



## Domino's Pizza Announces First Quarter 2010 Financial Results

May 4, 2010

### New and Inspired Pizza Drives Domestic Same Store Sales Up 14.3%

ANN ARBOR, Mich., May 4, 2010 /PRNewswire via COMTEX/ -- Domino's Pizza, Inc. (NYSE: DPZ), the recognized world leader in pizza delivery, today announced results for the first quarter ended March 28, 2010. The Company's domestic same store sales grew 14.3% as a result of increased store traffic from the successful introduction of its New and Inspired Pizza. International same store sales grew 4.2% in the first quarter, marking the 65th consecutive quarter of same store sales growth for this division. First quarter as reported diluted EPS was 41 cents. On an as adjusted basis, diluted EPS was 35 cents for the first quarter, a 75% increase over the first quarter of 2009. During the first quarter, the Company repurchased \$60 million in principal amount of its fixed rate senior notes, or \$249.2 million in principal amount over the past 18 months.

**J. Patrick Doyle, Domino's President and Chief Executive Officer**, said: "A remarkably better pizza, and our honesty in how we told consumers about it, is paying off with a revitalized overall category - with Domino's leading that trend. We couldn't be more pleased with the success of our New and Inspired Pizza."

**Doyle added**, "Our international division kept up its phenomenal growth trajectory again this quarter, with continued success in our existing markets, along with new markets expected to open in Europe, Asia and Latin America yet in 2010. I think we have by far the best international story in the sector."

#### First Quarter Highlights:

| (dollars in millions, except per share data)         | First Quarter<br>of 2010 | First Quarter<br>of 2009 |
|--|--------------------------|--------------------------|
| Net income   | \$24.5                   | \$23.8                   |
| Weighted average diluted shares                      | 59,731,959               | 57,351,475               |
| Diluted earnings per share, as reported              | \$0.41                   | \$0.41                   |
| Items affecting comparability<br>(see section below) | \$(0.06)                 | \$(0.22)                 |
| Diluted earnings per share, as adjusted              | \$0.35                   | \$0.20                   |

- Revenues were up 18.4% for the first quarter versus the prior year period, due primarily to higher volumes
- and higher commodity prices in supply chain, higher same store sales in both domestic and international stores
- and store count growth in international markets.

- Net Income in the first quarter was up \$0.7 million, or 3.2%, versus the prior year period, driven primarily
- by improved sales and operating margins, international store growth and lower interest expense. These improvements
- were offset by a reduction in pre-tax gains on debt repurchases which were approximately \$15.0 million lower in
- the first quarter versus the prior year period.

- Diluted EPS was 41 cents on an as reported basis for the first quarter. Excluding items affecting comparability,
- diluted EPS was 35 cents versus 20 cents in the prior year quarter, an increase of 15 cents, or 75%, primarily
- due to higher domestic and international same store sales, operating margin improvements in all divisions and lower
- interest expense. (See the Items Affecting Comparability section and the Comments on Regulation G section.)

- Global Retail Sales were up 17.4% in the first quarter, or up 12.1% when excluding the impact of foreign currency.

|   | First Quarter<br>of 2010 | First Quarter<br>of 2009 |
|---|--------------------------|--------------------------|
|   | -----                    | -----                    |
| Same store sales growth: (versus prior year period)                                       |                          |                          |
| Domestic Company-owned stores   | +14.7%                   | (0.1)%                   |
| Domestic franchise stores   | +14.2%                   | + 1.1%                   |
|   | -----                    | -----                    |
| Domestic stores   | +14.3%                   | + 1.0%                   |
|   | =====                    | =====                    |
| International stores  | + 4.2%                   | + 6.6%                   |
|   | =====                    | =====                    |
| Global retail sales growth: (versus prior year period)                                    |                          |                          |
| Domestic stores   | +12.3%                   | (0.3)%                   |
| International stores  | +24.6%                   | (10.1)%                  |
|   | -----                    | -----                    |
| Total   | +17.4%                   | (4.6)%                   |
|   | =====                    | =====                    |
| Global retail sales growth: (versus prior year period, excluding foreign currency impact) |                          |                          |
| Domestic stores   | +12.3%                   | (0.3)%                   |
| International stores  | +11.8%                   | +13.1%                   |
|   | -----                    | -----                    |
| Total   | +12.1%                   | + 5.6%                   |
|   | =====                    | =====                    |

|  | Domestic<br>-----<br>Company-<br>-----<br>owned □<br>Stores<br>----- | Domestic<br>-----<br>Franchise<br>-----<br>Stores<br>----- | Total<br>-----<br>Domestic<br>-----<br>Stores<br>----- | International<br>-----<br>Stores<br>----- | Total<br>-----<br>Stores<br>----- |
|--|--|--|--|---|-----------------------------------|
| Store □<br>counts: □                             |  |  |  |   |                                   |
| Store count<br>at January<br>3, 2010             | 466  | 4,461  | 4,927  | 4,072                                     | 8,999                             |
| Openings   | -  | 14   | 14   | 70  | 84                                |
| Closings   | -  | (31)   | (31)   | (16)                                      | (47)                              |
| Transfers  | (9)  | 9  | -  | -   | -                                 |
| Store count<br>at March<br>28, 2010              | 457  | 4,453  | 4,910  | 4,126                                     | 9,036                             |
|  | ===  | =====  | =====  | =====                                     | =====                             |
| First □<br>quarter □<br>2010 net<br>growth       | (9)  | (8)  | (17)   | 54  | 37                                |
|  | ===  | ===  | ===  | ===                                       | ===                               |
| Trailing □<br>four □<br>quarters □<br>net growth | (32)   | (45)   | (77)   | 384                                       | 307                               |
|  | ===  | ===  | ===  | ===                                       | ===                               |

#### Conference Call Information

The Company plans to file its quarterly report on Form 10-Q this morning. Additionally, as previously announced, Domino's Pizza, Inc. will hold a **conference call today** at 11 a.m. (Eastern) to review its first quarter 2010 financial results. The call can be accessed by dialing (888) 306-6182 (U.S./Canada) or (706)

634-4947 (International). Ask for the Domino's Pizza conference call. The call will also be web cast at <http://www.dominos.com/>. If you are unable to participate on the call, a replay will be available for thirty days by dialing (800) 642-1687 (U.S./Canada) or (706) 645-9291 (International), Conference ID 45889666. The web cast will also be archived for 30 days on [www.dominosbiz.com](http://www.dominosbiz.com).

### Debt Repurchases

During the first quarter of 2010, the Company repurchased and retired \$60.0 million of principal of its outstanding fixed rate senior notes, resulting in a pre-tax gain of approximately \$6.1 million. This pre-tax gain was recorded in the "Other" line item in the Company's consolidated income statement.

### Items Affecting Comparability

The Company's reported financial results for the first quarter of 2010 are not comparable to the reported financial results in the prior year period. The table below presents certain items that affect comparability between 2010 and 2009 financial results. Management believes that including such information is critical to the understanding of its financial results for the first quarter of 2010 as compared to the same period in 2009 (See the *Comments on Regulation G* section).

In addition to the items noted in the table below, the Company experienced lower interest expense primarily as a result of lower debt levels, impacting comparability to periods in the prior year. Lower interest expense resulted in an increase in diluted EPS of approximately three cents in the first quarter of 2010 versus the comparable period in 2009.

|                                       | First Quarter |           | Diluted EPS |
|---------------------------------------|---------------|-----------|-------------|
|                                       | Pre-tax       | After-tax |             |
| (in thousands, except per share data) |               |           | Impact      |
| 2010 items affecting comparability:   |               |           |             |
| Gain on debt extinguishment (1)       | \$6,144       | \$3,748   | \$0.06      |
| Deferred financing fee write-off (2)  | (637)         | (389)     | (0.01)      |
| Total of 2010 items                   | \$5,507       | \$3,359   | \$0.06      |
| 2009 items affecting comparability:   |               |           |             |
| Gain on debt extinguishment (3)       | \$21,174      | \$12,704  | \$0.22      |
| Deferred financing fee write-off (2)  | (559)         | (335)     | (0.01)      |
| Total of 2009 items                   | \$20,615      | \$12,369  | \$0.22      |

(1) Represents the gain recognized on the repurchase and retirement of \$60.0 million of principal on the fixed rate senior notes for a total purchase price of \$54.0 million, which includes \$0.2 million of accrued interest.

(2) Represents the write-off of deferred financing fees in connection with the related debt extinguishments.

(3) Represents the gain recognized on the repurchase and retirement of \$43.3 million of principal on the fixed rate senior notes for a total purchase price of \$22.3 million, which includes \$0.2 million of accrued interest.

### Liquidity

As of March 28, 2010, the Company had:

- \$28.0 million of unrestricted cash and cash equivalents,
- \$86.0 million of restricted cash and cash equivalents, and
- approximately \$1.52 billion in total debt, including \$60.0 million of borrowings under its \$60.0 million variable funding note facility.

During the first quarter of 2010, the Company terminated its last remaining letter of credit under its variable funding note facility (revolving credit line), which provided an additional \$2.4 million of borrowing capacity. During the first quarter of 2010, the Company borrowed the additional \$2.4 million to take advantage of a low variable interest rate, and is now fully drawn on the \$60.0 million facility.

The Company's cash borrowing rate for the first quarter of 2010 averaged 5.9% versus 6.1% in the prior year period. The Company incurred \$5.1 million in capital expenditures during the first quarter of 2010 versus \$3.3 million in the first quarter of the prior year.

The Company's free cash flow, as reconciled below to cash flows from operations as determined under generally accepted accounting principles (GAAP), was

\$27.4 million in the first quarter of 2010.

| (in thousands)   | First Quarter<br>of 2010 |
|--|--------------------------|
| Net cash provided by operating activities<br>(as reported) | \$32,590                 |
| Capital expenditures (as reported)                         | (5,146)                  |
| Free cash flow   | \$27,444                 |

## Comments on Regulation G

In addition to the GAAP financial measures set forth in this press release, the Company has included non-GAAP financial measures within the meaning of Regulation G due to items affecting comparability between fiscal quarters. Additionally, the Company has included metrics such as global retail sales and same store sales growth, which are commonly used in the quick-service restaurant industry and are important to understanding Company performance.

The Company uses "**Diluted EPS, as adjusted**," which is calculated as reported Diluted EPS adjusted for the items that affect comparability to the prior year periods discussed above. The most directly comparable financial measure calculated and presented in accordance with GAAP is Diluted EPS. The Company's management believes that the Diluted EPS, as adjusted measure is important and useful to investors and other interested persons and that such persons benefit from having a consistent basis for comparison between reporting periods. Management uses Diluted EPS, as adjusted to internally evaluate operating performance, to evaluate itself against its peers and to determine future performance targets and long-range planning. Additionally, the Company believes that analysts covering the Company's stock performance generally eliminate these items affecting comparability when preparing their financial models, when determining their published EPS estimates and when benchmarking us against our competitors.

The Company uses "**Global retail sales**" to refer to total worldwide retail sales at Company-owned and franchise stores. Management believes global retail sales information is useful in analyzing revenues because franchisees pay royalties that are based on a percentage of franchise retail sales. Management reviews comparable industry global retail sales information to assess business trends and to track the growth of the Domino's Pizza(R) brand. In addition, domestic supply chain revenues are directly impacted by changes in domestic franchise retail sales. Retail sales for franchise stores are reported to the Company by its franchisees and are not included in Company revenues.

The Company uses "**Same store sales growth**," calculated by including only sales from stores that also had sales in the comparable period of the prior year. International same store sales growth is calculated similarly to domestic same store sales growth. Changes in international same store sales are reported on a constant dollar basis, which reflects changes in international local currency sales.

The Company uses "**Free cash flow**," calculated as cash flows from operations less capital expenditures, both as reported under GAAP. Management believes that the free cash flow measure is important to investors and other interested persons, and that such persons benefit from having a measure which communicates how much cash flow is available for working capital needs or to be used for repurchasing debt, making acquisitions, repurchasing shares, paying dividends or other similar uses of cash.

## About Domino's Pizza(R)

Founded in 1960, Domino's Pizza is the recognized world leader in pizza delivery. Domino's is listed on the NYSE under the symbol "DPZ." Through its primarily locally-owned and operated franchised system, Domino's operates a network of 9,036 franchised and Company-owned stores in the United States and over 60 international markets. The Domino's Pizza(R) brand, named a Megabrand by Advertising Age magazine, had global retail sales of over \$5.6 billion in 2009, comprised of nearly \$3.1 billion domestically and over \$2.5 billion internationally. During the first quarter of 2010, the Domino's Pizza(R) brand had global retail sales of over \$1.4 billion, comprised of nearly \$823 million domestically and over \$644 million internationally. Domino's Pizza was named "Chain of the Year" by Pizza Today magazine, the leading publication of the pizza industry. In 2009, Domino's ranked number one in customer satisfaction in a survey of consumers of the U.S. largest limited service restaurants, according to the annual American Customer Satisfaction Index (ACSI). Domino's has expanded its menu significantly since 2008 to include Oven Baked Sandwiches and BreadBowl Pasta(TM), and recently debuted its 'Inspired New Pizza' - a permanent change to its core hand-tossed product, reinvented from the crust up with new sauce, cheese and garlic seasoned crust.

Order - <http://www.dominos.com/>

## SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify forward-looking statements because they contain words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates" or similar expressions that concern our strategy, plans or intentions. These forward-looking statements relating to our anticipated profitability, estimates in same store sales growth, the growth of our international business, ability to service our indebtedness, our intentions with respect to the extensions of the interest-only period on our fixed rate notes, our operating performance, the anticipated success of our new core pizza product, trends in our business and other descriptions of future events reflect management's expectations based upon currently available information and data. However, actual results are subject to future risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties that could cause actual results to differ materially include: the level of our long-term and other indebtedness; uncertainties relating to litigation; consumer preferences, spending patterns and demographic trends; the effectiveness of our advertising, operations and promotional initiatives; the strength of our brand in the markets in which we compete; our ability to retain key personnel; new product and concept developments by the Company, such as the New and Inspired Pizza, and other food-industry competitors; the ongoing level of profitability of our franchisees; and the ability of the Company and our franchisees to open new restaurants and keep existing restaurants in operation; changes in food prices, particularly cheese, labor, utilities, insurance, employee benefits and other operating costs; the impact that widespread illness or general health concerns may have on our business and the economy of the countries where we operate; severe weather conditions and natural disasters; changes in our effective tax rate; changes in government legislation and regulations; adequacy of our insurance coverage; costs related to future financings; our ability and that of our franchisees to successfully operate in the current credit environment; changes in the level of consumer spending given the general economic conditions including interest rates, energy prices and weak consumer confidence; availability of borrowings under our variable funding notes and our letters of credit; and changes in accounting policies. Important factors that could cause actual results to differ materially from our expectations ("cautionary statement") are more fully described in our other filings with the Securities and Exchange Commission, including under the section headed "Risk Factors" in our annual report on Form 10-K. Except as required by applicable securities laws, we do not undertake to publicly update or revise any forward-looking statements,

whether as a result of new information, future events or otherwise.

**TABLES TO FOLLOW**

Domino's Pizza, Inc. and Subsidiaries  
Condensed Consolidated Statements of Income  
(Unaudited) □

|  | Fiscal Quarter Ended |                     |                |                     |
|--|----------------------|---------------------|----------------|---------------------|
|  | March 28, 2010       |                     | March 22, 2009 |                     |
|  |                      | % of Total Revenues |                | % of Total Revenues |
| (In thousands, except per share data)    |                      |                     |                |                     |
| Revenues: □                              |                      |                     |                |                     |
| Domestic Company-owned stores            | \$88,206             |                     | \$80,996       |                     |
| Domestic franchise                       | 41,943               |                     | 36,883         |                     |
| Domestic supply chain                    | 212,530              |                     | 173,502        |                     |
| International                            | 38,452               |                     | 30,447         |                     |
| Total revenues                           | 381,131              | 100.0%              | 321,828        | 100.0%              |
| Cost of sales:                           |                      |                     |                |                     |
| Domestic Company-owned stores            | 69,266               |                     | 64,712         |                     |
| Domestic supply chain                    | 187,347              |                     | 154,982        |                     |
| International                            | 16,524               |                     | 13,317         |                     |
| Total cost of sales                      | 273,137              | 71.7%               | 233,011        | 72.4%               |
| Operating margin                         | 107,994              | 28.3%               | 88,817         | 27.6%               |
| General and administrative               | 50,453               | 13.2%               | 43,899         | 13.6%               |
| Income from operations                   | 57,541               | 15.1%               | 44,918         | 14.0%               |
| Interest expense, net                    | (24,123)             | (6.3)%              | (26,501)       | (8.3)%              |
| Other                                    | 6,144                | 1.6%                | 21,174         | 6.6%                |
| Income before provision for income taxes | 39,562               | 10.4%               | 39,591         | 12.3%               |
| Provision for income taxes               | 15,043               | 4.0%                | 15,821         | 4.9%                |
| Net income                               | \$24,519             | 6.4%                | \$23,770       | 7.4%                |
| Earnings per share:                      |                      |                     |                |                     |
| Common stock - diluted                   | \$0.41               |                     | \$0.41         |                     |

Domino's Pizza, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets  
(Unaudited) □

|                                      | March 28, 2010 | January 3, 2010 |
|--------------------------------------|----------------|-----------------|
| (In thousands)                       |                |                 |
| Assets □                             |                |                 |
| Current assets:                      |                |                 |
| Cash and cash equivalents            | \$27,990       | \$42,392        |
| Restricted cash and cash equivalents | 86,008         | 91,141          |
| Accounts receivable                  | 75,046         | 76,273          |
| Inventories                          | 26,575         | 25,890          |
| Advertising fund assets, restricted  | 22,305         | 25,116          |
| Other assets                         | 22,180         | 17,856          |
| Total current assets                 | 260,104        | 278,668         |

|   |             |             |
|---|-------------|-------------|
| Property, plant and equipment, net          | 99,921      | 102,776     |
| Other assets                                | 67,595      | 72,317      |
|   | -----       | -----       |
| Total assets                                | \$427,620   | \$453,761   |
|   | =====       | =====       |
| Liabilities and stockholders' deficit       |             |             |
| Current liabilities:                        |             |             |
| Current portion of long-term debt           | \$512       | \$50,370    |
| Accounts payable                            | 55,067      | 64,120      |
| Advertising fund liabilities                | 22,305      | 25,116      |
| Other accrued liabilities                   | 89,437      | 79,817      |
|   | -----       | -----       |
| Total current liabilities                   | 167,321     | 219,423     |
| Long-term liabilities:                      |             |             |
| Long-term debt, less current portion        | 1,515,017   | 1,522,463   |
| Other accrued liabilities                   | 35,234      | 32,869      |
|   | -----       | -----       |
| Total long-term liabilities                 | 1,550,251   | 1,555,332   |
| Total stockholders' deficit                 | (1,289,952) | (1,320,994) |
|   | -----       | -----       |
| Total liabilities and stockholders' deficit | \$427,620   | \$453,761   |
|   | =====       | =====       |

Domino's Pizza, Inc. and Subsidiaries  
Condensed Consolidated Statements of Cash Flows  
(Unaudited) □

|   | Fiscal Quarter Ended |                   |
|---|----------------------|-------------------|
|   | ----- □              |                   |
|   | March 28,<br>2010    | March 22,<br>2009 |
|   | ----                 | ----              |
| (In thousands)  |                      |                   |
| Cash flows from operating activities:   |                      |                   |
| Net income  | \$24,519             | \$23,770          |
| Adjustments to reconcile net income to net cash flows provided by operating activities: |                      |                   |
| Depreciation and amortization   | 5,503                | 5,787             |
| Gains on debt extinguishment  | (6,144)              | (21,174)          |
| Losses on sale/disposal of assets   | 234                  | 81                |
| Amortization of deferred financing costs, debt discount and other                       | 2,544                | 2,784             |
| Provision for deferred income taxes   | 675                  | 7,568             |
| Non-cash compensation expense   | 3,344                | 2,645             |
| Other   | (556)                | 390               |
| Changes in operating assets and liabilities   | 2,471                | (9,580)           |
|   | -----                | -----             |
| Net cash provided by operating activities   | 32,590               | 12,271            |
| Cash flows from investing activities:   |                      |                   |
| Capital expenditures  | (5,146)              | (3,278)           |
| Proceeds from sale of assets  | 1,077                | 271               |
| Changes in restricted cash  | 5,133                | 13,011            |
| Other   | 396                  | (199)             |
|   | ---                  | ----              |
| Net cash provided by investing activities   | 1,460                | 9,805             |
| Cash flows from financing activities:   |                      |                   |
| Proceeds from issuance of long-term debt and capital                                    | 2,861                | 24,348            |

|   |          |          |
|---|----------|----------|
| lease obligations                           |          |          |
| Repayments of long-term debt and capital    |          |          |
| lease obligations                           | (54,024) | (25,164) |
| Other                                       | 2,744    | 1,292    |
|   | -----    | -----    |
| Net cash provided by (used in) financing    |          |          |
| activities                                  | (48,419) | 476      |
| Effect of exchange rate changes on cash     |          |          |
| and cash equivalents                        | (33)     | (73)     |
|   | ---      | ---      |
| Change in cash and cash equivalents         | (14,402) | 22,479   |
| Cash and cash equivalents, at beginning     |          |          |
| of period                                   | 42,392   | 45,372   |
|   | -----    | -----    |
| Cash and cash equivalents, at end of period | \$27,990 | \$67,851 |
|   | =====    | =====    |

SOURCE Domino's Pizza, Inc.