PAPA JOHNS INTERNATIONAL INC
Form DEF 14A
March 27, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a 6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under §240.14a 12

Papa John's International, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Notice of Annual Meeting of Stockholders

Tuesday, April 30, 2019 11:00 a.m.	Papa John's International, Inc. 2002 Papa John's Boulevard Louisville, Kentucky 40299-2367

Items of Business

- Election of the ten directors nominated by the Board of Directors named in the attached Proxy Statement;
- Ratification of the selection of KPMG LLP as the Company's independent auditors for 2019;
- Advisory approval of the Company's executive compensation;
- Ratification of the Company's Rights Agreement, as amended; and
- Such other business as may properly come before the meeting or any adjournment or postponement thereof.

Record Date March 11, 2019

A Proxy Statement describing matters to be considered at the Annual Meeting is attached to this Notice. Only stockholders of record at the close of business on March 11, 2019 are entitled to receive notice of and to vote at the meeting or any adjournment or postponement thereof.

Stockholders are cordially invited to attend the meeting. Following the formal items of business to be brought before the meeting, we will discuss our 2018 results and answer your questions.

Thank you for your continued support of Papa John's. We look forward to seeing you on April 30.

By Order of the Board of Directors,

Jeffrey C. Smith

Chairman March 27, 2019

Internet	Telephone	Mail	In Person
Visit the Web site noted on your proxy card to vote via the Internet.	Use the toll free telephone number on your proxy card to vote by telephone.	Sign, date and return your proxy card in the enclosed envelope to vote by mail.	Attend the meeting and vote in person.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on April 30, 2019 — this Proxy Statement and the Papa John's 2018 Annual Report are available at www.papajohns.com/investor.

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Dear Fellow Stockholders:

Of the many choices offered by the markets, I have chosen not only to invest in Papa John's, but to also become active in its leadership as chairman of the board. You may ask: why?

The value potential at Papa John's is supported by three of the biggest themes in the food and restaurant sectors:

- Customers want high quality, great tasting products with simple ingredients
- Customers want convenience of home delivery
- Customers appreciate terrific service and a great experience

Papa John's is well positioned — with opportunities to get even better — in each of these areas.

- We have always been about better, fresher ingredients — and this is much more than an advertising slogan. As a result of this quality, Papa John's has a differentiated market position.
  - We lead the pizza category as the first national chain to announce the removal of artificial flavors and synthetic colors from our pizza menu as well as BHA and BHT, cellulose and partially hydrogenated oils, high fructose corn syrup from our pizza menu, and antibiotics from our grilled chicken and poppers.
  - Our original dough is fresh and hand-tossed using just six simple ingredients: flour, water, salt, sugar, yeast, and oil.
  - Our signature sauce is a simple recipe that uses fresh vine-ripened tomatoes and a custom blend of spices.
  - Our onions, peppers, and roma tomatoes are sliced fresh in our restaurants.
  - Our meat toppings are superior-quality proteins with no fillers or synthetic coloring.
  - Our cheese is made from high-quality skim milk.
- Our global, existing infrastructure gives us a significant platform for growth. This is especially true with the numerous technology and digital-enabled enhancements that we are adding to better connect with consumers, serve our customers, and improve efficiencies at our restaurants.
- Actions to support our people are helping us attract and retain employees in a highly competitive hiring environment. Our college education partnership with Purdue University Global provides employees and franchisees access to quality education and developmental opportunities. We grant stock to store general managers to keep the ethic of ownership throughout the organization. We have already provided diversity and inclusion training to 14,000 of our people and continue to add to that number; we believe that employees who are well and fairly treated will provide similarly high quality customer experiences.

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Papa John's is a terrific brand with a platform for growth built on a great network of franchise partners and wonderful employees. We have a strong supply chain and technology infrastructure. We need to be able to sell more products with better unit economics, and we will be analyzing how to best use our collective assets and brand positioning to increase throughput while also reducing complexity.

We believe we have the foundation and the right "BETTER INGREDIENTS. BETTER PIZZA." positioning to accomplish these goals, but it will require some innovative thinking and fresh perspective to determine how best to leap forward for the benefit of customers, employees, franchisees and of course, stockholders. As such, we have refreshed the board with additional expertise to support our management and strategy. Improvement in the financial results may not be immediate, but rest assured, we are working hard to make a difference and are truly excited about the possibilities. We look forward to further communications with you as we embark on this transformation and appreciate your support.

I invite you to read the material that follows to inform your voting decisions on the items described in this proxy statement. I ask that you join me in voting to support our directors and the other matters up for a vote. Once again, thank you for your support and confidence.

Sincerely,

Jeffrey C. Smith
Chairman of the Board

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To Papa John's Stockholders, Team Members,
Franchisees, Customers and Stakeholders:

When I started my career 22 years ago as a $6 an hour front line worker for Papa John's, I quickly came to believe in the quality of the Company, not just the famous quality of our pizzas.

As a Papa John's franchise owner and operator, as well as your President and CEO, I still do. Great companies and great leaders are distinguished by how they respond in the face of adversity — and the headlines about our challenges have obscured many of what I think are our most important actions.

Some may claim they are committed to investing in people and investing for the long term, but there is often a shortage of tangible actions to back these claims up. We, however, are investing in technology, people, our brand, our restaurants and culture building to deliver responsible, sustainable financial results — and fabulous food — well into the future. For example:

· Our investments in technology, data and data analytics are enabling us to:
- Use media attribution tools to better inform our marketing spend;
- Enhance our digital ordering platforms: our mobile channels now generate approximately three quarters of our digital sales. On our mobile apps, we've integrated Apple Pay and Google, and you can now buy our products via Amazon Alexa and DoorDash;
- Use analytics to place key data in the hands of restaurant managers and other decision makers;
- Speed and enhance feedback loops to drive better service and customer satisfaction; and
- Streamline operations and reduce costs within our restaurants.

· Our investments in our people are exceptional by any standards but particularly for a sector that historically experiences low wages and high turnover:
- Over 80% of our restaurants are owned by franchisees. This means we have real owners from the top to the bottom of our company — not something many companies can claim — and we are committed to their long-term financial health, which includes making investments that improve their unit economics. We believe franchise opportunities are a great equalizer in an increasingly polarized society because they enable almost anyone to start a business with expertise and support otherwise beyond their reach;
- We help our corporate restaurant general managers think like owners via annual stock grants;
- We combat the sector's high turnover with a tuition assistance program, in partnership with Purdue University Global. The program covers 100% of tuition cost of undergraduate and graduate online degree programs for Papa John's 20,000 corporate team members and offers significantly reduced tuition to franchise employees. We believe this program will help us attract and retain employees and enable them to build skills that contribute to our future as well as theirs;

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- We retained independent experts to conduct a company-wide cultural audit, and we are already implementing recommendations to advance diversity, equity and inclusion across the organization; and
- Our more than 5,000 restaurants in 47 countries help create opportunities for individuals in those communities, while also providing us diversification and scale.

But that is not all. I mentioned we have real owners from the top to the bottom of Papa John's, and I meant it. In 2019, we welcomed new financial resources and expertise from an investor with a record of value creation, Starboard Value LP (Starboard). Starboard's Jeff Smith became Chairman of the Board in February 2019.

As detailed in the proxy, Jeff is one of 6 new directors we have welcomed, and whom we hope you will also welcome with your votes this year.

· In addition, there are many more reasons to believe in our future:

- While the restaurant and grocery worlds are wringing their hands over how to make home delivery possible, we have been doing this as a core competency since our founding 35 years ago;
- Consumers' heightened interest in fresh foods is a natural match for our founding focus on BETTER, quality ingredients;
- We have a differentiated market position and the infrastructure, ownership structure and scale to be successful in this highly competitive space; and
- We are investing in the technological, human capital and operating capabilities necessary to deliver outstanding pizza and profitable, sustainable growth.

I ask for your voting support on the items in this proxy to help us move forward. I thank you for the support you have demonstrated, whether as a stockholder, team member, franchisee or customer. I invite you to try our new products, including the new specialty pizzas rolling out this year, give us your feedback or join our team.

Sincerely,

Steve M. Ritchie
President and Chief Executive Officer

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A Transformation Is Beginning at Papa John's

Over the past year, meaningful changes have been made to the Company's governance, leadership and strategy, and even more initiatives and investments are underway to improve our operations, corporate culture and how we engage with stakeholders.

We are confident that we are taking the right actions to establish Papa John's as the BETTER INGREDIENTS. BETTER PIZZA.® company for the benefit of our stockholders, employees, franchisees and customers.

6 New Directors, Including New Independent Chairman*

Papa John's Board benefits from a mix of new directors who bring fresh perspectives and seasoned directors who bring continuity and a deep understanding of our business. In addition to the new directors listed below, four continuing directors will be standing for re-election at this year's Annual Meeting, including Christopher Coleman, Olivia Kirtley, Laurette Koellner and Sonya Medina, whose respective experience is detailed in our proxy.

		INDEPENDENT
Jeff Smith Chairman (46)	• Extensive experience in capital markets, corporate finance, best-in-class corporate governance practices • CEO of Starboard Value • Chair of Advance Auto, member of Perrigo board; previously Chair of Darden and Phoenix Technologies; former director at Yahoo!, Quantum Corporation, Office Depot, Regis Corporation, Surmodics, Zoran Corporation, Actel Corporation, Kensey Nash, S1 Corp, Fresh Juice Company	
Michael Dubin (40)	• Record of building leading, innovative consumer brands with deep marketing, branding and business operations expertise • CEO and co-founder of Dollar Shave Club; member of Stance Socks Board • Previously held marketing, advertising, media and digital commerce positions at NBC, MSNBC, Time Inc. and two advertising agencies	
Jocelyn Mangan (47)	• Two decades of technology and product strategy experience, including developing mobile apps and market leading software products for consumer, restaurant and marketplace companies • CEO and founder of Him for Her; director at ChowNow, an online food ordering system and marketing platform	

	• Previously held executive positions at Snagajob, including COO and Chief Product and Marketing Officer; former SVP Product at Open Table
Shaquille O'Neal (47)	• NBA Hall of Famer with strong business track record as an investor, restaurateur and franchise owner • Expected to become an investor in nine Papa John's franchises and marketing partner for the Papa John's brand • Owner of other restaurant franchises, including Krispy Kreme Doughnuts and previously Five Guys Burgers and Fries; founder and owner of fast casual concept, Big Chicken, and fine dining destination, Shaquille's. Minority owner of Sacramento Kings NBA franchise. Experience growing other leading consumer brands as a brand partner, endorser and spokesperson
Steve Ritchie (44)	• 22-year career at Papa John's, including as President and COO, and SVP Corporate Operations and Global Operations Support and Training • Multi-unit Papa John's franchise owner and operator since 2006 • President and CEO, effective January 2018
Anthony Sanfilippo (60)	• 35+ years of board, senior executive and operating expertise in gaming and hospitality industries • Most recently Chair and CEO of Pinnacle Entertainment • Former President, CEO and director at Multimedia Games; previously worked in various roles at Harrah's Entertainment; former director at Jazz Casino

New Leadership

Steve Ritchie	Marvin Boakye
Appointed President and CEO, effective 1/1/18	Appointed as first Chief People Officer, effective 1/23/19
Mike Nettles	Victoria Russell
Appointed Chief Operating & Growth Officer, effective 10/12/18	Appointed as first Chief of Diversity, Equity & Inclusion, effective 7/23/18

* Director count does not include new, mutually agreeable independent director to be identified and appointed pursuant to an agreement with John Schnatter

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New Financial Flexibility to Support New Operating Priorities –
Extending Our Focus on BETTER Across the Papa John's Organization

"Our agreement with Starboard provides new expertise and additional financial resources to invest in areas that we believe are important to our customers and the opportunities ahead. Quality and how our product brings people together will be front and center in our efforts."

STEVE RITCHIE

PRESIDENT AND CEO OF PAPA JOHN'S

Approximately half of the proceeds from the Starboard investment will be used to repay debt, with the remaining proceeds providing financial flexibility that enables Papa John's to invest capital to further advance its five strategic priorities.

Making People a Priority	Improving Our Brand Differentiation	Creating Accessible Value
People are our most important ingredient	Emphasize our quality position through our creative media to differentiate our brand; it's more than just a tagline	Drive value perception by providing every day accessible value to our consumers

Implementing Technological Advancements	Improving Unit Economics
Build new technology with enhanced data and	Build a stronger unit economic model through new tools, products,

analytics capabilities to engage the consumer, create operational efficiencies, and better optimize our marketing spend

equipment and procedures to improve customer experience, sales and overall financial performance

"Papa John's has always stood for higher quality pizza, and we believe Papa John's has a strong foundation, with the best product in the space and a strong franchisee and customer base. We applaud the actions that the Board and management have taken to move the Company forward through a difficult transition. We see tremendous potential for the Company both in the U.S. and internationally. We look forward to providing leadership, sponsorship and support to instill operational, financial and corporate governance best practices, and working with the Papa John's team to develop a disciplined long-term strategic plan while delighting our customers every day."

JEFF SMITH

CHAIRMAN OF PAPA JOHN'S, STARBOARD VALUE CEO

New Initiatives to Support Our Employees and Franchisees and Put Our Commitment to Diversity, Equity and Inclusion into Action

- First of its kind, fully funded college education partnership with Purdue University Global, providing all corporate employees access to quality education and developmental opportunities with special programs for franchise employees as well

- DE&I training conducted for 14,000 corporate team members and is being rolled out across the country

- New DE&I team established to support the diverse franchise owners and employees who make up Papa John's

- New Employee Resource Groups established to support and provide voice for the diverse employees who make up our company and our culture: African-American, Hispanic, Women and LGBTQ, multi-generational and Veterans

- New Papa John's Foundation to support organizations that empower communities to overcome divides through civility and unity. First grant to Bennett College, a private, all-women, historically black liberal arts college in Greensboro, NC

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Proxy Statement

The Board of Directors (the “Board”) of Papa John’s International, Inc. (the “Company”) is soliciting proxies for use at the Annual Meeting of Stockholders (the “Annual Meeting”) to be held at 11:00 a.m. Eastern Time on April 30, 2019 at the Company’s corporate offices located at 2002 Papa John’s Boulevard, Louisville, Kentucky, and at any adjournment or postponement of the meeting. This Proxy Statement and the enclosed proxy card are first being mailed or given to stockholders on or about March 27, 2019.

At the Annual Meeting, stockholders will be asked to vote on the matters outlined in the Notice of Annual Meeting of Stockholders. These include the election of ten directors to the Board; the ratification of the selection of KPMG LLP (“KPMG”) as the Company’s independent auditors for 2019; an advisory approval of the Company’s executive compensation; and the ratification of the Company’s Rights Agreement, as amended.

Corporate Governance

Principles of corporate governance that guide the Company are set forth in the Company’s Board committee charters, the Company’s Corporate Governance Guidelines and the Company’s Code of Ethics and Business Conduct, all of which are available on our website at www.papajohns.com by first clicking “Investor Relations” and then “Corporate Governance.” (The information on the Company’s website is not part of this Proxy Statement and is not soliciting material.) The principles set forth in those governance documents were adopted by the Board to ensure that the Board is independent from management, that the Board adequately oversees management, and to help ensure that the interests of the Board and management align with the interests of the stockholders. The Board annually reviews its corporate governance documents.

Majority Voting Standard for Director Elections

Our Amended and Restated Bylaws (the “Bylaws”) provide for a majority voting standard for uncontested director elections and a mechanism for consideration of the resignation of an incumbent director who does not receive a majority of the votes cast in an uncontested election. Under the majority voting standard, a majority of the votes cast means that the number of shares voted “FOR” a director nominee must exceed the number of votes cast “AGAINST” that director nominee. In contested elections where the number of nominees exceeds the number of directors to be elected, the vote standard will be a plurality of votes represented in person or by proxy and entitled to vote on the election of directors. In addition, if an incumbent director is nominated in an uncontested election, the director nominee is required, as a condition of the director’s nomination, to submit an irrevocable letter of resignation to the Chairman of the Board. If an incumbent director nominee does not receive a majority of the votes cast, the Corporate Governance and Nominating Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Committee’s recommendation and publicly disclose its decision and the rationale behind the decision within 90 days from the date of certification of the election results. The director whose resignation is being considered will not participate in the recommendation of the Committee or the Board’s decision.

Code of Ethics and Business Conduct

The Company’s Code of Ethics and Business Conduct, which is the Company’s code of ethics applicable to all directors, officers and employees worldwide, embodies the Company’s global principles and practices relating to the ethical conduct of the Company’s business and its longstanding commitment to honesty, fair dealing and full compliance with all laws affecting the Company's business.

The Board has established procedures for any person, including a team member, to submit confidential and anonymous reports of suspected or actual violations of the Company's Code of Ethics and Business Conduct relating, among other things, to:

- violations of the federal securities laws;
- fraud or error in the Company's accounting, audit or internal controls, financial statements and records; or
- misconduct by any member of the Company's senior management.

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CORPORATE GOVERNANCE

The procedures for reporting issues and concerns may be found on our website at www.papajohns.com, by first clicking “Investor Relations” and then “Corporate Governance.”

Director Independence

The Board has determined that the following nine of the Company’s twelve current directors are “independent” as defined by applicable law and NASDAQ listing standards: Christopher L. Coleman, Michael R. Dubin, Olivia F. Kirtley, Laurette T. Koellner, Jocelyn C. Mangan, Sonya E. Medina, Anthony M. Sanfilippo, Mark S. Shapiro and Jeffrey C. Smith. Each of our Audit, Compensation, and Corporate Governance and Nominating committees is comprised only of independent directors, as identified below under the heading “Committees of the Board of Directors.”

Based on such standards, John H. Schnatter, who is not standing for re-election, is not independent because he was an executive officer of the Company until January 1, 2018, when he changed his status to a non-employee director. Mr. Schnatter also has certain contractual relationships with the Company.

Steven M. Ritchie is not independent because he serves as President and Chief Executive Officer of the Company and is a franchisee of the Company as further described under “Transactions with Related Persons” below. Shaquille O’Neal is not expected to be an independent director because he has entered into a non-binding letter of intent to enter into the transactions described under “Transactions with Related Persons” below.

Ms. Kirtley, Chairman of the Compensation Committee, is a member of the board of directors of U.S. Bancorp. We have a banking relationship with U.S. Bancorp that predates Ms. Kirtley’s appointment to the U.S. Bancorp board of directors. Ms. Kirtley is also a member of the board of directors of Delta Dental. Based on a comprehensive request for proposal in 2009, the Company chose Delta Dental as its dental insurance carrier. The Board reviewed these relationships and determined that they do not impact Ms. Kirtley’s independence or her business judgment.

Mr. Shapiro was promoted in December 2018 to President of Endeavor (“Endeavor Parent”), a leading entertainment, sports and fashion company, and will not be standing for re-election at the Annual Meeting. In August 2018, the Company engaged Endeavor Global Marketing, a marketing agency within Endeavor Parent, as its global marketing agency following a competitive bid process. The Papa John’s marketing fund also has a business relationship with Endeavor Parent through IMG College, a subsidiary of Endeavor Parent, which predates Mr. Shapiro’s employment with Endeavor Parent. The Board reviewed these relationships and determined that the dollar amount of the relationship between the Company and Endeavor Parent is immaterial to Endeavor Parent compared to Endeavor Parent’s gross revenues, and that the relationships do not impact Mr. Shapiro’s independence or his business judgment.

Hedging and Pledging Policy

Pursuant to our Insider Trading Compliance Policy, we prohibit employees, officers and directors from pledging any Company securities as collateral for a loan, or from holding any Company securities in a margin account. This policy also prohibits hedging transactions involving Company securities, including the use of financial instruments such as prepaid variable forwards, equity swaps, collars, exchange funds and similar transactions. Notwithstanding this restriction, pursuant to the terms of the Securities Purchase Agreement, dated as of February 3, 2019 (the “Securities Purchase Agreement”), by and among the Company and certain funds affiliated with, or managed by, Starboard Value LP (collectively, “Starboard”), Starboard is expressly permitted to pledge Company securities acquired under the Securities Purchase Agreement.

Recent Governance Changes and the Work of the Special Committee

Mr. Schnatter resigned as Chairman of the Board on July 11, 2018, and Olivia F. Kirtley was asked to lead the Board until the Chairman role was filled. On July 26, 2018, the Board unanimously elected Ms. Kirtley to the position of Chairman of the Board. The Board believed that Ms. Kirtley was best suited to serve as Chairman during this time due to her long-standing role on our Board, her knowledge of the Company and her extensive experience with corporate governance and strategic issues.

On July 15, 2018, a Special Committee of the Board, comprised of all the Company's then-independent directors (the "Special Committee"), was formed to evaluate and take action with respect to all of the Company's relationships and arrangements with Mr. Schnatter. Following its formation, the Special Committee terminated Mr. Schnatter's Founder Agreement (as defined below), which defined his role in the Company as, among other things, advertising and brand spokesperson for the Company. The Special Committee also oversaw an external audit and investigation of all the Company's existing processes, policies and systems related to diversity and inclusion, supplier and vendor engagement and Papa John's culture (the "cultural audit and investigation"). See "—Cultural Audit and Investigation" below. The Special

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CORPORATE GOVERNANCE

Committee also oversaw a process to evaluate a range of strategic options with the goal of maximizing value for the Company's stockholders. See "—Strategic Review" below.

On July 22, 2018, the Board authorized and adopted a stockholder rights agreement intended to protect the stockholders from unfair, abusive or coercive takeover strategies, including an acquisition of control of the Company without payment of an adequate control premium. This rights agreement was amended by the Board on February 3, 2019 to facilitate the strategic investment by Starboard and further amended by the Board on March 6, 2019 (the rights agreement, as amended, the "Rights Agreement"). A summary of the terms of the Rights Agreement is provided under "Item 4. Ratification of the Rights Agreement, as amended" below and a conformed copy of the Rights Agreement is included as Appendix A to this Proxy Statement.

Strategic Review.

In September 2018, the Company began a process to evaluate a wide range of strategic options with the goal of maximizing value for all stockholders and serving the best interests of the Company's stakeholders. In order to execute the strategic review, the Special Committee engaged legal and financial advisors, and after extensive discussions with a wide group of strategic and financial investors, the Special Committee concluded that a strategic investment in the Company by Starboard was in the best interests of the Company and its stockholders. On February 3, 2019, the Company entered into the Securities Purchase Agreement with Starboard pursuant to which Starboard made a $200 million strategic investment in the Company's newly designated Series B Convertible Preferred Stock (the "Series B Preferred Stock") with the option to make an additional $50 million investment in the Series B Preferred Stock through March 29, 2019. Starboard informed the Company on March 25, 2019 of its intent to exercise the option in full.

In connection with Starboard's investment, the Company expanded the Board to include two new independent directors, Jeffrey C. Smith, Chief Executive Officer of Starboard Value LP, and Anthony M. Sanfilippo, former Chairman and Chief Executive Officer of Pinnacle Entertainment, Inc. Also in connection with Starboard's strategic investment, the Company's President and Chief Executive Officer, Steven M. Ritchie, was appointed to the Board and Mr. Smith was appointed Chairman of the Board.

In addition, the Board granted to Starboard certain rights related to the Company's corporate governance, including director designation rights. Pursuant to the Governance Agreement, dated as of February 4, 2019 and amended on March 4, 2019, by and among the Company and Starboard (the "Governance Agreement"), so long as certain criteria are satisfied, including that Starboard satisfies the minimum ownership threshold, the Board has agreed to nominate, recommend, support and solicit proxies for two directors appointed by Starboard (currently Mr. Smith and Mr. Sanfilippo) for election at the Annual Meeting. See "Contractual Rights of Starboard to Designate Nominees" below.

Cultural Audit and Investigation.

The Special Committee has concluded its work on the cultural audit and investigation and in February 2019 made recommendations to the Company and management regarding diversity, equity and inclusion, and human resources improvements. Among the recommendations of the Special Committee was the creation of a new Chief People Officer role, an executive officer position. The Company recently appointed Marvin Boakye to the new Chief People Officer role. Mr. Boakye brings extensive training, credentials and experience to this position. Mr. Boakye and his team will define a vision and strategy for the People Operations department and will use external resources, as needed, in the creation of new processes and initiatives.

On February 22, 2019, the charter of the Corporate Governance and Nominating Committee of the Board was amended to provide that the Committee is responsible for overseeing the Company's commitment to diversity, equity and inclusion, and the Company's human resources compliance programs, including policies and procedures, for safeguarding against and monitoring discrimination and harassment.

Settlement Agreement.

On March 3, 2019, the Corporate Governance and Nominating Committee of the Board approved a Settlement Agreement with Mr. Schnatter (the "Settlement Agreement"), pursuant to which the Company agreed to cooperate with Mr. Schnatter to identify a mutually acceptable independent director designee, who must meet certain eligibility criteria set forth in the Settlement Agreement, including that the independent designee have relevant professional experience and be independent of both Mr. Schnatter and Starboard. In accordance with the Settlement Agreement, if the independent designee is appointed to the Board prior to the Annual Meeting, Mr. Schnatter has agreed to resign as a member of the Board effective upon the appointment of the independent designee, unless he decides to resign at an earlier time. Otherwise, Mr. Schnatter's term as a director will expire at the Annual Meeting. In connection with the Settlement Agreement, the Company also amended the Governance Agreement with Starboard to remove the provision that would

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have required Starboard, for a period of time, to vote the shares of the Company's securities that it beneficially owns in favor of the Board's director nominees and in accordance with the Board's recommendations, and amended the Rights Agreement to eliminate the "acting in concert" definition. Mr. Schnatter also agreed to dismiss certain lawsuits that he had initiated against the Company.

Board Leadership Structure and Risk Management

Under our Corporate Governance Guidelines, our Board elects a Chairman of the Board with the duties set forth in our Bylaws. When the position of Chairman of the Board is not held by an independent director, the independent directors will elect a Lead Independent Director. Jeffrey C. Smith, our current Chairman, is independent; accordingly, we do not currently have a Lead Independent Director.

Our Board has three standing committees — the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. There is also a Special Committee of the Board that was formed in July 2018. Each of the Board committees is comprised solely of independent directors, with each of the committees having a separate chair. See "Committees of the Board of Directors" below for a description of each of these Board committees and its members. The key responsibilities of the Board include developing the strategic direction for the Company and providing oversight for the execution of that strategy by management. The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board regularly reviews information regarding the Company's financial, strategic and operational issues, as well as the risks associated with each, and that oversight includes a thorough and comprehensive annual review of the Company's strategic plan. At the committee level, risks are reviewed and addressed as follows:

- The Audit Committee oversees management of financial risks, legal and regulatory risks, food safety, information technology and cyber security risks, as well as the Company's Enterprise Risk Management program, reporting on such matters to the full Board. The Audit Committee's agendas include discussions of individual and emerging risk areas throughout the year, and through its oversight of our Enterprise Risk Management program, the Audit Committee monitors management's responsibility to identify, assess, manage and mitigate risks. Our Enterprise Risk Management program is comprised of a cross-functional, management-level Enterprise Risk Management team that helps establish a culture of managing and mitigating risk and coordination of risk management between our executive team and the Board.
- The Compensation Committee is responsible for overseeing the management of risks relating to the Company's compensation plans and arrangements and also oversees succession planning. The Compensation Committee reviews our compensation policies and practices to determine whether they subject us to unnecessary or excessive risk. As a result of that evaluation, including a review of the plan design and governance aspects of our compensation programs discussed below in the Compensation Discussion and Analysis, the Compensation Committee concluded that the risks arising from those policies and practices are not reasonably likely to have a material adverse effect on the Company.
- The Corporate Governance and Nominating Committee manages risks associated with potential conflicts of interest and reviews governance and compliance issues with a view to managing associated risks, including oversight of our compliance program with respect to our Code of Ethics and Business Conduct and monitoring of risks associated with workplace discrimination and harassment.

While each committee is responsible for evaluating and overseeing the management of such risks, the Board is regularly informed through committee reports about such risks. In addition, the Board and the committees receive regular reports from the President and Chief Executive Officer, Chief Financial Officer, Chief Legal and Risk Officer, and other Company officers with roles in managing risks.

Independent Chairman of the Board

Jeffrey C. Smith serves as our independent Chairman of the Board. Our Board believes an independent Chairman provides a strong leadership structure and sound governance in the best interests of the Company and its stockholders, working with the Board, the Company's Chief Executive Officer and management to establish and further the Company's strategic objectives. When the position of Chairman of the Board is not held by an independent director, the independent directors will elect a Lead Independent Director, with the duties described in the Company's Corporate Governance Guidelines.

Prior to July 2018, Mr. Schnatter served as Chairman of the Board and Ms. Kirtley served as Lead Independent Director of the Board. Effective July 11, 2018, as discussed above, Mr. Schnatter resigned as Chairman of the Board and Ms. Kirtley was asked to lead the Board until the Chairman role was filled. On July 26, 2018, the Board unanimously elected Ms. Kirtley

CORPORATE GOVERNANCE

to the position of Chairman of the Board. On February 3, 2019, Mr. Smith was appointed to the position of Chairman of the Board in connection with Starboard's strategic investment in the Company.

Meetings of the Board of Directors

The Board held sixteen meetings in 2018. Each incumbent director attended at least 75% of the meetings of the Board and the Board committees on which he or she served during the period of service in 2018.

Meetings of the Independent Directors

At both the Board and committee levels, the Company's independent directors meet in regular executive sessions in which members of management do not participate. These sessions typically occur in conjunction with regularly scheduled Board or committee meetings. The Chairman of the Board currently chairs executive sessions of the Board. If the position of Chairman is not held by an independent director, the Lead Independent Director will chair such executive sessions.

Annual Meetings of Stockholders

The Company does not have a policy regarding director attendance at the Annual Meeting, but we encourage each of our directors to attend each Annual Meeting of the Company's stockholders whenever attendance does not unreasonably conflict with the director's other business and personal commitments. Six directors attended the 2018 Annual Meeting of Stockholders.

Committees of the Board of Directors

The Board has three standing committees to facilitate and assist the Board in the execution of its responsibilities: the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. In accordance with NASDAQ listing standards, all of the standing committees are comprised solely of independent directors. Charters for each of our standing committees are available on the Company's website at www.papajohns.com by first clicking on "Investor Relations" and then "Corporate Governance." The charter of each standing committee is also available in print to any stockholder who requests it.

The Board also has a Special Committee comprised of all of the independent directors that was formed in July 2018, as discussed below.

Audit Committee

Members: Laurette T. Koellner (Chair) Christopher L. Coleman Mark S. Shapiro	The Audit Committee's purpose is to assist the Board in fulfilling its oversight responsibilities for the accounting, financial reporting and internal control functions of the Company and its subsidiaries. The Audit Committee is responsible for the appointment, compensation and retention of the independent auditors and oversees the performance of the internal auditing function and the Company's compliance program with respect to legal and regulatory requirements and risk management. The Audit Committee meets with management and the independent auditors to review and discuss the annual audited and quarterly unaudited financial statements, reviews the integrity of our accounting and financial reporting processes and audits of our financial statements,

Meetings in Fiscal 2018: 6	and prepares the Audit Committee Report included in this Proxy Statement. The responsibilities of the Audit Committee are more fully described in the Audit Committee's Charter. Each member of the Audit Committee is independent as determined by the Board, based upon applicable laws and regulations and NASDAQ listing standards. In addition, the Board has determined that each of Ms. Koellner and Mr. Coleman is an "audit committee financial expert" as defined by Securities and Exchange Commission ("SEC") rules.

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CORPORATE GOVERNANCE

Compensation Committee

Members: Olivia F. Kirtley (Chair) Christopher L. Coleman Laurette T. Koellner Sonya E. Medina Anthony M. Sanfilippo* Meetings in Fiscal 2018: 11 * appointed to Committee February 2019	The Compensation Committee oversees the Company's compensation programs and is responsible for overseeing and making recommendations to the Board regarding the Company's overall compensation strategies and succession planning. Specifically, the Compensation Committee reviews and approves annually the compensation of the Company's executive officers, including the executive officers named in the Summary Compensation Table below (our "named executive officers" or "NEOs"). The Committee has the authority to administer our equity plans and is responsible for all determinations with respect to participation, the form, amount and timing of any awards to be granted to any such participants, and the payment of any such awards. In addition, the Committee is responsible for recommending stock ownership guidelines for the executive officers and directors, for recommending the compensation and benefits to be provided to non-employee directors, and for reviewing and approving the establishment of broad-based incentive compensation, equity based, and retirement or other material employee benefit plans. The Committee also reviews risks, if any, created by the Company's compensation policies and practices and provides recommendations to the Board on compensation related proposals to be considered at the Annual Meeting. The Committee has the authority to retain compensation consultants, outside counsel and other advisers. The Committee has engaged Frederick W. Cook & Company ("FW Cook") to advise it and to prepare market studies of the competitiveness of components of the Company's compensation program for its senior executive officers, including the named executive officers. FW Cook does not provide any other services to the Company. The Committee performed an assessment of FW Cook's independence to determine whether the consultant is independent and, based on that assessment, determined that the firm's work has not raised any conflict of interest and the firm is independent. See "Compensation Discussion and Analysis" for a further description of the Compensation Committee's use of FW Cook during 2018, as well as the role of our executive officers in determining or recommending the amount or form of compensation paid to our named executive officers during 2018, and the Committee's process in setting compensation. The responsibilities of the Compensation Committee are more fully described in the Committee's Charter.

Corporate Governance and Nominating Committee

Members: Christopher L. Coleman (Chair) Olivia F. Kirtley Sonya E. Medina Anthony M. Sanfilippo*	The Corporate Governance and Nominating Committee assists the Board in identifying qualified individuals for service as directors of the Company and as Board committee members, evaluates incumbent directors before recommending renomination, and recommends all such approved candidates to the Board for appointment or nomination to the Company's stockholders. The Corporate Governance and Nominating Committee selects as candidates for appointment or nomination individuals of high personal and professional integrity and ability who can contribute to the Board's effectiveness in serving the interests of the Company's stockholders. The Corporate Governance and Nominating Committee recommended the nomination of ten directors for election to the Board at the Annual Meeting.

Meetings in Fiscal 2018: 4 * appointed to Committee February 2019	In addition, the Committee develops and monitors the process for evaluating Board effectiveness, oversees the development and administration of the Company's corporate governance policies and the Company's compliance program with respect to the Company's Code of Ethics and Business Conduct. It also reviews and approves matters pertaining to possible conflicts of interest and related person transactions, and oversees the Company's commitment to corporate values of diversity, equity and inclusion, and the Company's human resources compliance programs, including policies and procedures, for monitoring discrimination and harassment. See the discussion under "Approval of Related Person Transactions" below. The responsibilities of the Corporate Governance and Nominating Committee are more fully described in the Committee's Charter.

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Special Committee

On July 15, 2018, the Special Committee, comprised of all the Company's then-independent directors, was formed to evaluate and take action with respect to all of the Company's relationships and arrangements with Mr. Schnatter. The Special Committee also oversaw a previously announced cultural audit and investigation, and oversaw the process to evaluate a wide range of strategic options with the goal of maximizing value for the Company's stockholders and serve the best interest of the Company's stakeholders. The work of the Special Committee is now substantially complete. See "Recent Governance Changes and the Work of the Special Committee" above.

The current members of the Special Committee are Mr. Coleman (Chair), Mr. Shapiro, Ms. Kirtley, Ms. Koellner, Ms. Medina, Mr. Sanfilippo and Mr. Smith.

Communications with the Board

Stockholders of the Company may communicate with the Board in writing addressed to:

Board of Directors
c/o Corporate Secretary
Papa John's International, Inc.
P.O. Box 99900
Louisville, Kentucky 40269 0900

The Secretary will review each stockholder communication. The Secretary will forward to the entire Board (or to members of a Board committee, if the communication relates to a subject matter clearly within that committee's area of responsibility) each communication that (a) relates to the Company's business or governance, (b) is not offensive and is legible in form and reasonably understandable in content, and (c) does not merely relate to a personal grievance against the Company or a team member or further a personal interest not shared by the other stockholders generally.

Nominations for Directors

Identifying Qualified Candidates

The Corporate Governance and Nominating Committee assists the Board in identifying qualified persons to serve as directors of the Company. The Committee evaluates all proposed director nominees, evaluates incumbent directors before recommending renomination, and recommends all approved candidates to the Board for appointment or nomination to the Company's stockholders.

The Corporate Governance and Nominating Committee expects qualified candidates will have high personal and professional integrity and ability and will be able to contribute to the Board's effectiveness in serving the interests of the Company's stockholders. The Committee considers diversity in its nomination of directors to the Board, and in its assessment of the effectiveness of the Board and its committees. In considering diversity, the Corporate Governance and Nominating Committee looks at a range of different personal factors in light of the business, customers, suppliers and employees of the Company. The range of factors includes diversity of race, ethnicity, gender, age, cultural background and personal background. The Committee considers skills and experience, such as prior board service, financial expertise, international experience, industry experience, technology experience and leadership skills, including prior management experience. In addition, the Committee also considers qualifications that include: independence, judgment, integrity, the ability to commit sufficient time and attention to Board activities, and the absence of potential conflicts with the Company's interests. The Committee considers these criteria in the context of the perceived needs of the Board as a whole and seeks to achieve and maintain the diversity of the Board. Although the Board does not establish specific goals with respect to diversity, the overall diversity of the Board is a significant consideration in the nomination process. Half of our Board nominees for election at the Annual Meeting are diverse based on gender or ethnicity, and the Board's collective experience covers a range of experience across different countries and industries. The Corporate Governance and Nominating Committee also considers the length of service of the Company's Board members, balancing the value of long-standing Board service with the perspective of directors more recently joining the Board.

CORPORATE GOVERNANCE

The charts below illustrate the composition of our nominees by gender and tenure:

The Corporate Governance and Nominating Committee reports regularly to the full Board on its assessment of the composition and functioning of the Board. The Company has focused on assembling a group of Board members who collectively possess the skills and experience necessary to oversee the business of the Company, structure and oversee implementation of the Company’s strategic plan and maximize stockholder value in a highly competitive environment. The Board undertook a significant refreshment process leading up to the Annual Meeting to enhance the skills and capabilities of the Board, as further described under “Item 1. Election of Directors” below. In connection with Starboard’s strategic investment in the Company and pursuant to the terms of the related Governance Agreement, the Board agreed to expand the size of the Board and appoint two new independent directors, Jeffrey C. Smith and Anthony M. Sanfilippo, and the Company’s President and Chief Executive Officer, Steven M. Ritchie, to the Board. Pursuant to the terms of the Governance Agreement, the Board and the Corporate Governance and Nominating Committee conducted a search to identify and recommend two additional new independent director candidates to the Board, which resulted in the appointment of Michael R. Dubin and Jocelyn C. Mangan to the Board as independent directors on March 14, 2019. Mr. O’Neal’s recommendation by the Corporate Governance and Nominating Committee to the Board followed from his discussions with the Company to become a franchisee and an endorser for the brand. See “Recent Governance Changes and the Work of the Special Committee” above and “Contractual Rights of Starboard to Designate Nominees” below. In addition, pursuant to the Settlement Agreement, the Company agreed to cooperate with Mr. Schnatter to identify a mutually acceptable independent director candidate.

The Corporate Governance and Nominating Committee will consider candidates for election to the Board recommended by a stockholder in accordance with the Company’s Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) and will do so in the same manner as the Committee evaluates any other properly recommended nominee. Any nomination by a stockholder of a person for election to the Board at an annual meeting of stockholders, or a special meeting of stockholders called by the Board for the purpose of electing directors, must be received at the Company’s principal offices not less than 60 days nor more than 90 days prior to the scheduled date of the meeting and must comply with certain other requirements set forth in the Company’s Certificate of Incorporation. However, if less than 70 days’ notice of the date of the annual meeting is given, notice by the stockholder must be received no later than 10 days following the earlier of (i) the day on which such notice of the date of the meeting was mailed or (ii) the day on which public disclosure of the date of the meeting was made by the Company.

Nominations must be addressed to the Chairman of the Corporate Governance and Nominating Committee in care of the Secretary of the Company at the Company’s headquarters address listed below and must be received on a timely basis in order to be considered for the next annual election of directors:

Chairman of the Corporate Governance and Nominating Committee
c/o Corporate Secretary
Papa John’s International, Inc.
P.O. Box 99900
Louisville, Kentucky 40269 0900

Contractual Rights of Starboard to Designate Nominees

Pursuant to the terms of the Governance Agreement, entered into in connection with Starboard’s strategic investment in the Company, the Company agreed to (i) increase the size of the Board from six to nine directors, (ii) nominate and appoint Jeffrey C. Smith (the “Starboard Appointee”), Anthony M. Sanfilippo (the “Independent Appointee”) and Steven

M. Ritchie (collectively, the “Agreed Appointees”) to the Board and (iii) appoint Mr. Smith as Chairman of the Board. Subject to certain limitations set forth in the Governance Agreement, during the Standstill Period (as defined below), the Company agreed that (A) Mr. Sanfilippo would be a member of the Compensation Committee, the Corporate Governance and Nominating Committee and the Special Committee and (B) Mr. Smith would be a member of the Special Committee.

If there is a vacancy on the Board during the Standstill Period (as defined below) as a result of either the Starboard Appointee or the Independent Appointee no longer serving on the Board for any reason, then Starboard will be entitled to designate a replacement thereof (each a “Replacement Director”); provided that at such time certain criteria set forth in the Governance Agreement are satisfied, including that Starboard satisfy a minimum ownership threshold. Prior to being appointed to the Board, the Starboard Appointee (or a Replacement Director thereof who is not independent of Starboard) is required to deliver an irrevocable resignation letter pursuant to which he or she will resign automatically and immediately if (i) Starboard fails to satisfy the minimum ownership threshold or (ii) Starboard, its affiliates or associates or any Starboard Appointee who is not independent of Starboard materially breaches the terms of the Governance Agreement. Mr. Smith delivered this resignation letter to the Board prior to his appointment.

In addition to the appointment of the Agreed Appointees, the Company agreed that the Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board and the Chairman of the Corporate Governance and Nominating Committee, would initiate a process to identify and recommend at least one and no more than two additional new independent director candidates for appointment to the Board, subject to their completion of customary director onboarding documentation and the Board’s approval. On March 14, 2019, Michael Dubin and Jocelyn Mangan were appointed to the Board as independent directors following completion of this process. The Company also has agreed that, without the prior written consent of Starboard, the Board shall take all necessary action so that the size of the Board will not exceed (i) 11 directors during the period from February 4, 2019 until the date of the Annual Meeting and (ii) 12 directors from the date of the Annual Meeting until the end of the Standstill Period.

Pursuant to the Governance Agreement, the Board agreed to nominate, recommend, support and solicit proxies for the Starboard Appointee and the Independent Appointee for election at the Annual Meeting for terms expiring at the Company’s 2020 annual meeting of stockholders. In addition, during the Standstill Period, Starboard has agreed not to (i) nominate or recommend for nomination any person for election as a director at any stockholder meeting, (ii) submit any stockholder proposals for consideration at, or bring any business before, any stockholder meeting or (iii) initiate, encourage or participate in any “vote no,” “withhold” or similar campaign with respect to the Company’s common stock.

Starboard has agreed, from the date of the Governance Agreement until the earlier of (i) the date that is 15 days prior to the deadline for the submission of stockholder nominations for the 2020 annual meeting pursuant to the Company’s organizational documents and (ii) the date that is 100 days prior to the first anniversary of the Annual Meeting (the “Standstill Period”), to customary standstill restrictions. Starboard has an option to extend the Standstill Period by one-year periods, which may be exercised no more than twice, subject to certain limitations. If the Starboard Appointee is removed as Chairman of the Board during the Standstill Period for any reason other than due to the occurrence of a resignation event (as defined in the Governance Agreement) or his resignation as Chairman of the Board or as a director of the Company, Starboard will have the right to terminate the Standstill Period. The Governance Agreement terminates upon the expiration of the Standstill Period.

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Item 1. Election of Directors

Our Bylaws provide that the Board is authorized to fix from time to time the number of directors within the range of three to fifteen members. The Board agreed, pursuant to the terms of the Governance Agreement, that the size of the Board would be no greater than eleven members prior to the Annual Meeting and no greater than twelve members after the Annual Meeting until the end of the Standstill Period. In connection with the appointment of Mr. O'Neal to the Board on March 21, 2019, Starboard consented to the increase in the size of the Board to twelve members until the Annual Meeting, and the Board size is currently set at twelve members. Mr. Shapiro and Mr. Schnatter are not standing for re-election to our Board at the Annual Meeting, and the Board has reduced the size of the Board to ten members effective immediately prior to the commencement of the Annual Meeting. Directors are elected annually to one-year terms and each director nominee has consented to being named in this Proxy Statement and has agreed to serve if elected.

We believe the nominees set forth below possess an appropriate mix of skills, experience, and leadership designed to drive board performance and properly oversee the interests of the Company, including our long-term corporate strategy. Our nominees include eight independent directors (80%), four female directors (40%), and a broad range of professional experience. The nominees also reflect a balanced approach to tenure that will allow the Board to benefit from a mix of newer directors who bring fresh perspectives and seasoned directors who bring continuity and a deep understanding of our complex business.

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" EACH OF THE NOMINEES FOR DIRECTOR.

Set forth below is information concerning the nominees for election, including their principal occupations, business experience, background, key skills and qualifications, and ages as of the date of this Proxy Statement. The key skills and qualifications are not intended to be an exhaustive list of each nominee's skills or contributions to the Board, but rather the specific skills and qualifications that led to the conclusion that the person should serve as a director for the Company.

Nominees for Election to the Board

Christopher L. Coleman Age: 50 Director since 2012 Committees: Audit, Compensation, Corporate Governance & Nominating (Chair)	Mr. Coleman is based in the UK, where he is Group Head of Banking at Rothschild & Co. He is a Global Partner of Rothschild & Co, Chairman of Rothschild & Co Bank International and also serves on a number of other boards and committees of the Rothschild & Co Group, which he joined in 1989. Mr. Coleman's extensive financial experience and international business acumen provide insight and expertise to the Board in these key areas. Mr. Coleman currently serves as a non-executive director of Barrick Gold Corporation (and is a member of its compensation committee and its corporate governance and nominating committee). Mr. Coleman was previously non-executive Chairman of Randgold Resources (and was previously a member of its audit and remuneration committees and chairman of its governance and nomination committee).

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ITEM 1. ELECTION OF DIRECTORS

Michael R. Dubin Age: 40 Director since 2019	Mr. Dubin currently serves as CEO of Dollar Shave Club, a position he has held since 2011. Dollar Shave Club was acquired by Unilever in 2016. Prior to founding Dollar Shave Club, Mr. Dubin built a career spanning marketing, advertising, media and digital commerce, holding positions at NBC, MSNBC, Time Inc. and two advertising agencies. Mr. Dubin brings extensive marketing, media, digital commerce and business operations experience to the Board. Mr. Dubin also currently serves on the Board of Stance Socks, a privately held company, as well as two non-profit organizations.
Olivia F. Kirtley Age: 68 Director since 2003 Committees: Compensation (Chair), Corporate Governance & Nominating	Ms. Kirtley, a certified public accountant, is a business consultant on strategic and corporate governance issues. She is a former chief financial officer and former senior manager at a predecessor to the accounting firm Ernst & Young LLP ("Ernst & Young"). From 2014 to 2016, she served as President and Board Chairman of the International Federation of Accountants. She has also served as Chairman of the American Institute of Certified Public Accountants and Chairman of the AICPA Board of Examiners. Ms. Kirtley brings extensive experience, expertise and insight to our Board in the areas of audit, risk management and public company corporate governance and compensation. In addition to her expertise in audit and tax issues developed in part as a senior manager at a predecessor to Ernst & Young, Ms. Kirtley also brings corporate management experience from her tenure at Vermont American Corporation, including the positions of Treasurer, Vice President Finance and Chief Financial Officer at that company. Ms. Kirtley has served as a director of U.S. Bancorp since 2006 (including service as the chairman of its audit committee, chairman of its risk committee, and member of its governance, compensation and executive committees), as a director of ResCare, Inc. since 1998 (including service as the chairman of its audit committee and member of its governance committee), and as a director of Randgold Resources since 2017 until the Barrick Gold-Randgold merger on January 1, 2019 (including service as a member of its audit and remuneration committees).

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ITEM 1. ELECTION OF DIRECTORS

Laurette T. Koellner

Age: 64

Director since 2014

Committees: Audit (Chair), Compensation

Ms. Koellner most recently served as Executive Chairman of International Lease Finance Corporation, a subsidiary of American International Group, Inc. ("AIG") from June 2012 until its May 2014 sale to AerCap Holdings N.V. Ms. Koellner served as President of Boeing International, a division of The Boeing Company, where she held a variety of financial and business leadership roles from 1997 until 2008, including as a member of the Office of the Chairman and Boeing's Chief Administration and Human Resources Officer. Prior to her time with Boeing, Ms. Koellner spent 19 years at McDonnell Douglas Corp., which merged with The Boeing Company in 1997.

As a former executive of a publicly traded company, Ms. Koellner brings extensive experience to the Board in the areas of complex business operations, finance and accounting, and international business. In addition, she brings extensive corporate governance and compensation experience and insight as a director of other public companies.

Ms. Koellner served as an independent director of Hillshire Brands, Inc. from 2001 to 2014, at which time it was sold to Tyson Foods. She served as an independent director of AIG from 2009 to 2012. She currently serves on the board of directors of Celestica, Inc. (including service as the chairman of its audit committee, and member of its compensation and corporate governance and nominating committees), The Goodyear Tire & Rubber Company (including service as a member of its audit and finance committees) and Nucor Corporation (including service as a member of its compensation and executive development and corporate governance and nominating committees).

Jocelyn C. Mangan

Age: 47

Director since 2019

Ms. Mangan is the CEO and Founder of Him For Her, a social enterprise whose aim is to change for-profit boards of directors to include the world's most talented women. She has served in this capacity since May 2018. Prior to that, Ms. Mangan held positions at Snagajob, serving as its COO from February 2017 to April 2018 and its Chief Product and Marketing Officer from May 2016 to February 2017. From May 2014 to October 2015, Ms. Mangan was SVP of Product at OpenTable.

Ms. Mangan's extensive experience with technology and product strategy will provide insight and expertise to the Board in these key areas.

Ms. Mangan currently serves on the board of ChowNow, an online food ordering system and marketing platform.

ITEM 1. ELECTION OF DIRECTORS

Sonya E. Medina Age: 43 Director since 2015 Committees: Compensation, Corporate Governance & Nominating	Ms. Medina is a government and public affairs strategist. She has served as a consultant to the City of San Antonio since March 2015, and as a consultant to Silver Eagle Distributors, the nation's largest distributor of Anheuser-Busch products, since July 2013. She served as Vice President, Community and External Affairs for Silver Eagle Distributors from 2009 to 2013. Ms. Medina served as a White House Commission Officer from 2001 to 2006 and again in 2008, and as Director of the AT&T Global Foundation from 2006 to 2008. Ms. Medina brings leadership, strategy and multi-cultural marketing experience to the Board. She also brings insight into government affairs, through her prior experience as a White House Commission Officer. She is active in community and civic affairs and currently serves on the Next Gen Board Leaders Advisory Council, a joint initiative launched by Nasdaq, Spencer Stuart and Boardroom Resources.
Shaquille R. O'Neal Age: 47 Director since 2019	Mr. O'Neal's business career includes success in broadcasting, endorsements, music, television and gaming. He has served as an analyst on Inside the NBA since 2011. He has been an investor in franchised and other restaurants since 2010, and actively operates Big Chicken, a fast casual fried chicken restaurant in Las Vegas and Shaquille's, a fine dining restaurant in Los Angeles. Mr. O'Neal is considered to be one of the most dominant basketball players in NBA history, drafted by the Orlando Magic with the first overall pick in the 1992 NBA draft. His NBA career spanned from 1992 until 2011. Mr. O'Neal brings an entrepreneurial background and creative marketing skills to the Board. He serves on the national board of directors of Communities In Schools, a non-profit devoted to empowering students to stay in school and achieve in life.
Steven M. Ritchie Age: 44 Director since 2019 President and Chief Executive Officer	Mr. Ritchie currently serves as our President and Chief Executive Officer. He previously served as President and Chief Operating Officer from July 2015 to December 2017, served as Senior Vice President and Chief Operating Officer from May 2014 to July 2015 and served as a Senior Vice President since 2010 (promoted in December 2010 to SVP, Corporate Operations and Global Operations Support and Training). Since 2006, he also has served as a franchise owner and operator of multiple units in the Company's Midwest Division. Mr. Ritchie brings to the Board a deep understanding of the Company's business and extensive operations and industry experience.

Mr. Ritchie was initially appointed to the Board, and has been selected as a director nominee, pursuant to the Governance Agreement. See “Corporate Governance — Contractual Rights of Starboard to Designate Nominees” above.

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ITEM 1. ELECTION OF DIRECTORS

Anthony M. Sanfilippo

Age: 60

Director since 2019

Committees: Compensation, Corporate Governance & Nominating

Mr. Sanfilippo most recently served as a member of the board and Chief Executive Officer of Pinnacle Entertainment, Inc. from March 2010 until its October 2018 sale to Penn National Gaming. He also served as Pinnacle's chairman of the board from May 2017 until its sale. Prior to joining Pinnacle, Mr. Sanfilippo served as president, Chief Executive Officer and a board member of Multimedia Games Inc., a creator and supplier of comprehensive systems, content and electronic gaming units for various segments of the gaming industry. Prior to joining Multimedia Games, he served in leadership roles at Harrah's Entertainment, Inc. including serving as president and chief operating officer for Harrah's New Orleans and a board member of Jazz Casino Corp.

Mr. Sanfilippo brings to the Board significant senior executive and operating expertise from his experience in the gaming and hospitality industries.

Mr. Sanfilippo was initially appointed to the Board, and has been selected as a director nominee, pursuant to the Governance Agreement. See "Corporate Governance — Contractual Rights of Starboard to Designate Nominees" above.

Jeffrey C. Smith

Age: 46

Director since 2019

Chairman of the Board

Mr. Smith is a Managing Member, Chief Executive Officer and Chief Investment Officer of Starboard Value LP, a New York-based investment adviser with a focused and fundamental approach to investing primarily in publicly traded U.S. companies, which he founded in April 2011. He currently serves as our Chairman. From January 1998 to April 2011, Mr. Smith was a Partner Managing Director of Ramius LLC, a subsidiary of the Cowen Group, Inc. and the Chief Investment Officer of the Ramius Value and Opportunity Master Fund Ltd. Prior to joining Ramius LLC in January 1998, he served as Vice President of Strategic Development and a director of The Fresh Juice Company, Inc.

Mr. Smith brings extensive experience to the Board as an active change agent investor, having worked with more than 50 different public companies to improve operations, strategy and corporate governance for the benefit of stockholders, including oversight of successful restaurant turnaround and board transformation.

Mr. Smith has served as chairman of the board of Advance Auto Parts, Inc. since May 2016. He has served on the board of Perrigo Company plc. since February 2017. Mr. Smith previously served as chairman of the board of Darden Restaurants, Inc. from October 2014 to April 2016; and as a director of Yahoo! Inc from April 2016 to June 2017. He also previously served as a director of: Quantum Corporation from May 2013 to May 2015; Office Depot, Inc. from August 2013 to September 2014; Regis Corporation from October 2011 until October 2013; and Surmodics, Inc. from January 2011 to August 2012. Mr. Smith also previously served as Chairman of the Board of Directors of Phoenix Technologies Ltd.; and as a director of Zoran Corporation, Actel Corporation, S1 Corporation, Kensey Nash Corporation, and the Fresh Juice Company, Inc.

Mr. Smith was initially appointed to the Board, and has been selected as a director nominee, pursuant to the Governance Agreement. See “Corporate Governance — Contractual Rights of Starboard to Designate Nominees” above.

There are no family relationships among the Company’s directors and executive officers.

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Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of March 11, 2019 (except as noted otherwise), with respect to the beneficial ownership of our capital stock by (i) each of the named executive officers identified in the Summary Compensation Table in this Proxy Statement, (ii) each director or nominee for director of the Company, (iii) all directors and executive officers as a group and (iv) each person known to the Company to be the beneficial owner of more than five percent of the outstanding common stock or Series B Preferred Stock.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)(2)		Percent of Common Stock Outstanding	
Steven R. Coke	18,605	(3)	*	
Christopher L. Coleman	29,877		*	
Michael R. Dubin	—		—	
Olivia F. Kirtley	199,236	(4)	*	
Laurette T. Koellner	23,975	(5)	*	
Jocelyn C. Mangan	—		—	
Sonya E. Medina	12,365		*	
Michael R. Nettles	37,578		*	
Shaquille R. O'Neal	—		—	
Caroline Miller Oyler	64,378	(6)	*	
Steven M. Ritchie	195,125	(7)	*	
Anthony M. Sanfilippo	—		—	
John H. Schnatter	9,965,732	(8)	31	%
Mark S. Shapiro	46,266		*	
Jeffrey C. Smith	4,995,007	(9)	9.99	%
Joseph H. Smith	30,411	(10)	*	
Jack Swaysland	31,287		*	
Lance F. Tucker	—	(11)	—	
All 19 directors and current executive officers as a group	15,651,843	(12)	43	%

*Represents less than one percent of class.

Other 5% Beneficial Owners	Common Stock Beneficially Owned Amount and Nature of Beneficial Ownership(1)		Percent Outstanding		Series B Preferred Stock Beneficially Owned Amount and Nature of Beneficial Ownership(1)	Percent Outstanding	
Starboard Value LP(13) 777 Third Avenue, 18th Floor New York, NY 10017	4,995,007	(13)	9.99(14)	%	250,000	100	%
T. Rowe Price Associates, Inc.(15) 100 E. Pratt Street Baltimore, MD 21202	3,339,549		10.5	%			
BlackRock Inc.(16) 55 East 52nd Street							

New York, NY 10055	2,567,032	8.1	%
The Vanguard Group(17) 100 Vanguard Blvd. Malvern, PA 19355	2,028,677	6.4	%
Legion Partners Asset Management, LLC(18) 9401 Wilshire Blvd, Suite 705 Beverly Hills, CA 90212	1,726,086	5.5	%

(1) Based upon information furnished to the Company by the named persons and information contained in filings with the SEC. Under SEC rules, a person is deemed to beneficially own shares over which the person has or shares voting or investment power or of which the person has the right to acquire beneficial ownership within 60 days. Unless otherwise indicated, the named persons have sole voting and investment power with respect to their shares and such shares are not subject to any pledge.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(2) Includes the following shares subject to options exercisable within 60 days after March 11, 2019, and time based restricted stock over which the named persons have sole voting power.

Name	Options exercisable within 60 days	Restricted Stock	Name	Options exercisable within 60 days	Restricted Stock
Steven R. Coke	8,201	6,779	Caroline Miller Oyler	29,502	20,257
Christopher L. Coleman	22,420	959	Steven M. Ritchie	118,720	47,464
Michael R. Dubin	—	—	Anthony M. Sanfilippo	—	—
Olivia F. Kirtley	31,958	1,436	John H. Schnatter	516,273	2,116
Laurette T. Koellner	14,468	959	Mark S. Shapiro	21,196	959
Jocelyn C. Mangan	—	—	Jeffrey C. Smith	—	—
Sonya E. Medina	9,157	959	Joseph H. Smith	6,935	22,020
Michael R. Nettles	9,350	25,815	Jack Swaysland	12,092	17,688
Shaquille R. O'Neal	—	—	Lance F. Tucker	—	—

(3) Includes 1,534 shares held in the Company’s 401(k) Plan.

(4) Ms. Kirtley also holds units deemed invested in 72,865 shares of common stock through a deferred compensation plan provided by the Company, 49,292 of which are distributable in an equivalent number of shares of common stock within 60 days of termination of service on the Board and are included in the shares reported, and 23,573 of which are not included in the shares reported.

(5) Ms. Koellner also holds units deemed invested in 3,449 shares of common stock through a deferred compensation plan provided by the Company, all of which are distributable in an equivalent number of shares of common stock within 60 days of termination of service on the Board and are included in the shares reported.

(6) Includes 600 shares held in the Company’s 401(k) Plan.

(7) Includes 2,456 shares owned by Mr. Ritchie’s spouse of which 1,819 are subject to options exercisable within 60 days after March 11, 2019, and 345 are restricted stock.

(8) Includes 64,500 shares held in a 501(c)(3) charitable foundation of which Mr. Schnatter has both voting and investment power, and 31,391 shares owned by Mr. Schnatter’s spouse. Information regarding Mr. Schnatter is based on the Schedule 13D/A filed March 5, 2019.

(9) Includes shares of our common stock issuable upon conversion of 200,000 shares of Series B Preferred Stock directly held by Starboard Value and Opportunity Master Fund Ltd, (“Starboard V&O Fund”), Starboard Value and Opportunity S LLC (“Starboard S LLC”), Starboard Value and Opportunity C LP (“Starboard C LP”), Starboard Value and Opportunity Master Fund L LP (“Starboard L Master”) and Starboard Value LP through a managed account (the “Starboard Value LP Account”, and all such entities collectively, the “Starboard Entities”). Mr. Smith, solely by virtue of his position as a member of the Management Committee of Starboard Value GP LLC ("Starboard Value GP"), the general partner of the investment manager of Starboard V&O Fund, and as a member and member of the Management Committee of Starboard Principal Co GP LLC ("Principal GP"), the general partner of the member of Starboard Value GP, may be deemed to beneficially own the securities directly held by Starboard V&O Fund. Mr. Smith, solely by virtue of his position as a member of the Management Committee of Starboard Value GP, the general partner of the manager of Starboard S LLC, and as a member and member of the Management Committee of Principal GP, the general partner of the member of Starboard Value GP, may be deemed to beneficially own the securities directly held by Starboard S LLC. Mr. Smith, solely by virtue of his position as a member of the Management Committee of Starboard Value GP, the general partner of the investment manager of Starboard C LP, and as a member and member of the Management Committee of Principal GP, the general partner of the member of Starboard Value GP, may be deemed to beneficially own the securities directly held by Starboard C LP. Mr.

Smith, solely by virtue of his position as a member of the Management Committee of Starboard Value GP, the general partner of the investment manager of Starboard L Master, and as a member and member of the Management Committee of Principal GP, the general partner of the member of Starboard Value GP, may be deemed to beneficially own the securities directly held by Starboard L Master. Mr. Smith, solely by virtue of his position as a member of the Management Committee of Starboard Value GP, the general partner of Starboard Value LP, and as a member and member of the Management Committee of Principal GP, the general partner of the member of Starboard Value GP, may be deemed to beneficially own the securities held in the Starboard Value LP Account. Also includes shares of our common stock issuable upon conversion of 50,000 shares of Series B Preferred Stock that the Starboard Entities have the option, exercisable at their discretion, to purchase on or prior to March 29, 2019, which shares of Series B Preferred Stock may be allocated among the Starboard Entities at their sole discretion, and for which all closing conditions for the exercise of the option to purchase the Series B Preferred Stock can be satisfied or waived by the Starboard Entities. Mr. Smith expressly disclaims beneficial ownership of the 250,000 shares of Series B Preferred Stock in total, except to the extent of his pecuniary interest therein.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(10) Includes 1,096 shares held in the Company's 401(k) Plan. Joseph Smith also holds units deemed invested in 18,671 shares of common stock through a deferred compensation plan provided by the Company, which are not included in the shares reported.

(11) Mr. Tucker holds units deemed invested in 3,179 shares of common stock through a deferred compensation plan provided by the Company, which are not included in the shares reported. Mr. Tucker's last day of employment with the Company was March 2, 2018.

(12) Includes 802,091 shares subject to options exercisable within 60 days, 4,995,007 shares issuable upon conversion of Series B Convertible Preferred Stock, 149,758 shares of unvested restricted stock and 52,741 shares which may be acquired within 60 days of termination of service under the deferred compensation plan, held by all directors and executive officers. Holders of units deemed invested in common stock under the deferred compensation plan have no voting or investment power over any of the shares represented by these units.

(13) All information regarding Starboard Value LP is based on the Schedule 13D filed with the SEC on February 14, 2019. Starboard Value LP reported that it may be deemed to beneficially own 4,995,007 shares of common stock, over which it has sole dispositive and voting power. The Starboard Entities directly hold 200,000 shares of our Series B Preferred Stock that, as of March 11, 2019, were convertible into 3,995,205 shares of our common stock and have the option, exercisable at their discretion, to purchase up to 50,000 shares of Series B Preferred Stock on or prior to March 29, 2019 that, as of March 11, 2019, were convertible into 998,801 shares of our common stock, and which shares of Series B Preferred Stock may be allocated among the Starboard Entities at their sole discretion, and for which all closing conditions for the exercise of the option to purchase the Series B Preferred Stock can be satisfied or waived by the Starboard Entities. According to the Schedule 13D, the beneficial ownership of our common stock by the Starboard Entities is as follows: (i) Starboard V&O Fund has sole voting and dispositive power over 2,581,902 shares, (ii) Starboard S LLC has sole voting and dispositive power over 387,534 shares, (iii) Starboard C LP has sole voting and dispositive power over 223,731 shares, (iv) Starboard L Master has sole voting and dispositive power over 207,750 shares, (v) Starboard Value R LP ("Starboard R LP") has sole voting and dispositive power over 223,731 shares, and is the general partner of Starboard C LP (v) Starboard Value R GP LLC ("Starboard R GP") has sole voting and dispositive power of 431,481 shares, and is the general partner of each of Starboard R LP and Starboard L GP, (vi) Starboard Value L LP ("Starboard L GP") has sole voting and dispositive power over 207,750 shares and is the general partner of Starboard L Master, (vii) Starboard Value LP has sole voting and dispositive power over 4,995,007 shares and is the investment manager of Starboard V&O Fund, Starboard C LP, Starboard L Master, and the Starboard Value LP Account, and is the manager of Starboard S LLC, (vii) Starboard Value GP has sole voting and dispositive power over 4,995,007 shares and is the general partner of Starboard Value LP, (viii) Starboard Principal Co LP ("Principal Co") has sole voting and dispositive power over 4,995,007 shares and is a member of Starboard Value GP, (ix) Principal GP has sole voting and dispositive power over 4,995,007 shares and is the general partner of Principal Co, (x) each of Messrs. Jeffrey C. Smith and Peter A. Feld have shared voting and dispositive power over 4,995,007 shares and are members of Principal GP and members of the Management Committee of each of Starboard Value GP and Principal GP. Each of the Starboard Entities and Messrs. Smith and Feld disclaim beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(14) Reflects a conversion limitation of 9.99% as set forth under the Series B Certificate of Designation (as defined below). The 200,000 shares of Series B Preferred Stock held by certain funds affiliated with, or managed by, Starboard Value LP represent approximately 11.20% of the outstanding voting power on an as-converted basis and, if the option to purchase up to 50,000 shares of Series B Preferred Stock on or prior to March 29, 2019 is exercised in full, the 250,000 shares of Series B Preferred Stock held by certain funds affiliated with, or managed by, Starboard Value LP would represent approximately 13.62% of the outstanding voting power on an as-converted basis.

(15) All information regarding T. Rowe Price Associates, Inc. is based on an Amendment to Schedule 13G filed with the SEC on February 14, 2019 by T. Rowe Price Associates, Inc. T. Rowe Price Associates, Inc. has sole power

to vote 623,609 shares and sole dispositive power over 3,339,549 shares.

(16) All information regarding BlackRock Inc. and its affiliates is based on an Amendment to Schedule 13G filed with the SEC on February 6, 2019 by BlackRock, Inc. BlackRock has sole power to vote 2,509,060 shares and has sole dispositive power over 2,567,032 shares.

(17) All information regarding The Vanguard Group is based on an Amendment to Schedule 13G filed with the SEC on February 11, 2019. The Vanguard Group has sole voting power over 32,742 shares, shared voting power over 3,600 shares, sole dispositive power of 1,994,335 shares, and shared dispositive power of 34,342 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 30,742 shares or 0.09% of the common stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Group, Inc., is the beneficial owner of 5,600 shares or 0.01% of the common stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings.

(18) All information regarding Legion Partners Asset Management, LLC ("Legion Partners") and its affiliates is based on an Amendment to Schedule 13D filed with the SEC on February 6, 2019 by Legion Partners to report that it (including its affiliates) has shared voting power with respect to (i) 880,660 shares beneficially owned by Legion Partners I, (ii) 42,781 shares beneficially owned by Legion Partners II, (iii) 802,545 shares beneficially owned by Legion Partners Special I, and (iv) 100 shares beneficially owned by Legion Partners Holdings, LLC.

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Executive Compensation — Compensation Discussion and Analysis

Introduction

This discussion and analysis explains the Company's philosophies and programs for compensating its executive officers as well as the compensation paid to our named executive officers ("NEOs") for fiscal year 2018. Our NEOs are Steven M. Ritchie, President and Chief Executive Officer; Joseph H. Smith, Senior Vice President, Chief Financial Officer; Michael R. Nettles, Executive Vice President, Chief Operating and Growth Officer; Caroline Miller Oyler, Senior Vice President, Chief Legal and Risk Officer; Jack Swaysland, Senior Vice President, Chief Operating Officer - International; Steven R. Coke, former Interim Principal Financial and Accounting Officer and Vice President, Investor Relations and Strategy; and Lance F. Tucker, former Senior Vice President, Chief Financial Officer and Chief Administrative Officer. Mr. Tucker left the Company in March 2018 to accept another position. Mr. Coke served as interim principal financial and accounting officer until Mr. Smith was named Chief Financial Officer.

Executive Summary

We focus our compensation program for our NEOs and other executives on financial, strategic and operational goals established by the Board of Directors to create value for our stockholders. Our guiding compensation principle is to pay for performance, supporting our objective to create value for our stockholders by delivering on our Better Ingredients. Better Pizza. brand promise. Our compensation program is designed to motivate, measure and reward the achievement of our strategic goals without promoting excessive or unnecessary risk taking. 2018 was a year of unprecedented challenges for our business. Although our financial results fell short of expectations, major changes to our executive compensation program supporting our new leadership structure are intended to drive the creation of stockholder value in 2019 and beyond.

Elements and Analysis of 2018 Executive Compensation

In 2018, the Compensation Committee continued its practice of providing to its NEOs the following components of executive compensation, collectively referred to as "total direct compensation":

- base salary;
- short term cash incentives (which may be realized only to the extent quarterly or annual performance targets are met); and
- long term compensation, consisting of equity based incentives (a combination of performance based units, time based restricted stock, and stock options).

Governance Aspects of Our Executive Compensation Program

Consistent with stockholder interests and market best practices, our executive compensation program includes the following sound governance features:

- No tax "gross ups" or "single trigger" change of control payments.
- No guaranteed bonus or base pay increases.
-

No repricing or cash buyouts of underwater stock options or granting of stock options with an exercise price less than fair market value at grant.

- A three year graded vesting period for stock options and restricted stock awards and a three-year performance period for full vesting of performance-based restricted stock units. Our retention grants in November 2018 cliff-vest after two years, with half of the CEO's award, and 25% of the Chief Operating and Growth Officer's award, also subject to a two-year performance period.
- "Claw back" of certain performance-based compensation in the event the Company is required to prepare an accounting restatement to the extent the restatement indicates the performance goals were not achieved.

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EXECUTIVE COMPENSATION — COMPENSATION DISCUSSION AND ANALYSIS

- Other risk mitigation features include robust stock ownership requirements, multiple performance metrics to deter excessive focus on a singular performance goal, and limits on quarterly payouts under the short-term Management Incentive Plan (“MIP”), as well as an annual risk assessment by the Compensation Committee.
- The Compensation Committee engages an independent compensation consultant, which provides no other services to the Company.
- No dividends or dividend equivalent rights on unexercised stock options or unearned performance based units.
- No pledging of Company stock by directors (other than as agreed to under the Securities Purchase Agreement) or executive officers.
- No hedging or other derivative transactions in Company stock by executive officers or directors.
- Limited perquisites.

Significant 2019 Compensation Changes

Consistent with our “pay for performance” compensation philosophy, executives with the greatest potential to impact the Company’s success receive a greater proportion of variable compensation. The Company believes that placing a heavier emphasis on “at-risk” or variable compensation focuses the NEOs on achieving the Company’s strategic and performance objectives. For 2018, 86% of our CEO’s compensation and 83% of our other NEOs’ compensation was tied to specific performance objectives or appreciation in our stock price.

The Compensation Committee approved significant changes to the Company’s long-term incentive program for 2019 to include a higher percentage of performance-based compensation. The following highlights the changes in the long-term incentive program in comparison to the 2018 program:

Long-Term Incentive Program	2019	2018*
Performance Based Units	50%	16%
Time-based Restricted Stock	25%	42%
Stock Options	25%	42%
Total Long-Term Incentives	100%	100%

* does not include 2018 Retention award.

Tying Pay to Performance

To execute our strategy, the Compensation Committee aligns the majority of NEO compensation to short- and long-term performance objectives. While salary is a fixed element of compensation, increases in salary are tied to individual performance, and all other elements of compensation are tied to Papa John’s overall performance.

In 2018, the Committee applied our pay-for-performance philosophy by:

- Basing the 2018 MIP, our formula based annual cash incentive plan, on post-MIP operating income as well as non income measures of net global unit development, and North America and international comparable sales, each of which we consider critical to our strategic, financial, and operational success. For the comparable sales performance metric, our first-quarter payout was based on results compared to pre-established targets for performance, directly linking pay to performance. Consistent with our pay for performance philosophy, our second-, third- and fourth-quarter comparable sales metrics and our annual post-MIP operating income and net global unit development metrics did not yield a payout in 2018 since those metrics fell short of threshold performance targets. As a result, 2018 payout for current NEOs ranged from only 1% to 2% of base salary for all NEO’s other than Mr. Swaysland, whose bonus potential includes a component based on international results. The Committee sets targets with the objective of providing challenging yet reasonably achievable goals. The 2018 MIP results reflect the rigor of our objective performance targets.

- Granting performance based restricted stock units ("performance-based units") that pay out only if the Company achieves targeted goals over three years on three key metrics: North America system comparable sales, international system comparable sales, and net global unit openings. These metrics are the primary drivers of the Company's business, and the targeted goals are set to align with our strategic plan, align the interests of executives with long-term value creation and promote retention. Payouts under these awards are also subject to a threshold achievement of earnings per share ("EPS") growth. Payments under the performance-based unit plan for the three-year period ending at 2018 fiscal year end yielded no payout. For 2019, our performance-based unit plan will be based on our relative total shareholder return.

- Granting stock option and restricted stock awards that typically vest over three years, tying executive compensation to long term service and the creation of long term stockholder value. Award levels are tied to individual performance and individual success in driving results.

Consistent with our "pay for performance" compensation philosophy, executives with the greatest potential to impact the Company's success receive a greater proportion of variable compensation. The Company believes that placing a heavier emphasis on "at-risk" or variable compensation focuses the NEOs on achieving the Company's strategic and performance objectives. For 2018, 86% of our CEO's compensation and 83% of our other NEOs' compensation was tied to specific performance objectives or appreciation in our stock price.

Stockholder Input/Say on Pay Vote

The Company considers input from stockholders, including the results of the annual advisory vote on executive compensation ("say on-pay proposal"), in determining compensation for our NEOs. At our 2018 annual meeting of stockholders, 99% of the votes cast were in favor of the say on pay proposal. Stockholders' overwhelming support of our executive compensation program with respect to the NEOs was one of many factors the Committee considered in determining compensation for our NEOs. The Compensation Committee will continue to consider the outcome of the Company's say on pay votes when making future compensation decisions for the NEOs.

We also engaged broadly with our stockholders since last year's annual meeting of stockholders. This engagement has covered a range of topics, including the significant challenges facing our business, governance and board composition. We are committed to continuing to seek feedback from stockholders.

Competitive Compensation

Market pay levels and practices, including those of a self-selected peer group, are among many factors the Compensation Committee considers in making compensation decisions. The market review is intended to provide an external framework on the range and reasonableness of compensation and to ensure we can provide competitive compensation needed to attract and retain the caliber of leadership critical to success. The Compensation Committee reviews market data for all pay elements but does not target NEO compensation with respect to a specific benchmark, such as "median" or "50th percentile." The Compensation Committee believes that dependence solely on benchmark data can detract from the focus on the performance of the individual NEO and his or her relation to Company performance.

The Compensation Committee periodically reviews compensation practices of its self-selected peer group, developed in consultation with FW Cook, its independent compensation consultant. This peer group, listed below, was used in the 2018 compensation decisions. The Committee believes the companies in the peer group share many characteristics with the Company, including a common industry, similar market capitalization and other financial criteria, and are an appropriate group of comparable companies with which we compete for executive talent.

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EXECUTIVE COMPENSATION — COMPENSATION DISCUSSION AND ANALYSIS

PEER GROUP

BJ's Restaurants, Inc.	Denny's Corp.	Red Robin Gourmet Burgers, Inc.
Brinker International, Inc.	DineEquity, Inc.	Sonic Corp.
The Cheesecake Factory, Inc.	Domino's Pizza, Inc.	Texas Roadhouse, Inc.
Chipotle Mexican Grill, Inc.	Dunkin' Brands Group, Inc.	The Wendy's Company
Cracker Barrel Old Country Store, Inc.	Jack in the Box Inc.	

Role of Compensation Consultant

The Compensation Committee directly retained FW Cook as its independent compensation consultant. FW Cook reports directly to the Compensation Committee and does not provide any other services to the Company. The Compensation Committee regularly reviews and assesses FW Cook's independence pursuant to SEC and NASDAQ rules and has determined that the firm is independent and has no conflicts of interest with the Company. The Committee seeks input from FW Cook on compensation trends, appropriate peer group companies and market survey data, and specific compensation decisions as discussed in this Compensation Discussion and Analysis.

Role of the CEO in Compensation Decisions

In making 2018 compensation decisions, the Compensation Committee requested input from Mr. Ritchie, who reviewed the performance of the NEOs and other executives (other than himself), provided his recommendations to the Committee on NEO and other executives' compensation, and provided perspective on the performance of the management team (other than himself). Our Chief Financial Officer also supported the Compensation Committee's executive compensation process in 2018 and regularly attended portions of Committee meetings at the invitation of the Committee. The Committee reviews and discusses pay decisions related to the CEO in executive session without the CEO present, and in accordance with NASDAQ rules, Mr. Ritchie was not present when his compensation was being discussed or approved.

The Committee's determination of each NEO's compensation was based on a qualitative and quantitative review and assessment of many factors, including the individual's performance, experience, scope of responsibilities, leadership and leadership development, and the importance of the NEO to the successful execution of our strategies.

The Compensation Committee believes NEO compensation is appropriate given the Company's business and relative size. Actual total cash compensation paid was dependent on the achievement of specific performance goals, discussed in detail below. The ultimate value of long term equity awards will depend on future stock performance, and (i) in the case of performance based units, the achievement of three-year performance goals, and (ii) in the case of a portion of the retention grants for Mr. Ritchie and Mr. Nettles, the achievement of two-year performance goals.

Compensation of Chief Executive Officer and Other NEOs

Mr. Ritchie became Chief Executive Officer effective January 1, 2018. On January 16, 2018, the Compensation Committee set Mr. Ritchie's base salary for 2018 at $900,000, with a bonus target under the MIP of 75% of base salary. Mr. Ritchie's annual long-term incentive award opportunity was set at $1,725,000. In May 2018, the Compensation Committee approved an amendment of Mr. Ritchie's 2015 employment agreement to, among other things, extend the post-termination severance period from nine to eighteen months in certain circumstances.

Given the extraordinary business challenges facing the Company, in October 2018 the Compensation Committee approved an executive retention program for certain key employees, including the current NEOs. The retention program includes enhanced severance benefits and retention equity grants. The Committee structured the retention program considering the executives' responsibilities in a difficult business environment, their value to the Company as it executes a strategy to rebuild shareholder value, and to address the lack of retention value of outstanding equity awards.

· As part of the retention program, the Company adopted a Change of Control Severance Plan, effective November 1, 2018. Under the plan, upon the occurrence of any of certain termination events following a change-of-control of the Company (a "double-trigger" event), certain executive officers of the Company, including the NEOs, would be entitled to receive cash severance payments. These payments are equivalent to 36 months of base salary for Mr. Ritchie, 24 months of base salary for Messrs. Smith, Nettles, and Swaysland and Ms. Oyler, and 18 months of base salary for Mr. Coke, plus a pro-rata portion of any quarterly or annual non-equity bonus payout earned by the executive under any non-equity incentive-based compensation plan then in effect (provided that any applicable performance measures are achieved). Such payments in connection with a change-of-control termination event will be paid solely in lieu of, and not in addition to, any other severance payments or benefits payable under any offer letter, employment agreement, severance plan or arrangement, or other program. The plan has a term of 24 months.

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EXECUTIVE COMPENSATION — COMPENSATION DISCUSSION AND ANALYSIS

- The Compensation Committee also approved retention equity grants for each current NEO, with a grant date fair value equal to three times base salary for Mr. Ritchie, two times base salary for Messrs. Smith, Nettles, and Swaysland and Ms. Oyler, and eighteen months of base salary for Mr. Coke. One-half of Mr. Ritchie's and one-quarter of Mr. Nettles' award was comprised of performance-based restricted stock units that will vest based on the achievement of 20% or greater adjusted operating income growth over the period from December 31, 2018 through December 27, 2020, and the remainder was comprised of time-based restricted stock that will cliff-vest two years from the date of grant, subject in each case to the executive's continued service with the Company. The other current NEOs' entire award was comprised of time-based restricted stock that will cliff vest two years from the date of grant, subject to continued service with the Company.

Compensation of Chief Executive Officer

Consistent with our performance-based compensation philosophy, the total compensation of our CEO generally tracks relative to Company performance, and for the 2018 fiscal year, our actual CEO compensation decreased. Because we did not meet the performance threshold for fiscal 2018 on all but one quarterly short-term incentive metric, our CEO received only a 2% payout under the MIP. The following illustrates (i) our target compensation for our CEO, not including the retention grant; (ii) CEO compensation for 2018 including the retention grant, as shown in the Summary Compensation Table; and (iii) actual compensation delivered in 2018.

(1) Actual LTI Equity Compensation consists of the value of restricted stock and performance units vesting in 2018, as reported below in the "Option Exercises and Stock Vested" table.

Compensation of Other NEOs

In recognition of their substantial contributions to the Company, to reflect their performance and expanding responsibilities and to encourage retention through competitive compensation levels, the Compensation Committee in February 2018, with the input of Mr. Ritchie, approved for each of the other NEOs a base salary increase, an annual equity award consisting of equal values of nonqualified stock options and restricted stock awards and a grant of performance-based units covering the 2018 2020 three-year performance period.

Also in April 2018, the Company promoted Joseph Smith to Chief Financial Officer. In connection with the promotion, the Compensation Committee set Mr. Smith's base salary at $350,000, his MIP target at 75% of base salary and his annual long-term incentive award opportunity of $400,000. Mr. Smith subsequently in 2018 assumed responsibility for development and global sales, and, as a result, the Compensation Committee increased his base salary to $445,000 and his annual long-term incentive award opportunity to $475,000. The Compensation Committee also approved an employment agreement for Mr. Smith in the same standard form as the employment agreement for its other senior executives.

EXECUTIVE COMPENSATION — COMPENSATION DISCUSSION AND ANALYSIS

To further the Company's strategic initiatives, Michael Nettles was promoted to Executive Vice President, Chief Operating and Growth Officer in October 2018. In connection with the promotion, the Compensation Committee approved for Mr. Nettles an annual base salary of $600,000, an annual short-term incentive target of 75% of base salary, and an annual long-term incentive value of $700,000.

Ms. Oyler was promoted from SVP, General Counsel to SVP, Chief Legal Officer in May 2018. In connection with the promotion, the Compensation Committee approved for Ms. Oyler an annual base salary of $400,000, an annual short-term incentive target of 75% of base salary, and an annual long-term incentive value of $325,000. In November 2018, Ms. Oyler was promoted to Chief Legal and Risk Officer, and her base salary was increased to $425,000 and her annual long term incentive value was increased to $375,000.

Mr. Swaysland was promoted from SVP, International to SVP, Chief Operating Officer - International in May 2018. In connection with the promotion, the Compensation Committee approved for Mr. Swaysland an annual base salary of $325,000, an annual short-term incentive target of 75% of base salary, and an annual long-term incentive value of $400,000. In November 2018, to reflect additional responsibilities, Mr. Swaysland's base salary was increased to $345,000.

The Role of Cash Compensation

Base Salary

Annual base salary increases are typically considered each year and upon organizational changes that may occur throughout the year. No executive officer has a guaranteed salary increase. The analysis for adjustments to base salary compensation takes into account all of the factors described under "Elements and Analysis of 2018 Executive Compensation" above.

Short-Term Cash Incentive Compensation

In 2018, our short term incentive program consisted of the MIP, which provides quarterly and annual cash payouts to the NEOs and others within the Company based upon achievement of pre established performance goals. Similar to prior years, we again included a 150% of target award limit on our non income metrics, which were net unit development (North America and International) and comparable sales (North America and International) (in each case, as defined and calculated in the table below). The 150% limit for the quarterly metrics is applied after aggregation of the two quarterly metrics on a weighted, combined basis. During payment calculations, any awards above 150% of target would be retained in a pool for potential payout at year end. To the extent actual post-MIP operating income exceeded the 2018 budgeted amount, all or a portion of the additional awards retained in the pool as a result of the 150% limit during each payment date (along with amounts above 150% of target on the annual net development metric) would be available for payment. The Company believes the plan design with built in limits prevents paying excessive awards when our post-MIP operating income does not meet our objectives for the full year, and is an important element in mitigating risk of focusing on short term performance. For 2018, all payments on our non-income metrics were below the 150% threshold; therefore, no amounts were retained in the pool for additional award payments to the NEOs or any other participant.

Overall payout under the MIP is capped at an individual level of 300% of annual base salary.

In 2018, performance metrics and the target and actual results of the MIP included:

Metric	Definition	Target		Actual Results		Actual Payout Percentage		Weighting		Award Frequency
Post-MIP Operating Income	Consolidated post-MIP operating income.(1)	$ 95,017,000	(2)	$ 820,000		0	%	45	%	Annual
Net Development	Global system-wide store openings less store closings.	248 units	(2)	104 units	(2)	0	%	25	%	Annual
North America Comparable Sales	North America system-wide comparable sales (average same-store, year-over-year sales), an industry standard used to measure company growth.	(3.34)	%	(5.26)	%	52	%	3.75	%	Quarter 1
		(0.25)	%	(6.13)	%	0	%	3.75	%	Quarter 2
		1.71	%	(9.76)	%	0	%	3.75	%	Quarter 3
		4.11	%	(8.13)	%	0	%	3.75	%	Quarter 4
International Comparable Sales	International system-wide comparable sales (average same-store, year-over-year sales), an industry standard used to measure company growth.	4.13	%	0.33	%	5	%	3.75	%	Quarter 1
		4.51	%	(0.83)	%	0	%	3.75	%	Quarter 2
		5.94	%	(3.35)	%	0	%	3.75	%	Quarter 3
		5.27	%	(2.56)	%	0	%	3.75	%	Quarter 4

(1) Our plan design excludes PJ Food Service (commissary) income from the operating income component of the MIP results to appropriately incentivize our management team to control food costs for our franchise and corporate restaurants.

(2) Any payout under the MIP is subject to threshold levels in each performance metric. For 2018, the threshold levels were Post-MIP Operating Income of $85.5 million and Global Net Development of 124 units. Threshold targets for comparable sales by quarter were:

	Q1	Q2	Q3	Q4
North America	-7.34%	-4.25%	-2.29%	0.11%
International	0.13%	0.51%	1.94%	1.27%

Performance targets for each performance metric were set by the Committee in relation to the Company's targets contained in the annual budget and operating plan. Achievement of these metrics beyond the targets established by the Committee results in payouts beyond the target award for each NEO, capped at 300% of annual base salary. In 2018, the MIP awards (expressed as a percentage of base salary and an actual dollar amount) for each current NEO were as follows:

Named Executive Officer	Title	Target Short-Term Incentive Award (% of Base Salary)		Target Short-Term Incentive Award $ (1)	Actual Short-Term Incentive Award $	Actual Award (% of 2018 Base Salary)	
Steven M. Ritchie	President and Chief Executive Officer	75	%	675,000	14,459	2	%
Joseph H. Smith	Senior Vice President and Chief Financial Officer	62	%	222,197	1,861	1	%
Michael R. Nettles	Executive Vice President, Chief Operating and Growth Officer	75	%	302,163	5,623	1	%
Caroline Miller Oyler	Senior Vice President and Chief Legal and Risk Officer	67	%	271,039	4,269	1	%
Jack Swaysland	Senior Vice President, Chief Operating Officer - International	72	%	232,856	33,711	10	%

(1) Reflects pro rated annualized base salary due to increases in 2018 for all current NEOs other than Mr. Ritchie, whose salary was constant throughout 2018.

Each NEO's actual annual incentive award payment in the table above is determined by formula based on the Company's achievement of the pre established performance targets derived from the Board approved annual budget and operating plan. By tying the targets to the budget and operating plan, we believe that the plan rewards performance, and payments will generally correlate to our operating results in a given year. Actual 2018 results for all metrics produced an aggregate payout of 2% of target. Mr. Swaysland's payout percentage was higher, as his bonus potential is determined 30% by the MIP payout described above, and 70% by an international plan. The international plan is also based on comparable sales (30% weighting), net development (25% weighting) and operating income (45% weighting) metrics of the international business.

Our NEOs also participated in the Quality Service Incentive Plan (“QSIP”), which did not materially increase their short term incentive potential. The QSIP is available to a wider group of employees and underscores the key customer service and quality fundamentals of our business, including the quality of our pizza and delivery times. A $10,000 per participant total award was targeted for our NEOs based on an indexed achievement level for domestic or international results, depending upon job responsibilities, with a maximum award of approximately $25,000 per participant. In 2018, a total award of $10,604 was paid to each of Mr. Ritchie, Mr. Nettles and Ms. Oyler, a total award of $10,651 was paid to Mr. Smith, and a total award of $12,360 was paid to Mr. Swaysland under the QSIP. The QSIP plan has been discontinued for 2019.

The Role of Equity Awards

Our long term incentive compensation program for executive officers consists of stock options, time vested restricted stock and performance based units. For 2018, the program also included the retention grants described above.

Stock Options and Time Vested Restricted Stock. We award stock options because they are inherently performance based, as their value only increases if the market price of our common stock increases over time. In addition, stock options and restricted stock provide long term compensation to our NEOs in the form of additional equity, helping to build a culture of ownership among our executives. Finally, we believe stock options and restricted stock awards are a strong executive retention tool and align the interests of our executives with the interests of stockholders. The options and time-vested restricted stock awarded in 2018 generally have a three year graded vesting schedule (i.e., one third vests per year), and the stock options have a ten year term.

The determination of the annual grant value levels is a function of a number of factors considered by the Compensation Committee, including market competitiveness, level of position within the organization, significance of the individual to the Company's strategy and success, and the level of "total direct compensation" deemed to be appropriate for the NEO.

In February 2018, our Compensation Committee approved the annual grant of stock options and time based restricted stock to each NEO in accordance with our equity grant practices policy, with the effective date of grant and the exercise price of each stock option awarded at the closing price of our common stock on the NASDAQ Stock Market on March 1, 2018, two days after the release of our fourth quarter and full year 2017 earnings. In addition, Mr. Ritchie was granted an additional equity grant valued at $300,000, and Mr. Nettles, Ms. Oyler and Mr. Swaysland were each granted an additional equity grant valued at $100,000, for retention purposes, at the time of the long-term incentive plan grant in February 2018, consisting of equal values of stock options and time vested restricted stock, vesting over a three-year period. Mr. Nettles received additional grants of stock options and time-based restricted stock in November, upon his promotion to Executive Vice President, Chief Operating and Growth Officer. Mr. Smith received additional grants of stock options and time-based restricted stock in May and November, upon his promotion to Chief Financial Officer and his assumption of additional responsibilities upon the departure of the Company's chief development officer. Ms. Oyler received additional grants of stock options and time-based restricted stock upon her promotion to Chief Legal Officer in May and for assumption of additional responsibilities in November. In the case of grants in May and November, grants were awarded at the closing price of our common stock on May 10, 2018 and November 8, 2018, two days after the release of our first and third quarter earnings, respectively.

Performance based Units. We believe the performance based units encourage focus on the company's long term strategic goals, motivate and retain our executive leadership team and align interests with the Company's stockholders. For each grant of performance-based units, a 10% EPS compounded annual growth rate over the applicable three year period and a threshold level with respect to achievement of each performance goal must be attained for the performance-based units to vest. Achievement of these metrics beyond the targets established by the Compensation Committee results in increasing payouts above the target award (calculated on a straight-line basis).

In February 2018, the Committee approved a grant of performance based units to Mr. Ritchie and Mr. Nettles with the grant date value of $100,000, to Ms. Oyler and Mr. Swaysland of $50,000, and to Mr. Smith of $40,000 covering the three year performance period (2018-2020) that will vest on March 1, 2021 if the performance targets are achieved at the end of the three year period. In May 2018, the Committee approved a grant of additional performance-based units to Ms. Oyler and Mr. Swaysland of $50,000 and to Mr. Smith of $60,000 that will vest if the pre-established Company performance targets are achieved at the end of the three-year period.

The 2018 target performance metrics and the one-year results as of fiscal year end 2018 included:

Metric	Definition	Target	1-Year Results at FYE 2018	Weighting
3-Year Cumulative North America Comparable Sales	3-year cumulative North America same-store, year-over-year sales, an industry standard to measure company	11.0 %	(7.3) %	30 %

	growth						
3-Year Cumulative International Comparable Sales	3-year cumulative international same-store, year-over-year sales, an industry standard to measure company growth	17.3	%	(1.6)	%	20	%
Number of Global Units at End of 2020	North America and international system-wide store openings less store closings	5,951	units	5,303	units	50	%

The one-year EPS Compounded Annual Growth Rate was -98% at fiscal year-end 2018.

In February 2017, the Committee approved a grant of performance based units to Mr. Ritchie, Mr. Nettles, and Mr. Tucker with the grant date value of $100,000 and to Ms. Oyler and Mr. Swaysland with the grant date value of $50,000, covering the three year performance period (2017 2019) that will vest in February 2020 if the performance targets are achieved at the end of the three year period.

EXECUTIVE COMPENSATION — COMPENSATION DISCUSSION AND ANALYSIS

The 2017 target performance metrics and the two-year results as of fiscal year end 2018 included:

Metric	Definition	Target		2-Year Results at FYE 2018		Weighting	
3-Year Cumulative North America Comparable Sales	3-year cumulative North America same-store, year-over-year sales, an industry standard to measure company growth	10.3	%	(7.2)	%	30	%
3-Year Cumulative International Comparable Sales	3-year cumulative international same-store, year-over-year sales, an industry standard to measure company growth	18.4	%	2.7	%	20	%
Number of Global Units at End of 2019	North America and international system-wide store openings less store closings	5,547	units	5,303	units	50	%

The two-year EPS Compounded Annual Growth Rate was -86% at fiscal year-end 2018.

In February 2016, the Committee approved a grant of performance based units to Mr. Ritchie and Mr. Tucker with the grant date value of $100,000 and to Ms. Oyler and Mr. Swaysland with the grant date value of $50,000, covering the three year performance period (2016 2018) that were scheduled to vest in February 2019; however, the performance targets were not achieved at the end of the three year period. Accordingly, the 2016 performance unit award yielded no award payout. Actual achievement of the following performance metrics against the pre-established Company performance targets for the three-year period was:

Metric	Definition	Target		3-Year Results at FYE 2018		Weighting	
3-Year Cumulative North America Comparable Sales	3-year cumulative North America same-store, year-over-year sales, an industry standard to measure company growth	9.0	%	(3.8)	%	30	%
3-Year Cumulative International Comparable Sales	3-year cumulative international same-store, year-over-year sales, an industry standard to measure company growth	18.2	%	8.8	%	20	%
Number of Global Units at End of 2018	North America and international system-wide store openings less store closings	5,388	units	5,303		50	%

The three-year EPS Compounded Annual Growth Rate was -70% at fiscal year-end 2018.

Stock Ownership Guidelines

Stock ownership by our executive officers is a key consideration in making compensation decisions. We believe that executive ownership of our stock demonstrates to investors that our executives have a significant stake in the

Company and its future and mitigates risks associated with equity compensation programs.

The ownership guidelines for our current NEOs are:

Executive Officer	Ownership Guideline as a Multiple of Base Salary (x)
Chief Executive Officer	5.0x
Chief Financial Officer, Chief Operating and Growth Officer, Chief Legal and Risk Officer, Chief Operating Officer - International	3.0x

NEOs have five years after becoming subject to the ownership requirement to achieve the ownership level, with annual progress required as follows: Year 1, 10%; Year 2, 25%; Year 3, 45%; Year 4, 70%; and Year 5, 100%. Ownership levels at any particular time are calculated based on the purchase price of shares owned or the actual price on the measurement date, whichever is higher. Sources of ownership for measurement purposes include:

- stock personally or otherwise beneficially owned directly or indirectly;
- stock equivalent units held in our nonqualified deferred compensation plan;
- stock held in a 401(k) account or other qualified retirement account, such as an IRA;

- unvested restricted stock (excluding performance-based units); and
- the net value (gross sale price, less option exercise price) of shares subject to vested, but unexercised, stock options.

The Compensation Committee reviews the Stock Ownership Guidelines on an annual basis when considering annual equity grants. As of December 31, 2018, all current NEOs exceeded the guidelines.

Tax and Accounting Policies

Deductibility of compensation expense under Code Section 162(m) of the Internal Revenue Code has not been a material consideration for our Compensation Committee based on the levels and types of compensation we pay. Code Section 162(m) limits the U.S. federal income tax deduction for compensation paid to our NEOs. Commencing with our 2018 fiscal year, the maximum U.S. federal income tax deduction that we may receive for annual compensation paid to any officer covered by Code Section 162(m) will be $1,000,000 per officer. For years prior to 2018, we also were permitted to receive a tax deduction for "performance-based" compensation as defined under Code Section 162(m) without regard to the $1,000,000 limitation. However, U.S. tax legislation enacted in December, 2017 eliminated the performance-based exception. These new rules became effective starting in 2018 for us, except that certain equity awards (such as stock options) that we granted in 2017 and earlier may still be able to qualify as performance-based compensation. To the extent that in 2018 or any later year, the aggregate amount of any covered officer's salary, bonus, and amount realized from option exercises and vesting of restricted stock, performance based units or other equity awards, and certain other compensation amounts that are recognized as taxable income by the officer exceeds $1,000,000 in any year, we will not be entitled to a U.S. federal income tax deduction for the amount over $1,000,000 in that year. The Committee will continue to consider tax implications in making compensation decisions and, when believed to be in the best long-term interests of our shareholders, we may provide compensation that is not fully deductible.

We expense the cost of employee stock based compensation in accordance with the fair value method contained in the Financial Accounting Standards Board Accounting Standards Codification "Compensation — Stock Compensation" (which we refer to as the ASC Stock Compensation Topic). We recorded stock based compensation expense of $9.9 million in 2018, $10.4 million in 2017, and $10.1 million in 2016. As a result, the expense related to equity compensation has been and will continue to be a material consideration in our overall compensation program design.

Compensation Committee Report

The Compensation Committee of the Board has reviewed and discussed with management the Compensation Discussion and Analysis included in this Proxy Statement. In reliance on the review and discussions referred to above, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10 K for the year ended December 30, 2018 and in this Proxy Statement.

COMPENSATION COMMITTEE

Olivia F. Kirtley, Chairman

Christopher L. Coleman

Laurette T. Koellner

Sonya E. Medina

Anthony M. Sanfilippo

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such acts.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The table below summarizes the total compensation paid or earned by the NEOs for each of the last three fiscal years during which the officer was a named executive officer.

nd Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)(4)	Tota ($)
I. Ritchie	2018	900,000	—	3,762,673	962,523	25,062	—	—	5,65
t and Chief Executive	2017	820,377	—	700,108	600,008	137,645	—	8,100	2,26
	2016	776,923	—	550,101	450,009	739,031	—	7,950	2,52
I. Smith ief Financial Officer	2018	338,255	—	1,177,643	187,516	12,512	—	4,125	1,72
R. Nettles ief Operating and Officer	2018	402,885	—	1,650,178	350,024	16,226	—	—	2,41
Miller Oyler ief Legal and Risk	2018	404,818	—	1,137,598	187,520	14,872	—	4,125	1,74
aysland ief Operating Officer tional	2018	323,935	—	990,078	200,009	46,071	—	—	1,56
. Coke nterim Principal l and Accounting VP, Investor s and Strategy	2018	220,889	—	414,163	51,521	10,009	—	4,125	700
Tucker	2018	38,910	—	—	—	1,009	—	—	39,9
SVP, Chief Financial	2017	528,118	—	400,073	300,014	91,041	—	—	1,31
f Administrative	2016	512,692	—	357,604	257,506	490,010	—	7,950	1,62

(1) Amounts in this column reflect the aggregate grant date fair value for each respective fiscal year related to both time-based restricted stock and performance-based units granted in 2018, 2017 and 2016. All fair values were computed in accordance with the applicable Accounting Standards Codification (ASC) Stock Compensation topic. Assumptions used in the calculation of these amounts are included in Footnote 20 to the Company's audited financial statements for the fiscal years ended December 30, 2018, December 31, 2017, and December 25, 2016, included in the Company's Annual Report on Form 10-K. For each of 2018, 2017 and 2016, amounts reported include the value of performance-based units based on the probable outcome of performance conditions at 100% at the grant date resulting in a $100,000 value at the grant date for each NEO (other than Mr. Coke, whose grant

date value was $25,000).

(2) Amounts in this column reflect the aggregate grant date fair value for each respective fiscal year related to stock options granted in 2018, 2017 and 2016, respectively, computed in accordance with the ASC Stock Compensation topic. Assumptions used in the calculation of these amounts are included in Footnote 20 to the Company's audited financial statements for the fiscal years ended December 30, 2018, December 31, 2017, and December 25, 2016, respectively, included in the Company's Annual Report on Form 10-K.

(3) Amounts in this column for 2018, 2017, and 2016 include payments earned by each NEO pursuant to the 2018, 2017, and 2016 Management Incentive Plans, based on corporate performance metrics for 2018, 2017 and 2016. The amounts in the Non-Equity Incentive Plan Compensation column for 2018, 2017 and 2016 also include payments earned by the NEO pursuant to the 2018, 2017 and 2016 QSIP, based on corporate performance during 2018, 2017 and 2016.

For the year ended December 30, 2018, the first quarter of the quarterly component of the MIP to the extent not deferred by the executive, was paid in March, 2018. For Mr. Swaysland, who participates in an international plan, the fourth quarter and annual component of the international plan to the extent not deferred by the executive, was paid in February, 2019. Amounts in the table above for 2018 include a $12,360 payment for Mr. Swaysland, a $10,651 payment for Mr. Smith and a $10,604 payment under the QSIP for the other NEOs. All other amounts are pursuant to the MIP.

For the year ended December 31, 2017, the annual components of the MIP and the fourth quarter of the quarterly components of the MIP, to the extent not deferred by the executive, were paid in March, 2018. The first three installments of the quarterly components of the MIP, to the extent not deferred by the executive, were paid in May, August and November, 2017, respectively. Amounts in the table above for 2017 include a $6,826 payment under the QSIP for the NEOs. All other amounts are pursuant to the MIP.

For the year ended December 25, 2016, the annual components of the MIP and the fourth quarter of the quarterly components of the MIP, to the extent not deferred by the executive, were paid in February, 2017. The first three installments of the quarterly components of the MIP, to the extent not deferred by the executive, were paid in May, August and November, 2016, respectively. Amounts in the table above for 2016 include a $11,137 payment under the QSIP for each NEO. All other amounts are pursuant to the MIP.

(4) Amounts in this column include the Company's matching contribution to the NEO's account in the Company's nonqualified deferred compensation account.

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EXECUTIVE COMPENSATION

Grants of Plan Based Awards

The following table presents information with respect to the grants of plan based awards made by the Company to each of the NEOs during the fiscal year ended December 30, 2018.

Date of Compensation Committee Meeting at Which Grant Was Approved	Estimated Future Payouts Under Non Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)(3)		All Other Option Awards: Number of Securities Underlying Options (#)(4)		Ex Ba of Av ($/
—	—	675,000	2,700,000	—	—	—	—		—		—
—	—	10,000	24,970	—	—	—	—		—		—
2/21/2018	—	—	—	—	1,666	—	—		—		—
10/29/2018	—	—	—	—	24,369	24,369	—		—		—
2/21/2018	—	—	—	—	—	—	16,032	(i)	—		—
10/29/2018	—	—	—	—	—	—	24,369	(iv)	—		—
2/21/2018	—	—	—	—	—	—	—		62,380	(i)	60
—	—	222,197	1,014,766	—	—	—	—		—		—
—	—	10,000	24,970	—	—	—	—		—		—
2/21/2018	—	—	—	—	667	—	—		—		—
5/1/2018	—	—	—	—	1,059	—	—		—		—
2/21/2018	—	—	—	—	—	—	625	(i)	—		—
5/1/2018	—	—	—	—	—	—	1,985	(ii)	—		—
10/29/2018	—	—	—	—	—	—	677	(iii)	—		—
10/29/2018	—	—	—	—	—	—	16,065	(iv)	—		—
2/21/2018	—	—	—	—	—	—	—		2,431	(i)	60
5/1/2018	—	—	—	—	—	—	—		7,707	(ii)	56
10/29/2018	—	—	—	—	—	—	—		2,427	(iii)	55
—	—	302,163	1,208,654	—	—	—	—		—		—
—	—	10,000	24,970	—	—	—	—		—		—
2/21/2018	—	—	—	—	1,666	—	—		—		—
10/29/2018	—	—	—	—	5,416	5,416	—		—		—
2/21/2018	—	—	—	—	—	—	3,332	(i)	—		—
10/29/2018	—	—	—	—	—	—	2,708	(iii)	—		—
10/29/2018	—	—	—	—	—	—	16,246	(iv)	—		—
2/21/2018	—	—	—	—	—	—	—		12,963	(i)	60
10/29/2018	—	—	—	—	—	—	—		9,707	(iii)	55
—	—	271,039	1,214,453	—	—	—	—		—		—

—	—	10,000	24,970	—	—	—	—		—	—
2/21/2018	—	—	—	—	833	—	—		—	—
5/1/2018	—	—	—	—	882	—	—		—	—
2/21/2018	—	—	—	—	—	—	2,457	(i)	—	