shares outstanding decreased 6.1% and 5.6% for the three and six months ended June 24, 2012, respectively, from the prior year comparable periods. Diluted earnings per share increased $0.03 and $0.07 for the three- and six-month periods, respectively, due to the reduction in shares outstanding.

Review of Consolidated Operating Results

Revenues. Domestic Company-owned restaurant sales were $143.5 million for the three months ended June 24, 2012, compared to $127.6 million for the same period in 2011, and $287.3 million for the six months ended June 24, 2012, compared to $266.3 million for the same period in 2012. The increases of $15.9 million and $21.0 million were primarily due to the previously mentioned increases of 7.4% and 5.1% in comparable sales during the three and six months ended June 24, 2012, respectively. The net acquisition of 50 restaurants in Denver and Minneapolis from a franchisee in the second quarter of 2012 also increased sales for both the three- and six-month periods.

North America franchise sales, which are not included in the Company's revenues, were $447.9 million for the three months ended June 24, 2012, compared to $415.9 million for the same period in 2011, and $917.8 million for the six months ended June 24, 2012, compared to $866.9 million for the same period in 2011. Domestic franchise comparable sales increased 5.1% for the second quarter and increased 2.7% for the six months ended June 24, 2012, and equivalent units increased 3.1% and 4.1%, respectively, for the comparable periods. "Equivalent units" represents the number of restaurants open at the beginning of a given period, adjusted for restaurants opened, closed, acquired or sold during the period on a weighted average basis. North America franchise royalties were $19.1 million and $39.6 million for the three and six months ended June 24, 2012, respectively, representing increases of 5.5% and 4.7% from the comparable periods in the prior year. The increases in royalties were primarily due to the previously noted increases in franchise sales.

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

The comparable sales base and average weekly sales for 2012 and 2011 for domestic Company-owned and North America franchised restaurants consisted of the following:

	Three Months Ended			
	June 24, 2012		June 26, 2011	
	Company	Franchised	Company	Franchised
Total domestic units (end of period)	643	2,475	595	2,393
Equivalent units	626	2,405	587	2,333
Comparable sales base units	614	2,179	582	2,123
Comparable sales base percentage	98.1 %	90.6 %	99.1 %	91.0 %
Average weekly sales - comparable units	$ 17,746	$ 14,758	$ 16,770	$ 14,109
Average weekly sales - total non-comparable units	$ 12,421	$ 10,159	$ 10,698	$ 9,689
Average weekly sales - all units	$ 17,650	$ 14,326	$ 16,714	$ 13,711

	Six Months Ended			
	June 24, 2012		June 26, 2011	
	Company	Franchised	Company	Franchised
Total domestic units (end of period)	643	2,475	595	2,393
Equivalent units	609	2,409	587	2,313
Comparable sales base units	598	2,186	580	2,114
Comparable sales base percentage	98.2 %	90.7 %	98.8 %	91.4 %
Average weekly sales - comparable units	$ 18,267	$ 15,082	$ 17,530	$ 14,765
Average weekly sales - total non-comparable units	$ 12,060	$ 10,470	$ 11,163	$ 10,697
Average weekly sales - all units	$ 18,161	$ 14,655	$ 17,456	$ 14,413

Domestic commissary sales increased 4.6% to $126.6 million for the three months ended June 24, 2012, from $121.0 million in the comparable 2011 period and increased 6.2% to $264.2 million for the six months ended June 24, 2011, from $248.7 million in the comparable 2011 period. The increases were primarily due to higher piece counts resulting from increases in the volume of restaurant sales.

Other sales decreased $600,000, or 4.8% and $1.8 million, or 6.9%, for the three and six months ended June 24, 2012, respectively. The decreases are primarily due to declines in sales at our print and promotions subsidiary, Preferred Marketing Solutions, partially offset by increases in online sales.

International revenues increased 21.8% to $17.4 million and 26.7% to $34.2 million for the three and six months ended June 24, 2012, from the prior year comparable periods. The increases are due to increases in the number of restaurants in addition to increases of 6.1% and 7.2% in comparable sales, calculated on a constant dollar basis, for the three- and six-month periods, respectively.

Costs and expenses. The restaurant operating margin for domestic Company-owned units was 19.6% for the three months ended June 24, 2012, compared to 19.4% for the same period in 2011, and 20.7% (20.4% excluding the $1.0 million advertising credit from PJMF) for the six months ended June 24, 2012, compared to 20.0% for the same period in 2011. The restaurant operating margin increases of 0.2% and 0.7% for the three and six months ended June

24, 2012, respectively, consisted of the following differences:

- Cost of sales was 0.7% and 0.6% lower for the three and six months ended June 24, 2012, as compared to the same periods in 2011. The three-month period benefited from lower commodity costs. The six-month period benefited from various supplier incentives.
- Salaries and benefits were 0.8% and 0.3% higher as a percentage of sales for the three and six months ended June 24, 2012, as compared to the same periods in 2011, primarily due to higher bonuses paid to general managers.

Advertising and related costs as a percentage of sales were 0.1% and 0.2% lower for the three and six months ended June 24, 2012. The six-month period included a $1.0 million advertising credit received from PJMF.

Occupancy costs and other operating costs, on a combined basis, as a percentage of sales, were 0.2% lower for both the three and six months ended June 24, 2012, primarily due to the benefit from increased sales.

Domestic commissary and other margin was 8.1% for the three months ended June 24, 2012, compared to 6.1% for the corresponding period in 2011, and 8.7% for the six months ended June 24, 2012, compared to 7.4% for the corresponding period in 2011, consisting of the following differences:

Cost of sales was 2.1% and 1.1% lower as a percentage of revenues for the three and six months ended June 24, 2012, respectively, due to lower commodity costs, primarily cheese, which has a fixed-dollar markup.

Salaries and benefits were relatively flat in comparison to prior year (0.2% higher and 0.1% lower as a percentage of revenues for the three and six months ended June 24, 2012, respectively).

Other operating expenses as a percentage of sales were 0.1% lower as a percentage of revenues for both the three and six months ended June 24, 2012, respectively, as compared to the same periods in 2011.

International operating expenses were 86.6% of international restaurant and commissary sales for the three months ended June 24, 2012, compared to 85.7% for the same period in 2011, and 85.3% of international restaurant and commissary sales for the six months ended June 24, 2012, compared to 85.8% for the same period in 2011. The increase in operating expenses for the three-month period was primarily due to costs associated with new Company-owned restaurants in China.

General and administrative costs were $31.5 million, or 9.9%, of revenues for the three months ended June 24, 2012, compared to $27.6 million, or 9.4%, of revenues for the same period in 2011, and $63.1 million, or 9.7%, of revenues for the six months ended June 24, 2012, compared to $56.7 million, or 9.4%, of revenues for the same period in 2011. The increases for the three- and six-month periods were primarily due to increases in short-term management incentive costs. The six-month period was also impacted by increased costs related to our operators' conference and an increase in legal costs.

Other general expenses reflected net expense of $1.1 million for the three months ended June 24, 2012, compared to $1.5 million for the comparable period in 2011, and $6.8 million, for the six months ended June 24, 2012 compared to $2.2 million for the comparable period in 2011, as detailed below (in thousands):

	Three Months Ended			Six Months Ended		
	June 24, 2012	June 26, 2011	Increase (Decrease)	June 24, 2012	June 26, 2011	Increase (Decrease)
Supplier marketing (income) payment (a)	$ (250)	$ -	$ (250)	$ 4,500	$ -	$ 4,500
Disposition and valuation-related losses	151	200	(49)	116	385	(269)
Provision (credit) for uncollectible accounts and notes receivable	66	(210)	276	169	(128)	297
Franchise and development incentives (b)	769	346	423	1,501	618	883
Other	399	1,123	(724)	523	1,365	(842)
Total other general expenses	$ 1,135	$ 1,459	$ (324)	$ 6,809	$ 2,240	$ 4,569

(a) See “Non-GAAP Measures” above for further information.

(b) Includes incentives provided to domestic franchisees for opening restaurants.

Depreciation and amortization was $8.1 million (2.5% of revenues) for the three months ended June 24, 2012, compared to $8.4 million (2.9% of revenues) for the same 2011 period, and $16.0 million (2.5% of revenues) for the six months ended June 24, 2012, compared to $16.7 million (2.8% of revenues) for the 2011 period.

Net interest. Net interest expense was $861,000 for the three months ended June 24, 2012, compared to $178,000 for the same period in 2011, and $597,000 for the six months ended June 24, 2012, compared to $1.3 million for the same period in 2011. Interest expense was higher for the three-month period primarily due to an increase in the redemption value of a mandatorily redeemable noncontrolling interest in a joint venture. Interest expense was lower for the six-month period due to a decrease in the redemption value of a mandatorily redeemable noncontrolling interest in a joint venture, a lower average outstanding debt balance and a lower effective interest rate. See “Note 1” and “Note 2” of “Notes to Condensed Consolidated Financial Statements” for additional information.

Income tax expense. Our effective income tax rates were 34.1% and 33.8% for the three and six months ended June 24, 2012, representing increases of 2.6% and 0.6%, from the prior year rates. The higher effective rates were primarily due to 2011 including a tax refund associated with the resolution of prior years’ tax matters. The effective rates may fluctuate from quarter to quarter for various reasons, including discrete items, such as the settlement or resolution of specific tax issues.

Liquidity and Capital Resources

Our long-term debt is comprised entirely of the outstanding balance under our revolving line of credit. The balance was $50.0 million as of June 24, 2012 and $51.5 million as of December 25, 2011.

In September 2010, we entered into a five-year, $175.0 million unsecured revolving credit facility (“Credit Facility”). The Credit Facility was amended in November 2011 (the “Amended Credit Facility”), which extended the maturity date of the Credit Facility to November 30, 2016. Under the Amended Credit Facility, outstanding balances accrue interest at 75 to 150 basis points over the London Interbank Offered Rate (“LIBOR”) or other bank developed rates at our option (previously interest accrued at 100 to 175 basis points over LIBOR). The commitment fee on the unused balance under the Amended Credit Facility ranges from 17.5 to 25.0 basis points. The increment over LIBOR and the commitment fee are determined quarterly based upon the ratio of total indebtedness to earnings before interest, taxes, depreciation and amortization (“EBITDA”), as defined by the Amended Credit Facility.

We have used interest rate swaps to hedge against the effects of potential interest rate increases on borrowings under our revolving credit facility. We currently have a swap with a fixed rate of 0.53%, as compared to LIBOR, with a notional amount of $50.0 million. See the notes to condensed consolidated financial statements for additional information.

Our Amended Credit Facility contains customary affirmative and negative covenants, including the following financial covenants, as defined by the Amended Credit Facility:

	Permitted Ratio	Actual Ratio for the Quarter Ended June 24, 2012
Leverage Ratio	Not to exceed 2.5 to 1.0	0.5 to 1.0
Interest Coverage Ratio	Not less than 3.5 to 1.0	5.4 to 1.0

Our leverage ratio is defined as outstanding debt divided by consolidated EBITDA for the most recent four fiscal quarters. Our interest coverage ratio is defined as the sum of consolidated EBITDA and consolidated rental expense for the most recent four fiscal quarters divided by the sum of consolidated interest expense and consolidated rental expense for the most recent four fiscal quarters. We were in compliance with all covenants at June 24, 2012.

Cash flow provided by operating activities was $65.2 million for the six months ended June 24, 2012, compared to $52.9 million for the same period in 2011. The increase of approximately $12.2 million was primarily due to additional operating income and favorable working capital changes.

Our free cash flow for the six months ended June 24, 2012 and June 26, 2011 was as follows (in thousands):

	Six Months Ended	
	June 24, 2012	June 26, 2011
Net cash provided by operating activities	$ 65,162	$ 52,925
Purchase of property and equipment	(15,046)	(12,422)
Free cash flow (a)	$ 50,116	$ 40,503

(a) We define free cash flow as net cash provided by operating activities (from the consolidated statements of cash flows) less the purchases of property and equipment. We believe free cash flow is an important measure because it is one factor that management uses in determining the amount of cash available for discretionary investment. See "Non-GAAP Measures" above for discussion about this non-GAAP measure, its limitations and why we present free cash flow alongside the most directly comparable GAAP measure.

We require capital primarily for the development, acquisition, renovation and maintenance of restaurants, the development, renovation and maintenance of commissary and print and promotions facilities and equipment and the enhancement of corporate systems and facilities. Capital expenditures were $15.0 million during the six months ended June 24, 2012.

During the six months ended June 24, 2012, capital expenditures of $15.0 million and common stock repurchases of $38.7 million (957,000 shares) were funded by cash flow from operations. Subsequent to June 24, 2012, through July 26, 2012, we repurchased an additional 287,000 shares with an aggregate cost of $13.6 million. As of July 26, 2012, $69.2 million remained available for repurchase of common stock under our existing Board of Directors' authorization.

Forward-Looking Statements

Certain matters discussed in this report, including information within Management's Discussion and Analysis of Financial Condition and Results of Operations, 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 inte be included within the safe harbor protections provided by the federal securities laws. Such statements may relate to projections concerning business performance, revenue, earnings, contingent liabilities, resolution of litigation, 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:

- aggressive changes in pricing or other marketing or promotional strategies by competitors which may adversely affect sales; and new product and concept developments by food industry competitors;
- changes in consumer preferences and adverse general economic and political conditions, including increasing tax rates, and their resulting impact on consumer buying habits;

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- the impact that product recalls, food quality or safety issues, and general public health concerns could have on our restaurants;
- failure to maintain our brand strength and quality reputation;
- the ability of the company and its franchisees to meet planned growth targets and operate new and existing restaurants profitably, which could be impacted by challenges securing financing, finding suitable store locations or securing required domestic or foreign government permits and approvals;
- increases in or sustained high costs of food ingredients and other commodities;
- disruption of our supply chain due to sole or limited source of suppliers or weather, drought, disease or other disruption beyond our control;
- increased risks associated with our international operations, including economic and political conditions in our international markets and difficulty in meeting planned sales targets and new store growth for our international operations;
- increased employee compensation, benefits, insurance, regulatory compliance and similar costs, including increased costs resulting from federal health care legislation;
- the credit performance of our franchise loan program;
- the impact of the resolution of current or future claims and litigation, and current or proposed legislation impacting our business;
- currency exchange and interest rates;
- failure to effectively execute succession planning, and our reliance on the services of our Founder and CEO, who also serves as our brand spokesperson;
- 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
- disruption of critical business or information technology systems, and risks associated with security breaches, including theft of company and customer information.

For a discussion of these and other risks that may cause actual results to differ from expectations, refer to “Part I. Item 1A. – Risk Factors” in our Annual Report on Form 10-K for the year ended December 30, 2012, our Report on Form 8-K filed on February 26, 2013 concerning our restated financial statements, and all subsequent filings. We undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise, except as required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our long-term debt at June 24, 2012 was comprised of a $50.0 million outstanding principal balance on our $175.0 million unsecured revolving line of credit. The interest rate on the revolving line of credit is variable and is based on the London Interbank Offered Rate (“LIBOR”) plus a 75 to 150 basis point spread, tiered based upon debt and cash flow levels, or other bank developed rates at our option.

In August 2011, we entered into an interest rate swap agreement that provides for a fixed rate of 0.53%, as compared to LIBOR, with a notional amount of $50.0 million. The interest rate swap agreement expires in August 2013. We had two previous interest rate swap agreements that expired in January 2011. The previous swap agreements provided for fixed rates of 4.98% and 3.74%, as compared to LIBOR, with each having a notional amount of $50.0 million.

The effective interest rate on the revolving line of credit, including the impact of the interest rate swap agreement, was 1.3% as of June 24, 2012. An increase in the present market interest rate of 100 basis points on the line of credit balance outstanding as of June 24, 2012, net of the swap, would have no impact on interest expense.

We do not enter into financial instruments to manage foreign currency exchange rates since approximately 5% of our total revenues are derived from sales to customers and royalties outside the United States.

In the ordinary course of business, the food and paper products we purchase, including cheese (historically representing 35% to 40% of our food cost), are affected by changes in commodity prices and, as a result we are subject to on-going volatility in our food costs. We have pricing agreements with our vendors, including forward pricing agreements for a portion of our cheese purchases for our domestic Company-owned restaurants, which are accounted for as normal purchases; however, we still remain exposed to on-going commodity volatility.

Item 4. Controls and Procedures

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") evaluated, as of June 24, 2012, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) (the "Evaluation"). Based upon the Evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective at a reasonable assurance level.

Subsequently, on February 26, 2013, we reported that we had identified a material weakness in our internal controls over financial reporting related to the accounting for certain redemption features of the noncontrolling interests of our joint venture agreements. Specifically, the review controls in place with respect to non-routine contractual changes or amendments were not effective. As a result of this discovery, our CEO and CFO have now concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of the last day of the period covered by this report.

The error identified related to the incorrect accounting for certain redemption features of our noncontrolling interests. We have implemented certain remedial measures including a review of all existing joint venture agreements to ensure the accounting for any such redemption features was in compliance with U.S. generally accepted accounting principles. In addition, we are in the process of developing enhanced control procedures designed to ensure proper accounting for any future non-routine contractual changes or amendments to existing joint venture agreements. The material weakness cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. See "Item 9A, Controls and Procedures" in the Company's Form 10-K for the fiscal year ended December 30, 2012 filed on February 28, 2013, for additional information.

We also maintain a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the 1934 Act) designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. During the period covered by this report, there were no changes in our internal control over financial reporting that occurred that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under potential future conditions, regardless of how remote.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to claims and legal actions in the ordinary course of our business. We believe that none of the claims and actions currently pending against us would have a material adverse effect on us if decided in a manner unfavorable to us.

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

Our Board of Directors has authorized the repurchase of up to $975.0 million of common stock under a share repurchase program that began on December 9, 1999 and expires on June 30, 2013. Through June 24, 2012, a total of

48.4 million shares with an aggregate cost of $892.2 million have been repurchased under this program. Subsequent to June 24, 2012, through July 26, 2012, we acquired an additional 287,000 shares at an aggregate cost of $13.6 million. As of July 26, 2012, approximately $69.2 million remained available for repurchase of common stock under this authorization.

The following table summarizes our repurchases by fiscal period during the first six months of 2012 (in thousands, except per-share amounts):

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
12/26/2011 - 01/22/2012	60	$ 37.72		47,533	$ 119,292
01/23/2012 - 02/19/2012	-	-	*	47,533	$ 119,292
02/20/2012 - 03/25/2012	312	$ 37.09		47,845	$ 107,719
03/26/2012 - 04/22/2012	248	$ 37.57		48,093	$ 98,391
04/23/2012 - 05/20/2012	22	$ 38.67		48,115	$ 97,561
05/21/2012 - 06/24/2012	315	$ 46.78		48,430	$ 82,810

* There were no share repurchases during this period.

Our share repurchase authorization increased from $925 million to $975 million in July 2012. For presentation purposes, the maximum dollar value of shares that may be purchased was adjusted retroactively to December 26, 2011.

The Company utilizes a written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, from time to time to facilitate the repurchase of shares of our common stock under this share repurchase program. There can be no assurance that we will repurchase shares of our common stock either through a Rule 10b5-1 trading plan or otherwise.

In May 2012, approximately 13,000 shares of the Company’s common stock were acquired from employees to satisfy minimum tax withholding obligations that arose upon (i) vesting of restricted stock granted pursuant to approved plans, and (ii) distribution of shares of common stock issued pursuant to deferred compensation obligations.

Item 6. Exhibits

Exhibit Number	Description
10.1*	Separation and Consulting Agreement and Release between Christopher J. Sternberg and Papa John’s International, Inc. Exhibit 10.1 to our report on Form 10-Q filed on July 31, 2012 is incorporated herein by reference.

10.2*	Papa John's International, Inc. Severance Pay Plan. Exhibit 10.1 to our report on Form 10-Q filed on May 1, 2012 is incorporated herein by reference.
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-15(e), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-15(e), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financial statements from the quarterly report on Form 10-Q/A of Papa John's International, Inc. for the quarter ended June 24, 2012, filed on April 16, 2013, formatted in XBRL: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Consolidated Statements of Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to condensed consolidated financial statements.

*A management contract or compensatory plan or arrangement required to be filed as an exhibit to this report pursuant to Item 6 of Form 10-Q.

SIGNATURE

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

PAPA JOHN'S INTERNATIONAL, INC.
(Registrant)

Date: April 16, 2013

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