

July 18, 2018

Direct Dial
310.282.6215

Direct Fax
310.785.3515

Email
gkelley@glaserweil.com

VIA E-MAIL

Douglass B. Maynard, Esq.
Akin Gump Strauss Hauer & Feld LLP
One Bryant Park, Bank of America Tower
New York, NY 10036-6745
dmaynard@akingump.com

John B. Beckman, Esq.
Hogan Lovells US LLP
555 Thirteenth Street, NW
Washington, D.C. 20004
John.beckman@hoganlovells.com

Re: **Special Committee of the Board of Directors of Papa John's International, Inc. (the "Company")**

Dear Mr. Beckman and Mr. Maynard:

This letter responds to your letters dated July 15 and 16, respectively.

As an initial matter, we appreciate that the Company's Board of Directors implemented the proposal that we and Mr. Schnatter made in our July 15 letter to the Board, and formed a Special Committee to conduct a review before acting with regard to these matters.

We are concerned, however, that the members of the Special Committee and/or the Company are acting contrary to the Board resolution that established the Special Committee, and to fundamental Delaware law regarding the duties of care and loyalty.

For example, the Company's letters that Mr. Beckman forwarded purporting to terminate two agreements with the Company are ineffective for multiple reasons:

As to the Sublease Agreement, Section 1.6 of that agreement explicitly prohibits its termination while Mr. Schnatter remains on the Board. Obviously, Mr. Schnatter remains on the Board and will continue to play an active role in that regard. For this reason alone, the purported termination of the Sublease Agreement is ineffective. Moreover, Section 1.6 provides only that the "Landlord" or the "Tenant" may terminate this agreement. It does not appear that either has done so. Indeed, your July 15 letter purporting to terminate specifically refers to Papa John's USA, Inc. as the "Sublandlord." Until we receive a letter from the "Tenant" or "Landlord", no termination can be effective.

As to the Founder's Agreement, Section 4 of that agreement explicitly provides what constitutes proper notice. Your July 15 letter as to that agreement fails to follow the terms set forth in that provision.

Accordingly, both purported termination letters are ineffective, and no notice period has commenced with regard to either agreement.

More seriously, we are concerned as to the legal basis for either purported termination. As you know, during the evening of Sunday, July 15, the Company's Board delegated its authority to a Special Committee to act with regard to (among other things) both of these agreements. Having constrained itself in this way, the Company is necessarily constrained as well - and cannot act as to these matters without a proper recommendation from the Special Committee.

Accordingly, only if the Special Committee properly informs itself and makes a recommendation - after having completed an appropriate review and other related responsibilities consistent with its fiduciary duties - can any termination of these agreements be proper.

While we understand from the Company's public statements that the Special Committee purportedly recommended that these agreements be terminated, suffice it to say, that is not credible. As you know, the Board formed the Special Committee during a meeting conducted on Sunday July 15, with the formal vote occurring at around 8:30 pm (Eastern). Until that action, no Special Committee even existed. Your letters purporting to terminate the agreements arrived at around 11:23 pm (Eastern). It is hard to believe, to say the least, that in the less than 3 hours after the Special Committee was formed, its members conducted a proper review and investigation, and each properly informed themselves pursuant to their fiduciary duties, and then authorized the terminations. *In re Dole Food Co., Inc. Stockholder Litigation*, 2015 WL 5052214, at *29 (Del. Ch. Aug. 27, 2015) (quoting *In re Tele-Comm'ns, Inc. S'holders Litig.*, 2005 WL 3642727, at *10 (Del. Ch. Dec. 21, 2005) ("[A]n important element of an effective special committee is that it be fully informed in making its determination")).¹

¹ While we understand that the exculpatory provision in the Company's certificate of incorporation would shield the members of the Special Committee from monetary liability for a breach of the duty of care, the presence of such exculpatory provision shield also "render[s] empty the promise" of damages after the fact and justifies a finding of irreparable harm. *In re Del Monte Foods Co. S'holders Litig.*, 25 A.3d 813, 838 (Del. Ch. 2011); *Koehler v. NetSpend Holdings, Inc.*, 2013 WL 2181518, at *22 (Del. Ch. May 21, 2013).

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Accordingly, for this separate reason, the purported terminations are also ineffective.

Moreover, we fully expect that as part of the review conducted by the Special Committee, it will interview Mr. Schnatter at a mutually convenient time. It is inconceivable that the Special Committee could fully and properly inform itself, consistent with its mandate and Delaware law, without such an interview.

We look forward to hearing from you with proposed dates for such interview.

This letter is without waiver of or prejudice to our client's rights and remedies at law or in equity, all of which are expressly reserved.

Very truly yours,

A handwritten signature in black ink, appearing to be 'Garland A. Kelley', with a long, sweeping horizontal stroke extending to the right.

GARLAND A. KELLEY
of GLASER WEIL FINK HOWARD AVCHEN & SHAPIRO LLP