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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**Current Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): October 28, 2008

**Domino's Pizza, Inc.**

(Exact name of registrant as specified in its charter)

Commission file number:  
001-32242

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**38-2511577**  
(I.R.S. Employer  
Identification Number)

**30 Frank Lloyd Wright Drive**  
**Ann Arbor, Michigan 48106**  
(Address of principal executive offices)

**(734) 930-3030**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
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**Item 7.01. Regulation FD Disclosure.**

As previously announced, the Company plans to hold the Domino's Pizza 2008 Investor Day at 9:00 a.m. Eastern Time on October 28, 2008. A copy of the presentation materials to be used for the conference are attached hereto and furnished as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits**

**(c) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Domino's Pizza, Inc. Investor conference presentation materials.

**SIGNATURES**

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

DOMINO'S PIZZA, INC.  
(Registrant)

Date: October 28, 2008

/s/ Wendy A. Beck  
\_\_\_\_\_  
Wendy A. Beck  
Chief Financial Officer



# Domino's Pizza Investor Day 2008

Domino's Pizza Leadership Team

October 28, 2008

# Forward-Looking Statements



This presentation and our accompanying comments may contain “forward-looking statements.” These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak only as of the date of this presentation. We undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

This presentation contains trade names, trademarks and service marks of other companies. We do not intend our use or display of other parties' trade names, trademarks and service marks to imply a relationship with, or endorsement or sponsorship of, these other parties.

# Today's Agenda



- A Context: When the “Game Began to Change”
- The Turnaround Plan – Our Current Position
- 2009 and Beyond...
- Supply Chain Costs – a Range of Possibilities
- Q&A
- Lunch: New Store Concept and Test Product Review
- Financial Overview
- Q&A
- International – Master Franchisee Perspective
- Q&A
- Closing



**A Context:**  
**When the “Game Began to Change”**  
Domino’s Pizza 2005 – 2008

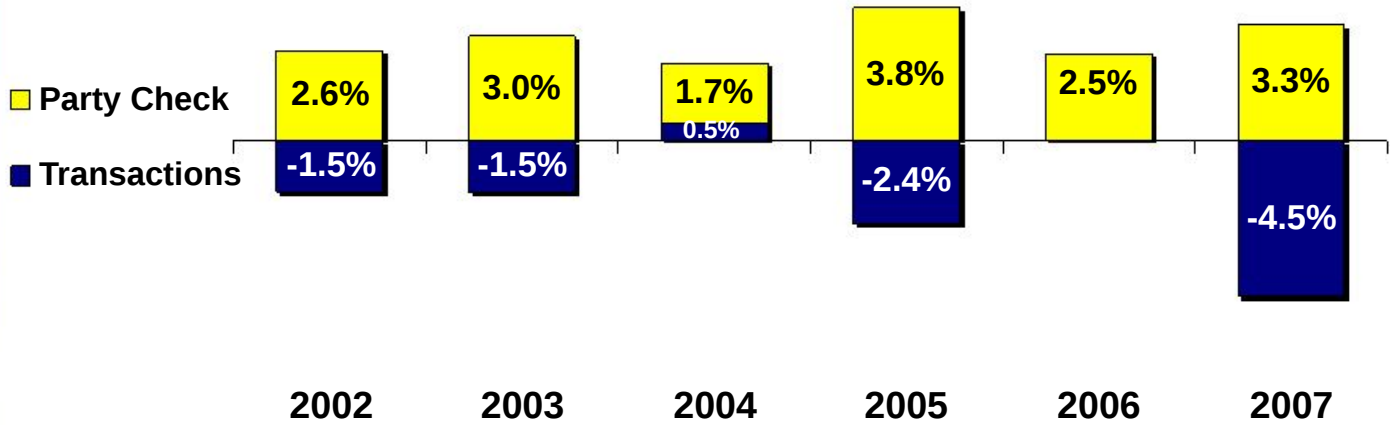
David A. Brandon  
Chairman & CEO

# Pizza Industry Traffic & Check



## Essentially a 6-Year Negative Trend

Percent Change vs. Year Ago



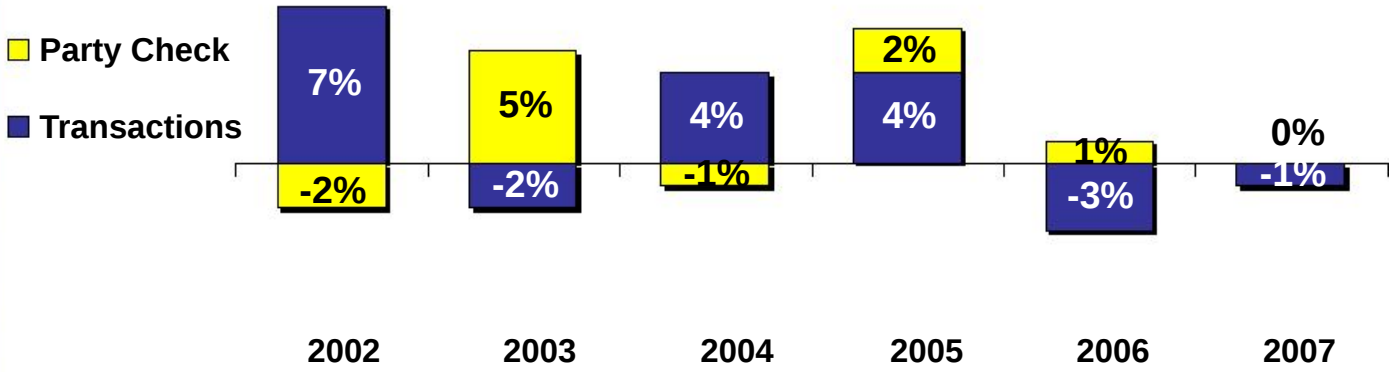
Source: The NPD Group/CREST



# Domino's Pizza Traffic & Check



Percent Change vs. Year Ago



Source: The NPD Group/CREST

# Domino's Overview – Circa 2005



- National Marketing was driving strong results
- Franchisee attitudes and behavior
- The results of our environment and strategy
  - Store growth
  - Strong unit economics
  - Heavy reliance on national promotions / marketing
  - National Advertising Fund growth



# Marketing Spend

## **National** (TV – Print PR)

- 3% of sales in 2004
- 4% of sales in 2005
- 5% of sales in 2006
- 5% of sales in 2007
- 4% of sales in 2008

## **Co-Op** (Spot TV – Radio – Print)

- Avg. 2.3% of sales in '04
- Avg. 1.5% of sales in '05
- Avg. 0.5% of sales in '06
- Avg. 0.5% of sales in '07
- Avg. 2% of sales in '08

## **Local** (Box-toppers, local sponsorships)

- Store by store decision
- Averages 3% - 5% of sales
- Highly dependent on franchisee resources and confidence








# History of National Promotions



	Q1	Q2	Q3	Q4	Full Year - Weeks of National TV
<b>2008</b>	BFD & Brooklyn/Philly <b>(5.2%) Comp</b>	444 Promotion <b>(5.1%) Comp</b>	Gotham City Pizza <b>(6.1%) Comp</b>	Oven-Baked Sandwiches	<b>20</b>
<b>2007</b>	Cheesy Garlic Bread Pizza <b>(2.9%) Comp</b>	Brooklyn/Philly & 555 promotion <b>2.1% Comp</b>	Philly/Brooklyn & 1 week of Oreo <b>(1.6%) Comp</b>	3 weeks Oreo & Crispy Melt Pizza <b>(3.5%) Comp</b>	<b>29</b>
<b>2006</b>	Spectacular Sevens/555 Deal <b>(3.8%) Comp</b>	XLP one-topping \$9.99 <b>(4.9%) Comp</b>	Super Six Mix & Brownies (2 wks) <b>(3.1%) Comp</b>	Brownies & Brooklyn Pizza <b>(4.4%) Comp</b>	<b>38</b>
<b>2005</b>	555 Deal <b>11.2% Comp</b>	Cheeseburger Pizza <b>6.9% Comp</b>	555 Deal <b>1.1% Comp</b>	Steak Fanatics Pizza <b>1.7% Comp</b>	<b>34</b>
<b>2004</b>	\$.99 Cheesy Dots w/large 1 topping <b>(0.9%) Comp</b>	Philly Cheese Steak Pizza <b>2.1% Comp</b>	555 Deal <b>8.0% Comp</b>	Doublemelt Pizza <b>(0.2%) Comp</b>	<b>25</b>

# Learning from the Past: 2005



Jan/Feb/March	April	May/June	July/August	Sept/Oct	Oct	Nov/Dec
 			 			 

- Strategy & Tactics

- “555” became a sub-brand of Domino’s Pizza
- Low cost delivered pizza option – VARIETY and VALUE
- Drove ticket and traffic
- Other (LTO) promotions drove only ticket

- Implications

- Traffic decline was happening, but not for DPZ due to the success of “555”
- Part of success was securing another national roll-up from franchisees for 2006

# Learning From the Past: 2006



Jan/Feb	Feb/Mar	Apr/May	May/June	June/July	August	Aug/Sept	Oct	Nov/Dec

## ○ Strategy & Tactics

- Knew rolling '05 comps would be tough
- Had more national TV weeks (38 vs. 34)
- Pursued aggressive ticket growth strategy (through LTO/bundles)
- Delivery charges were rolling out fast

## ○ Implications

- Bad test reads and bad market timing
  - 555 success skewed tests from the previous year
  - Missed the consumer (ticket too high – too fast)
- Bundles drove ticket, but traffic fell at a faster rate (LTOs underperformed)
- Secured another roll-up from franchisees for 2007
- Delivery charge (“consumer tax”) - further negative traffic pressure

# Learning from the Past: 2007



Jan	Feb/Mar	April	May	June	July	July/Aug	Sept	Oct	Nov	Nov/Dec

## ○ Strategy & Tactics








- Rolling weak comps (9 less TV weeks due to media inflation/alternative media investments)
- Continued with LTO promotions – national events dominated calendar
- Local store marketing (LSM) campaigns were most successful
  - Q2 positive comps
- Increased prices (both menu and delivery) during year as costs rose

## ○ Implications

- LTO events didn't drive traffic
- The steadily-rising ticket was weakening traffic more
- Comps were weak – the system was relying on national promotions that weren't working – no roll-up for 2008!

# Back to the Present: 2008



Jan.	Feb	Feb/Mar	Mar/Apr	Apr/May	May/June	July
						
						

## ○ Strategy & Tactics

- “You Got 30” message – heavy reliance on LSM
- “Chased” value message based on consumer malaise (BFD failure led to 444 promotion launch)
- Started attacking traffic issue (sandwich tests and roll-out)
- Stepped-up R&D – get out of LTOs and into menu/day part expansion

## ○ Implications To-Date

- “You Got 30” message didn’t change trends
- 444 message performed OK, but didn’t sustain traffic growth
- Fewer weeks on TV – competitors gained “share of voice” advantage
- Sandwiches growing traffic after years of decline





## The Consequences: Franchisee Reactions

### 2005: Happiness!

- Love the roll-up
- Signed up for increased roll-up in 2006
- National marketing doing much of the “work”
- Costs “in check” – making lots of money!



# The Consequences: Franchisee Reactions



## 2006: What Happened?

- Must be a blip...rolling over tough comps
- Costs are moving...but store economics still good
- Let's "give Ann Arbor another chance"
  - Rolled-up again for 2007
  - Less local spending/activity



# The Consequences: Franchisee Reactions



## 2007: What the Hell Happened?

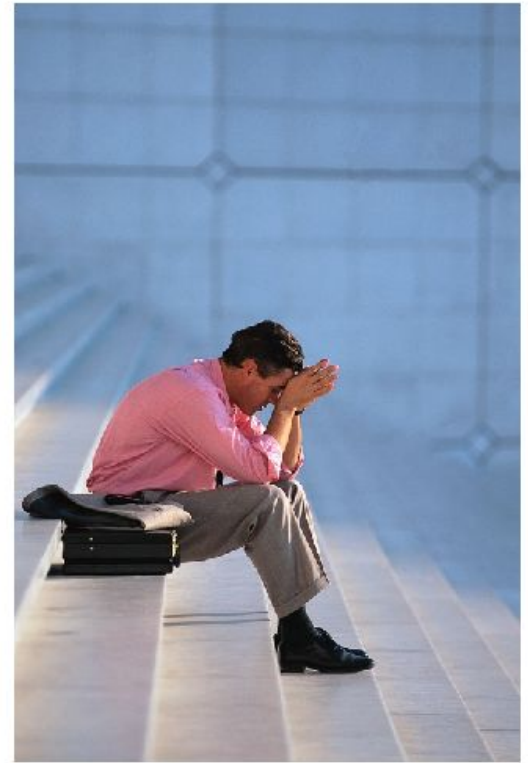
- National promotions “don’t work any more”
- Less money for Ann Arbor for 2008 (no roll-up)
- Some increase in local store marketing
- Environment getting tougher – increasing costs are a major problem!

# The Consequences: Franchisee Reactions



## 2008: When will it End?

- Agency / client learning curve
- Reduced share of voice
  - Less weeks on national TV than in many years!
- Continued traffic declines and tremendous cost inflation
- “No matter what I do, it isn’t working” – store level economics lousy
- Hope on the horizon – promising test products and new media strategy (no more LTOs!)



# The Consequences: Store Growth



## Historically Steady Growth

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	Total ( <u>'01-'05</u> )
<b>DPZ U.S.</b>						
<b>Store Count</b>	<b><u>4,813</u></b>	<b><u>4,848</u></b>	<b><u>4,904</u></b>	<b><u>5,008</u></b>	<b><u>5,092</u></b>	<b><u>+279</u></b>
Pizza Hut						
Store Count	<u>6,569</u>	<u>6,503</u>	<u>6,400</u>	<u>6,306</u>	<u>6,254</u>	<u>-315</u>
Papa John's						
Store Count	2,589	2,585	2,574	2,565	2,599	+10

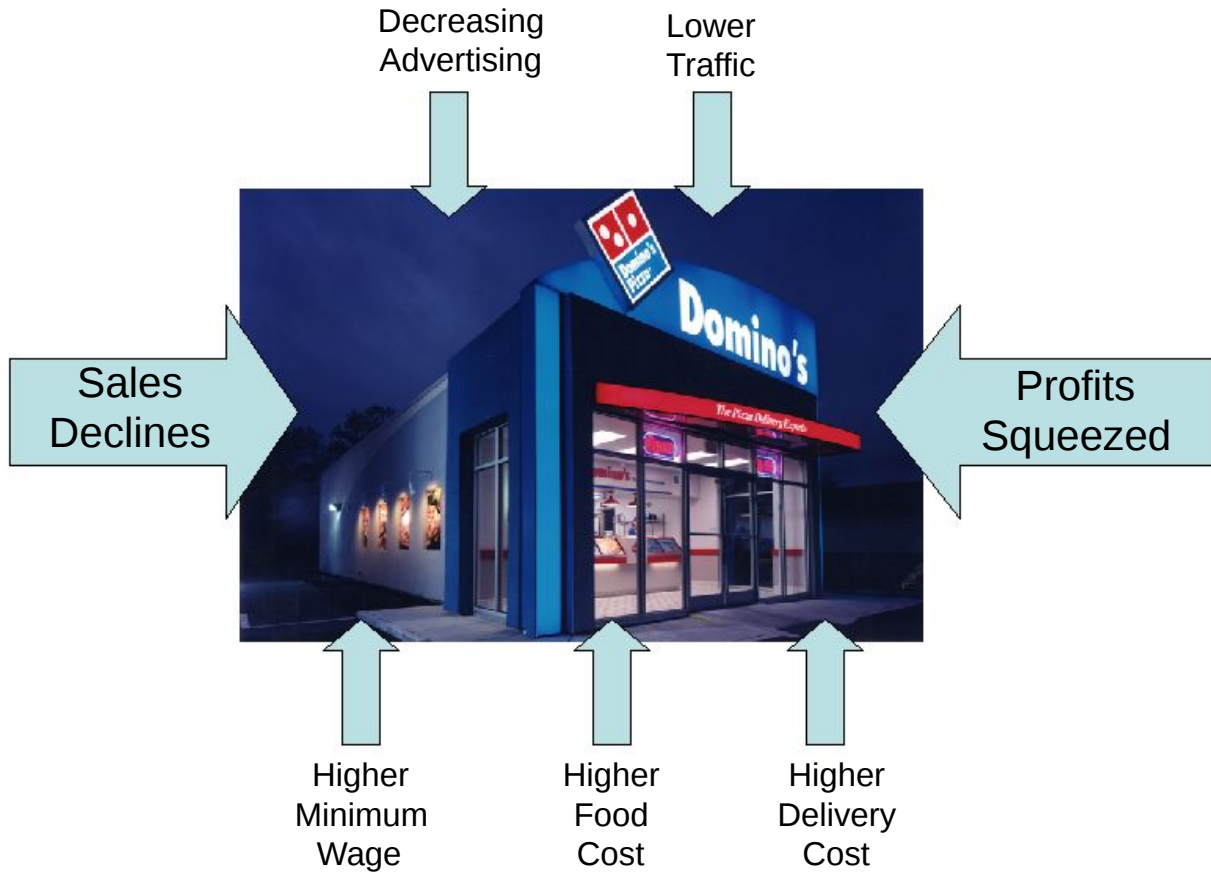
# Consequences: Store Growth



Growth declined as sales declined

DPZ U.S.	Open	Close	Net
2005	172	88	84
2006	126	75	51
2007	138	126	12
2008 (through Q3)	71	140	(69)

# Consequences: Unit Economics Squeezed



# Consequences: Unit Economics



\$150-\$250K to build



## Historically

- Growing Sales
- Low Cost Volatility
- High ROI

Bargains available



## Now

- Good stores sold at lower multiples
- Bad stores sold at “fire-sale” rates
- More upside potential than ever



# What We've Learned...



- Traffic growth is key – bring excitement back to Domino's Pizza
  - Sustainable, organic growth
  - Today's traffic = tomorrow's same-store sales results
- LTOs don't drive sustained traffic
  - Need product platforms, not "product-of-the-month"
  - Need day part expansion
- Need timely consumer insight and strategic response
  - Delivery charge "management"
  - Better pricing model ("barbell")
  - Menu strategy



# The 2008 Turnaround Plan

Patrick Doyle  
President, Domino's USA

## Traffic Builder – Near Term



# OVEN BAKED SANDWICHES



- New product appeal
- New day part

# Sandwiches Results from Test



- Drove strong traffic and increased sales
- 40% of sandwich orders included a pizza
- Sandwiches increased customer frequency by 30%
  - Improves the overall profitability of each customer
- Sandwiches skewed towards carry-out (better margins)
- Sandwich customers reported:
  - High product satisfaction
  - High repurchase intent
  - Better perception of Domino's

# Sandwiches – National Roll-Out



- Results from the first couple of weeks show that:
  - Traffic is strong – the best results in over a year
  - Early sales results promising
  - Sandwiches are over 20% of mix
  - Still skewing towards carry-out (especially at lunch)
  - 40% of sandwich orders include a pizza
  - Driving strong lunch sales (but we're also selling a lot at dinner)
  - So far, national results are coming in close to test results

# Menu Strategy: New Product Platforms



- Value – Large party, small party & carry out
- Premium – Local Legends
- Day part / menu expansion / variety – sandwiches & pasta
- Core pizza – improve!
- Ticket – Desserts, sides and beverage
- Online – Enabler for broader menu, higher ticket

# Menu Strategy

## New Product Platforms



### Pasta Perfecta



**Three Cheese Mac-n-Cheese**

**Italian Sausage Marinara**

**Chicken Alfredo**

**Chicken Carbonara**

**Pasta Primavera**

### Local Legends



**Philly Cheese Steak**

**Honolulu Hawaiian**

**Memphis Barbecue Chicken**

**Cali Chicken Bacon Ranch**

**Pacific Coast Veggie**

**Buffalo Chicken Pizza**

# Menu Strategy

## New Product Platforms



### Ready-To-Go



Only in select stores

Three hot-hold, ready-to-go items

### Chicken



Traditional and boneless

Six sauce flavors



# Improve Current Product



- Improved core pizza product
  - Dough
  - Sauce
  - Cheese
  - Toppings
- Respect the Food



# More Advertising



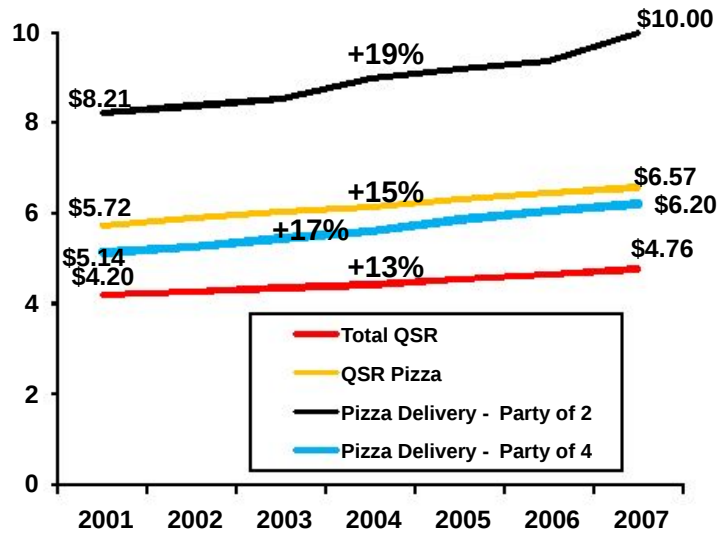
- Asking franchisees for a roll-up in national advertising
- Looking at options for partnership funding
- Enough advertising to support all product and promotional initiatives

# Pricing: Perception vs. Reality



**Pizza Delivery  
Charge + Tip  
\$3- 4**

**Average Ticket Per Eater**  
Year Ending 2007



Source: The NPD Group/CREST

# Pricing Lessons: “\$-Eye”



- Don't over-price the single pie
- Don't increase delivery charge too much
- Cull down coupons
- Expand day part (lunch, late night)
- Leverage online ordering

# “A,” “B” and “F” Franchisees’ YTD Stats



	“A” Franchisees	“B” Franchisees	“F” Franchisees
Franchisees	143	829	247
Stores	933	2895	644
Avg. Stores/Fran	6.5	3.5	2.5
2008 AWUS YTD	13,460	11,311	9,412
2008 PCYA	-5.0%	-5.9%	-8.5%
2008 DOT %	77.3%	76.3%	75.5%

# Store Development & Recruitment



- On track to open 100 -120 stores (125 opened in 2007)
- 70 new franchisees in the system YTD (vs. 93 for full year 2007)
- 58 potential franchisees have attended Discovery Day
- Plans are in place to save and transfer as many at-risk stores as possible

# U.S. Store Growth Expectations



- Open 100 to 120
- Close 225 to 250
- Net -100 to -150
  
- Bill Kapp leading financial effort
  - Working to prevent closures
  - Even A's and B's struggling to finance purchases in past few weeks
  
- Transition to store growth driven by sales growth

# Prefer Quality vs. Quantity



Gulfport Vision 20/20 store





# 2009 and Beyond





# Russell Weiner, CMO

## Domino's and Michigan: my new home!

- “Classically-trained marketer”
  - Consumer brands (Pepsi, Phillip Morris)
  - Company and agency side
- General management
  - Large projects, large teams, agency relationships
- Collaborative philosophy
  - Attracts talent and drives results



# Why I'm Here

- The Domino's team
- The Domino's brand
- Upside potential!
- Can make a difference
- Karma 😊

# The next 90 days...



## Forge a Lighthouse Identity for the Domino's brand

- Grounded in consumer insights
- Informed by our past and inspired by the future



## Lighthouse drives brand decisions

- Store design
- Advertising & Communications
- Innovation

# Innovation Philosophy...



- **Long-Term Approach**
  - 30 days and 30 years
  
- **Quality, Quality, Quality!**
  - We're delivery. We're service. We're 30 minutes...  
AND the FOOD is great
  - Deliciously Fast
  
- **Born out of a rational business need...Developed with an emotional POV that makes it uniquely Domino's**
  
- **Drive incremental growth and profitability**



# Our Vision for the Menu Then and Now

(Handouts)

# Operators of the Future



- Closer to 5+ stores on average per franchisee
- All “A” and “B” franchisees
- No “F” franchisees
- Targeted exceptions for external franchisees

# Team USA of the Future



- Contribute more EBITDA
- Test platforms
- People pipeline



# Maintain & Grow Stores



- Same store sales increases...leverage “the four walls”
- Targeted real estate improvements
- Focus on struggling stores during tough times
- Grow as business improves

# Future Unit Economics



- Need to assume that costs won't dramatically change
  - Minimum wage increases staying
  - Commodities might flatten, might not
  - Delivery costs probably won't improve
  - If costs decrease, we have upside
- The way we will strengthen unit economics is to grow the top line
  - “Grow your way to greatness”



# Commodities and Costs

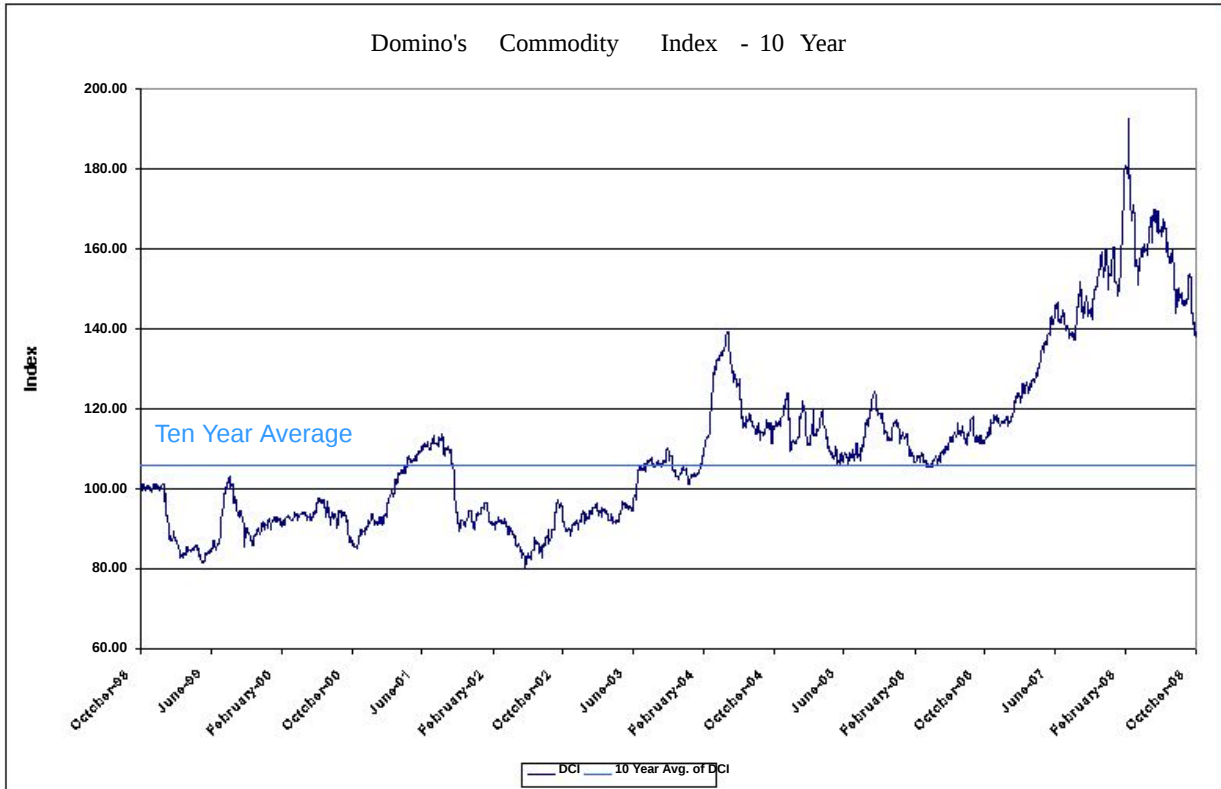
David Mounts, EVP Supply Chain

# Q3 2008 Update



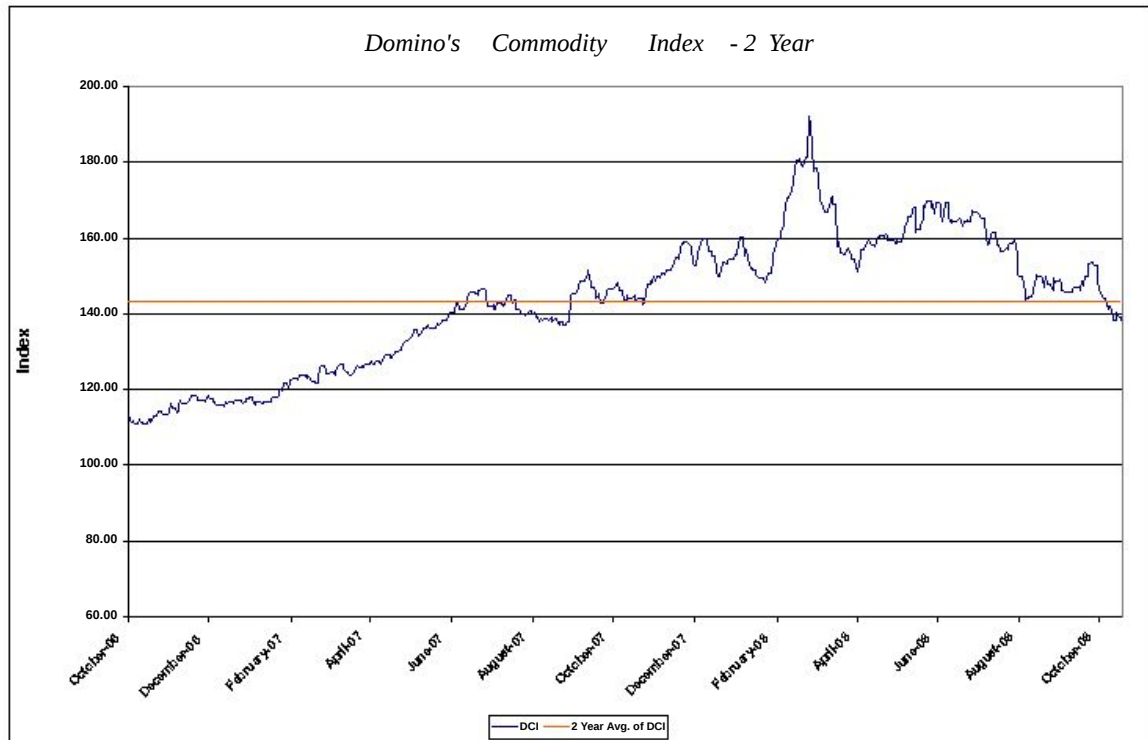
- Commodities tough, but... a better outlook
  - Domino's commodity index
  - Domino's food basket
- Holy cow... what's up with cheese?
- What we're doing about it

# Commodities Update – External Real Time



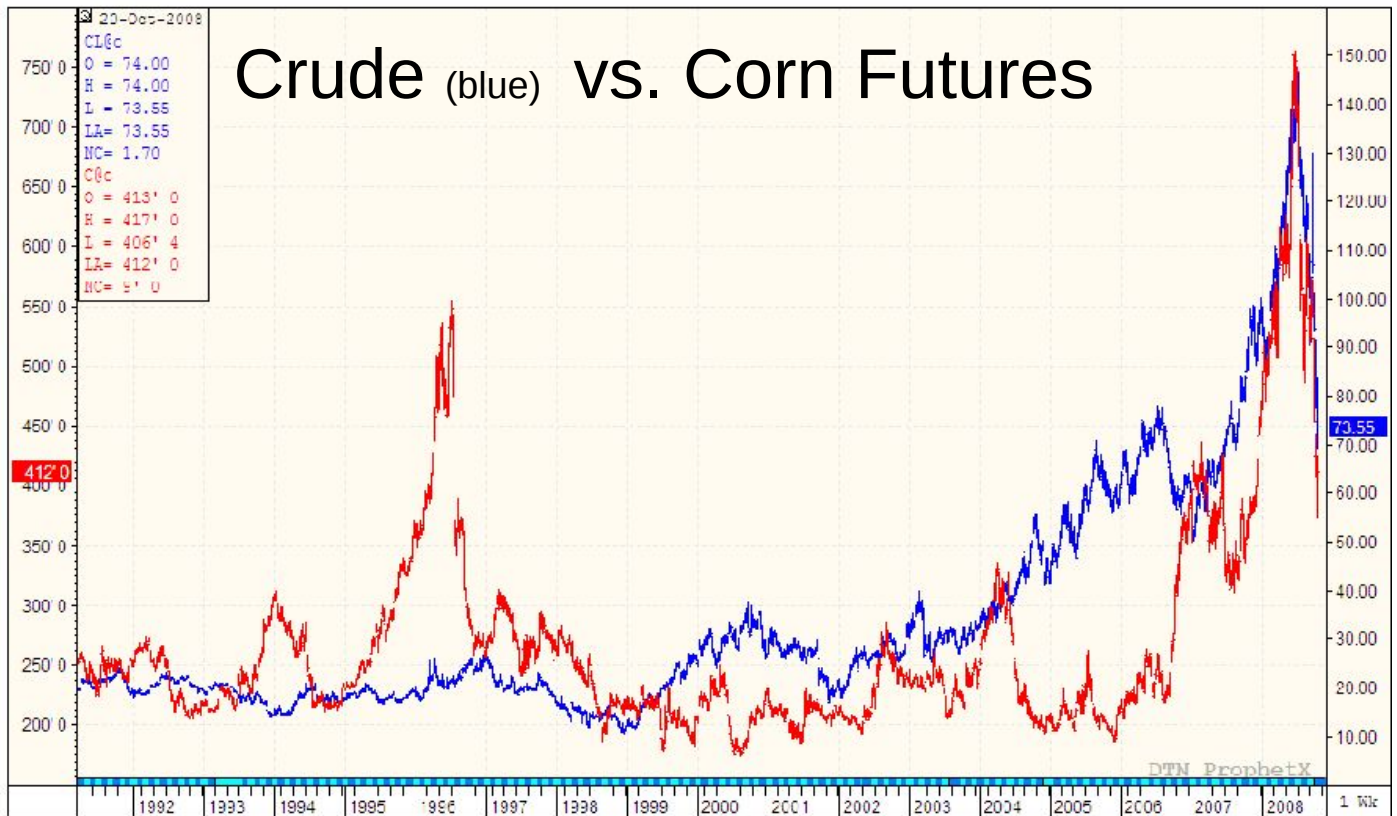
Date	Cheese	Pork	Boxes	Wheat	Wings	Sauce	Beef	Diesel/Fuel	Electric	Kickers	Natural Gas
October 17, 2008	\$1.79	\$0.88	127.7	\$6.40	\$1.04	\$63.00	\$0.91	\$77.46	\$61.60	\$1.29	\$6.79
10 Yr Average	\$1.41	\$0.82	97.16	\$3.95	\$0.87	\$53.22	\$0.79	\$39.01	\$62.19	\$0.88	\$5.35
Unit	USD / Pound	USD / Pound	Index	USD / Bushel	USD / Pound	USD / Ton of Tomato	USD / Pound	USD / Barrel	USD / MWh	USD / Pound	USD / MMBTU

# Commodities – Last Two Years, Ugh. Why???



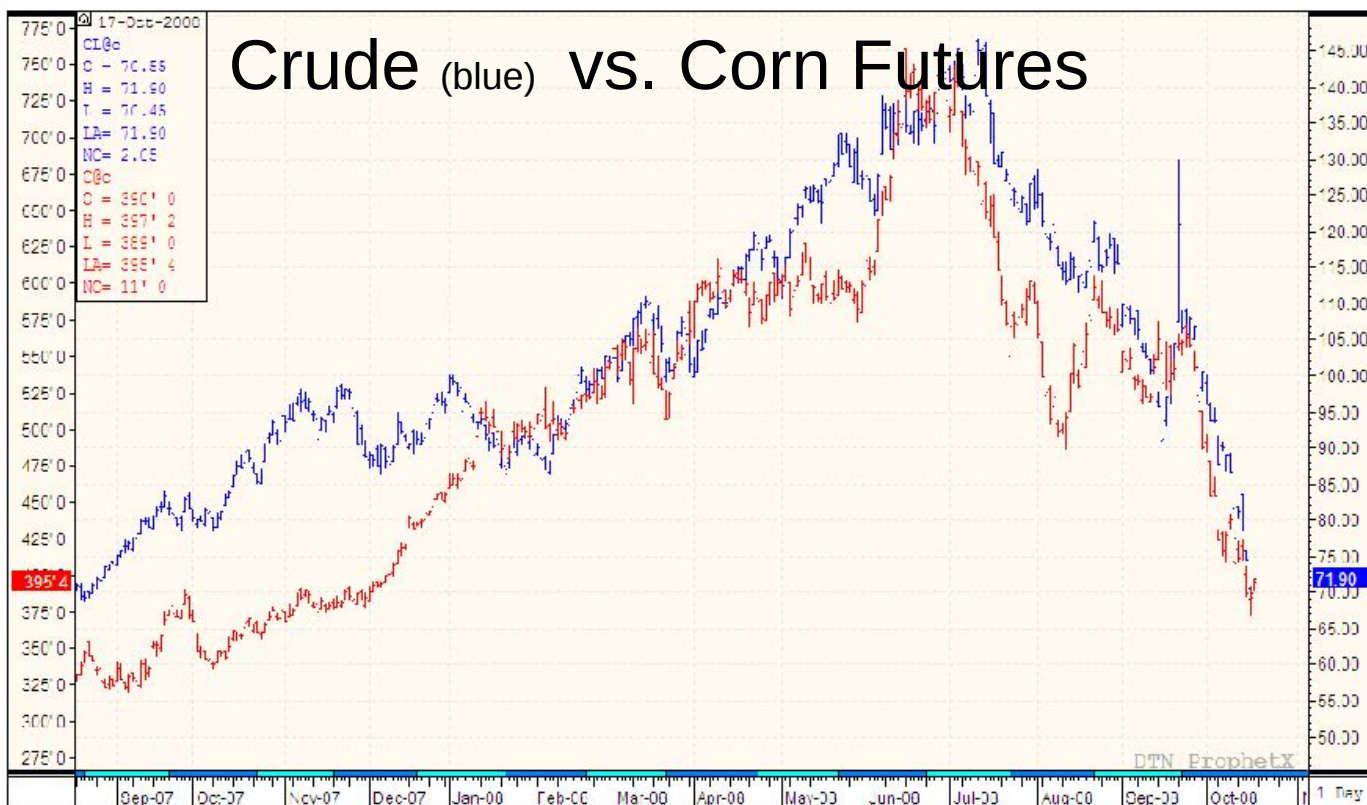
# Commodities - Energy and Food

For 8 of 10 Years Not Correlated



# But Then Corn Correlated Two Years

And Corn Leads Beef, Pork, Chicken, Soy, Wheat

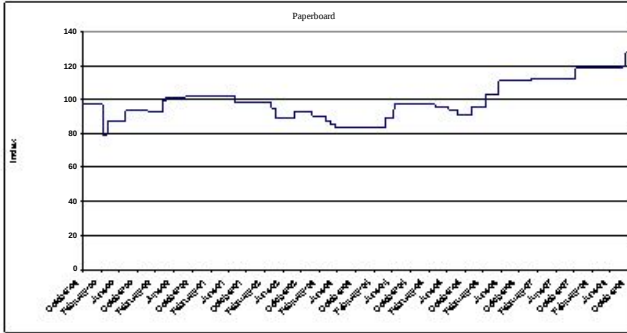




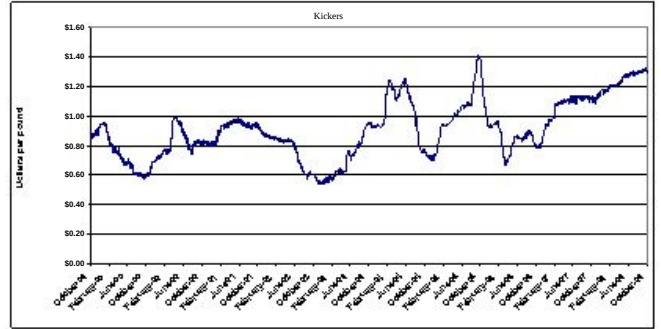
# Q3 Culprits – Fuel on Everything Cheese Stayed High and...



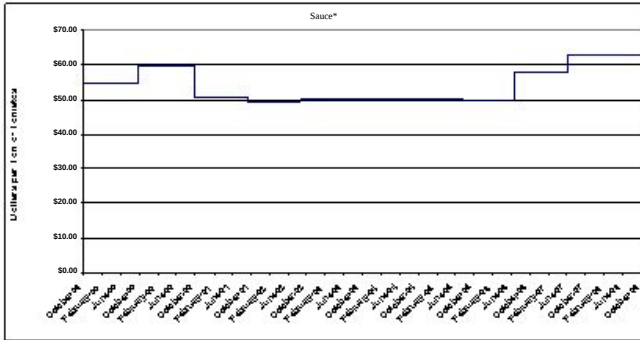
## Boxes



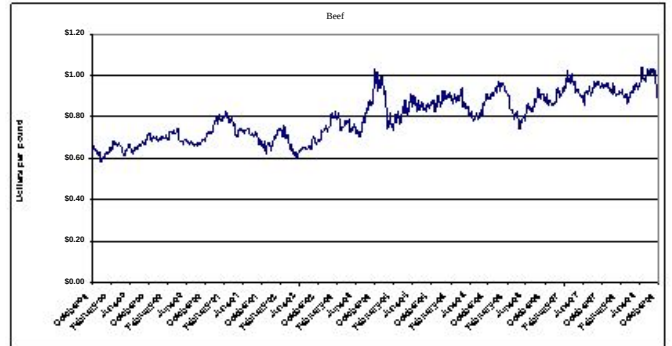
## Chicken



## Sauce



## Beef



# Commodities – Internal Food Basket



## Core Products

### Fixed or Contract

- Pizza Cheese
- Dough and Crust
- Chicken Wings

### Floating

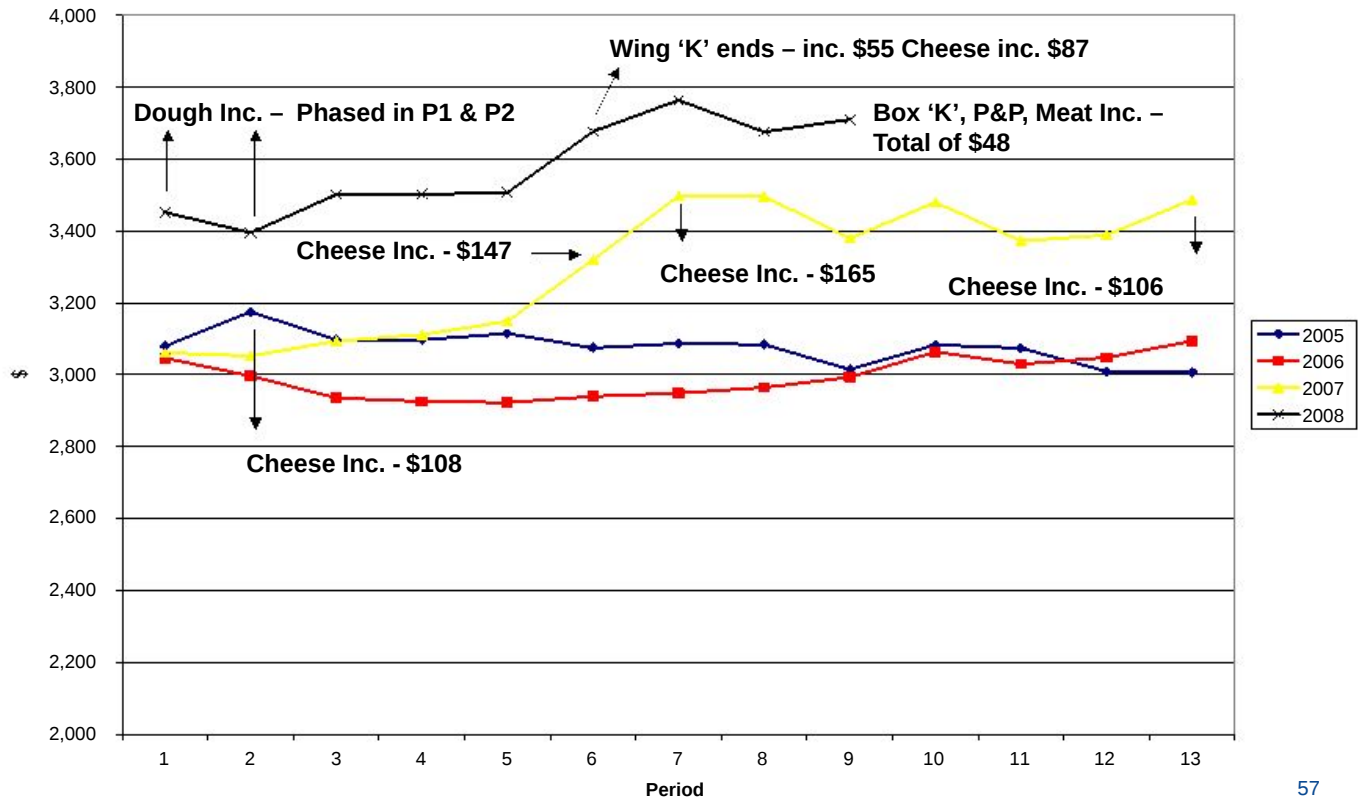
- Fuel
- Sauce
- Vegetables
- Meats
- Boxes

# Commodities – Internal Food Basket



- An indication of food cost to store
- Hypothetical store - \$10K/week AWUS
- Heavily influenced by price of cheese
- Cheese and dough are approximately 50% of the price of the basket
- Competitive comparison quarterly

# Price Basket - Trending



# Increases of DCI and Food Basket



	2006	2007	YTD 2008
DCI	(1.74) (1.53%) ↓	24.82 21.85% ↑	47.01 41.39% ↑
Food Basket	(\$83.85) (2.73%) ↓	\$230.10 7.48% ↑	\$499.25 16.23% ↑

Increase over 2005

# 3<sup>rd</sup> Party Price Comparison



## 3<sup>rd</sup> Qtr Differences

- Competitor 1 9.15% ↓
- Competitor 2 15.50% ↑
- Competitor 3 10.71% ↑

# Holy Cow...What's Up With Cheese?



- Not moving with oil
- Supply / demand tight in dairy, particularly cheese
- International prices above U.S. – strong foreign demand
- Butter has not carried its weight until recently
- High farm input prices for feed
  - Causing liquidations and productivity reductions

# Holy Cow...What's Up With Cheese?



## Summer

- High gas and other high prices decreased domestic demand
- Milk flowed into cheese and powder increasing supply
- International buying then picked up

## Fall

- Seasonal school milk tightened domestic demand
- Cheese buyers replenished inventories, increasing demand





# Holy Cow...What's Up With Cheese?

## This just in:

- Global financial crisis impacting key drivers
  - High export demand
  - High farm cost
- Global demand softening
- International supply increasing
- International prices have dropped, reducing exports of cheddar

## Two forecasts for 2009

- Soft demand \$1.50 – \$1.60
- Moderate demand \$1.70 – \$1.80

Sources: USDA, Leprino, IAG

# What are We Doing About all This?



- **New contract strategies:**
  - Better supply contracts
  - Locked in prices via forwards
  - End-to-end price and logistics savings
- **New operating efficiencies:**
  - Drove fewer miles
  - Used less fuel
  - More efficient warehouses



## Panel Q&A



# What's Next? Lunch!

Brandon Solano, VP Brand Innovation



- Vision 20/20 store
- New product operations
- Sampling test products at our “chef’s table” in the test kitchen
  - Taste products that have been or are in test
  - Not guaranteed to roll out nationally
- Brand strategy at work!



## Web-cast Break for Lunch

Back Around 1:15 p.m. EST



# Financial Overview

Wendy Beck, CFO



## Agenda

- Asset Backed Securitization (ABS)
  - ABS 101
  - Revolver
  - Liquidity
  - Free Cash Flow
- Operational considerations
  - Labor & Product Mix
- Foreign currency impacts
- Long Range Outlook

## ABS Facility – Key Terms



- \$1.6B Senior ABS debt – 5.961% cash interest rate
- \$0.1B Subordinated debt – 7.629% cash interest rate
- \$1.7B Total funded debt – 6.059% cash interest rate
  
- \$150M revolver facility
- Senior debt wrapped with insurance
- “Full-company securitization” secured with most cash flows of the company
- Fixed rate with no amortization for 5 years
- Two possible 1-year extensions

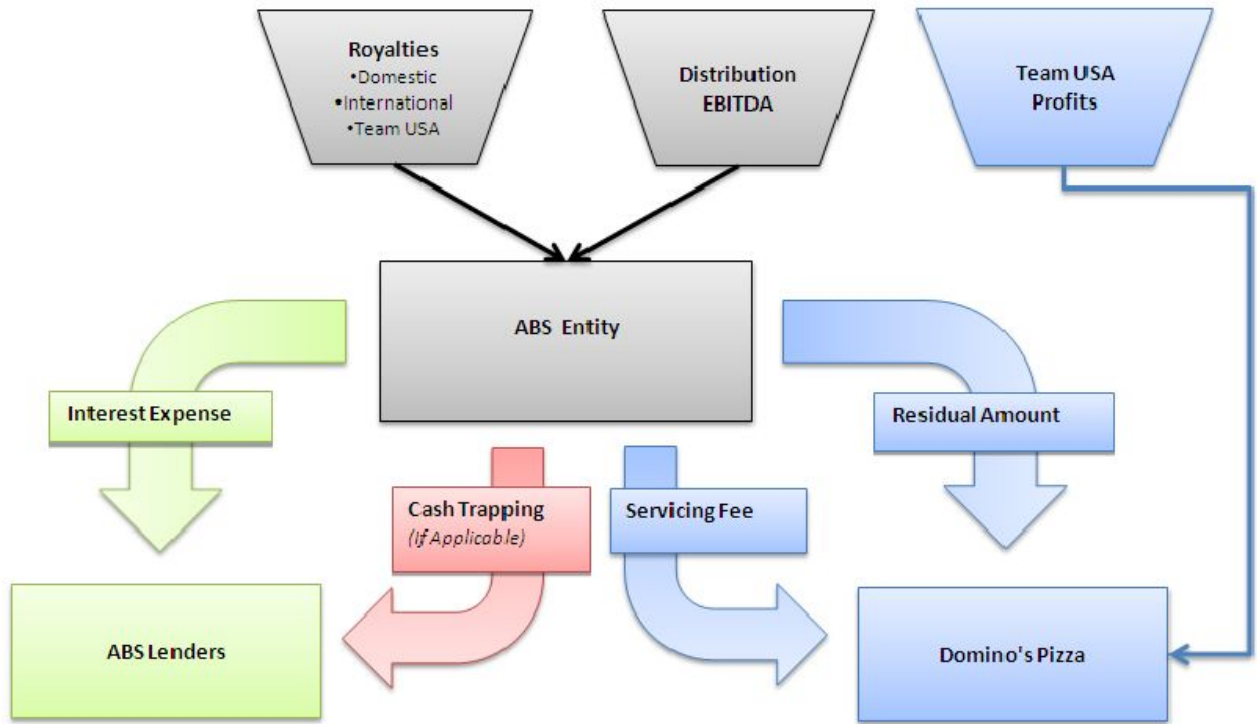




# ABS Time Line



# ABS Waterfall



# Debt Service Coverage Ratio (DSCR)



- Defined as Collections / Senior Interest Expense
- Collections cannot be calculated using publicly-disclosed information, but it tracks closest to EBITDA
- EBITDA performance would need to drop by \$65 -\$75M annually before first trigger is reached

– Triggers:

<u>Trigger</u>	<u>Est EBITDA drop</u>	<u>% of water-fall trapped (*)</u>
First	\$65-\$75M	25%
Second	\$75-\$85M	50%
Third	\$95-\$105M	100%

- (\*) Waterfall is after interest and minimal G&A service fee

# ABS DSCR Extreme Stress Test



- 2009 Assumptions:
  - Domestic Net Store Growth (500)
  - Domestic Same Store Sales Growth (10%)
- **Results:**
  - **Our DSCR still exceeds the first trigger**

## Current Credit Markets - Insurers



- Bond insurers have experienced credit issues
  - MBIA and Ambac wrapped our ABS debt facility
- Insurer Impact on Domino's
  - **Insurers' troubles do not impact our current debt facility or debt costs**
  - Availability of future ABS-type debt facility diminished in current economic climate

## Current Credit Markets – Revolver Lenders



- In Q4, one of Domino's lenders declared bankruptcy
  - **Lender's troubles do not impact our current senior or subordinated debt or debt costs**
  - **Our revolver is likely impacted, though**
  - **However, we do NOT need the revolver for operating needs**



# Revolver

- Revolver facility
  - Original Capacity \$150.0mm
  - Capacity Lost (\$90.0mm)
  - Current Capacity \$60.0mm
  - Less: LCs outstanding (\$38.3mm)
  - Total Currently Available \$21.7mm
  
- Letters of Credit (LCs): unfunded commitments pledged to insurance companies or lessors
  
- Current LCs: \$ 31.2M self-insurance reserves, \$7.1M for supply chain center leases and other

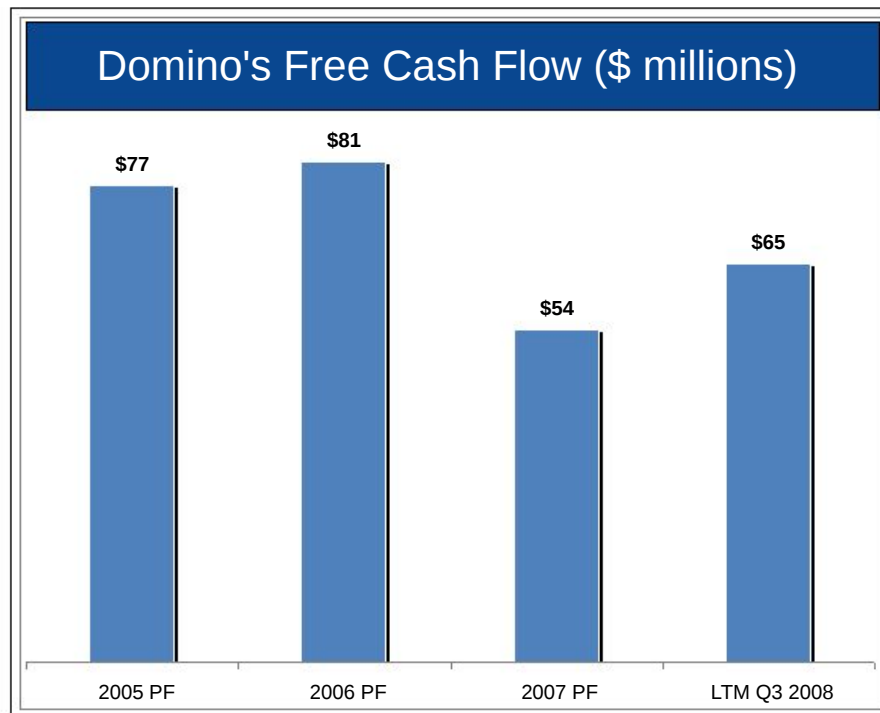
# Liquidity



- Main source is, and has always been, our free cash flow
- We generate FCF of over \$1M per week, on average (please see chart on next page)
- We have unrestricted cash of \$20.1M at the end of Q3
- The current revolver, as well as previous revolver facilities, have not been used for working capital needs, but instead for dividend payments and opportunistic share repurchases
- We are exploring alternative sources of liquidity for maximum flexibility but, again, we do not need the revolver for operating needs



# Domino's Free Cash Flow



- Free Cash Flow = cash flow from operations minus CapEx
- 2005-2007 are pro-forma to reflect the current debt level

# Uses of Free Cash Flow



- Return of Capital
  - Share Repurchases
  - Dividend Payments
  - Debt Repayments
- Reinvest in the Business

## Debt & Liquidity Summary



- Comfortable with our capital structure and terms of our ABS debt facility
- Debt facility with:
  - 6.06% fixed interest rates
  - A 5-year term with two 1-year extensions
- Business model with low cash needs that generates strong operating cash flow

# Operational Considerations:

## Minimum Wage Impact



- Most corporate markets had 2008 and 2009 increases:

<u>Min. Rate</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
– Fed Min Wage	\$5.85	\$6.55	\$7.25
– Florida	\$6.67	\$6.90	\$7.25
– Minnesota	\$6.15	\$6.55	\$7.25
– Arizona	\$6.75	\$6.90	\$7.25
– North Carolina	\$6.15	\$6.55	\$7.25
– Maryland	\$6.15	\$6.55	\$7.25

- Expected cost increase in 2008 and 2009 is about 1% of sales each year, assuming no other changes

# Operational Considerations: Food Cost Comparison



Lowest to Highest Food Cost %

Bread

Pizza

Pasta

Chicken

Sandwich

Beverage

# Foreign Currency Impact



- International royalties are earned in local currencies
- When the U.S. dollar strengthens, we receive fewer U.S. dollars for the same amount of local currency
- Currency has helped us to a limited extent the last several years, as the U.S. dollar has weakened
- This impact has turned negative for the 4<sup>th</sup> quarter, as the U.S. dollar has strengthened

# Impact for Our Major Currencies



	2008 Full Year Projected vs. 2007	2009 Projected vs. 2007
British Pound	↓	↓
Euro	↑	↓
Mexican Peso	↑	↓
Canadian Dollar	↑	↓
Australian Dollar	↑	↓
Japanese Yen	↑	→
Korean Won	↓	↓

- ↑ = Weaker \$ is Favorable to DPII EBITDA
- = Flat
- ↓ = Stronger \$ is Unfavorable to DPII EBITDA

\* See safe harbor statement relating to forward-looking statements

# Foreign Currency Impact



## Year-Over Year

Figures in \$ millions, except per-share data

	2008 Q3 YTD	2008 Q4 Forecast	YE 2008 Forecast	2009
<b>Gross Royalty</b>				
<b>Sales Impact</b>	\$71.0	(\$78.3)	(\$7.3)	
<b>Revenues</b>				
<b>Impact</b>	\$1.5	(\$2.2)	(\$0.7)	?
<b>Estimated</b>				
<b>Dilutes EPS</b>	\$0.02	(\$0.02)	(\$0.01)	

Q4 2008 FX rates are estimated using consensus forecasts taken October 13, 2008  
 FX rates are volatile and further changes will impact results



# Long Range Outlook & Possibilities



	2009 Possibilities			
	Long Range Outlook	Bull Case	Middle Case	Bear Case
<b>Top Line Growth</b>				
- Domestic Same Store Sales	+1% to +3%	5%	2%	-2%
- International Same Store Sales	+3% to +5%	6%	4%	2%
- Net Units	200 to 250	300	150	-50
Domestic		0	-100	-250
International		300	250	200
- Global Retail Sales	+4% to 6%	7%	4%	0%

• Long Range Outlook and Possibilities do not constitute specific earnings guidance. Domino's does not provide quarterly or annual earnings estimates. See safe harbor statement relating to forward looking statements.



## Q&A





**Domino's Pizza**  
Michael Lawton  
EVP Domino's Pizza International

# International – A Big Piece of the Pie



In 2007, Domino's International Division...

- Represented 3,469 stores across 60 markets<sup>1</sup>
  - 3-year store count CAGR of 8.1%
- Accounted for over 40% of global retail sales
  - Posted \$2.2 billion in Retail Sales in 2007
  - 3-year retail sales CAGR of 15%<sup>2</sup>
- Made up 30% of DPZ operating income<sup>3</sup>

<sup>1</sup> Store count as of YE 2007

<sup>2</sup> International Retail Sales CAGR from 2004 - 2007

<sup>3</sup> Based on adjusted operating income from 2007



Q3 2008 marks the  
59<sup>th</sup> consecutive quarter of  
positive same store sales

# International Leadership with Significant Upside



Top 10 Markets	YE 2007 Stores	Delivery Market Position	Potential Store Count
Mexico	566	#1	700
United Kingdom	467	#1	900
Australia	405	#1	550
South Korea	289	#3	350
Canada	277	#3	400
Japan	180	#3	700
India	176	#1	400
Taiwan	122	#2	150
France	121	#1	700
Turkey	84	#1	300
<b>TOTAL</b>	<b>2,687</b>		<b>5,150</b>

<sup>1</sup> Based on 2007 YE total store count

<sup>2</sup> Potential store count based on Domino's Pizza International estimates

# Market Highlights



- Smaller markets: **Greece and Israel**
  - Greece reached critical mass and began TV ads for the first time
  - Israel is growing phenomenally lately and Domino's is the #1 pizza brand in the country
- Medium-sized markets: **Malaysia and Saudi Arabia**
  - Domino's stores in Malaysia are expanding outside of Kuala Lumpur
  - 46 stores in Saudi Arabia as sales continue to grow



# Market Highlights

- Continued success: [France, Netherlands and India](#)
  - France recently began advertising on TV
- Up and coming market: [Brazil](#)
  - Strong growth from new partners
  - Building more stores - currently in Rio and São Paulo is next target
- New market: [Indonesia, Qatar and Shanghai](#)
  - First store in Jakarta opened in August



## Continuing Success: 2008 Milestones!



**750**

Stores operated by Domino's Pizza Enterprises  
(Australia, New Zealand, Netherlands, France, Belgium)

**300**

Stores operated by Domino's Pizza Korea

**200**

Stores operated by Domino's Pizza India

**100**

Stores operated by Domino's Pizza Turkey

# 25<sup>th</sup> Anniversary of Domino's Pizza International



# Michael Berkman – Grupo Mozzarella International Area Franchisee



- Domino's Pizza International Franchisee since 1993
- Began career as sub-franchisee for ALSEA in Mexico
  - Became the largest sub-franchisee in Mexico
- Michael is now the Master Franchisee for Panama, Costa Rica and Honduras
- Joint Venture with the Master Franchisee of Peru
- Clipped the ribbon on the 3,000<sup>th</sup> international store





## Domino's Pizza

Michael Berkman – Grupo Mozzarella

# Agenda



- Grupo Mozzarella - Current Status
- How Did We Get There?
- Maintaining One Brand, One System
- Continuing Success
- Q&A

# Grupo Mozzarella

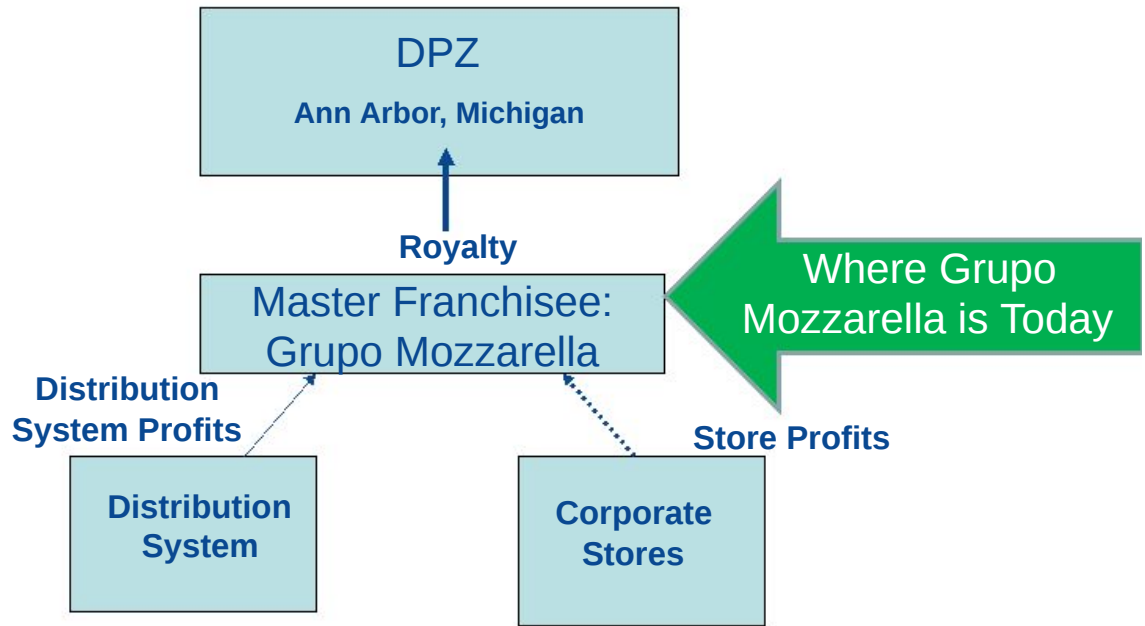
## Where We Are Today



# International Master Franchise Model



# International Master Franchise Model





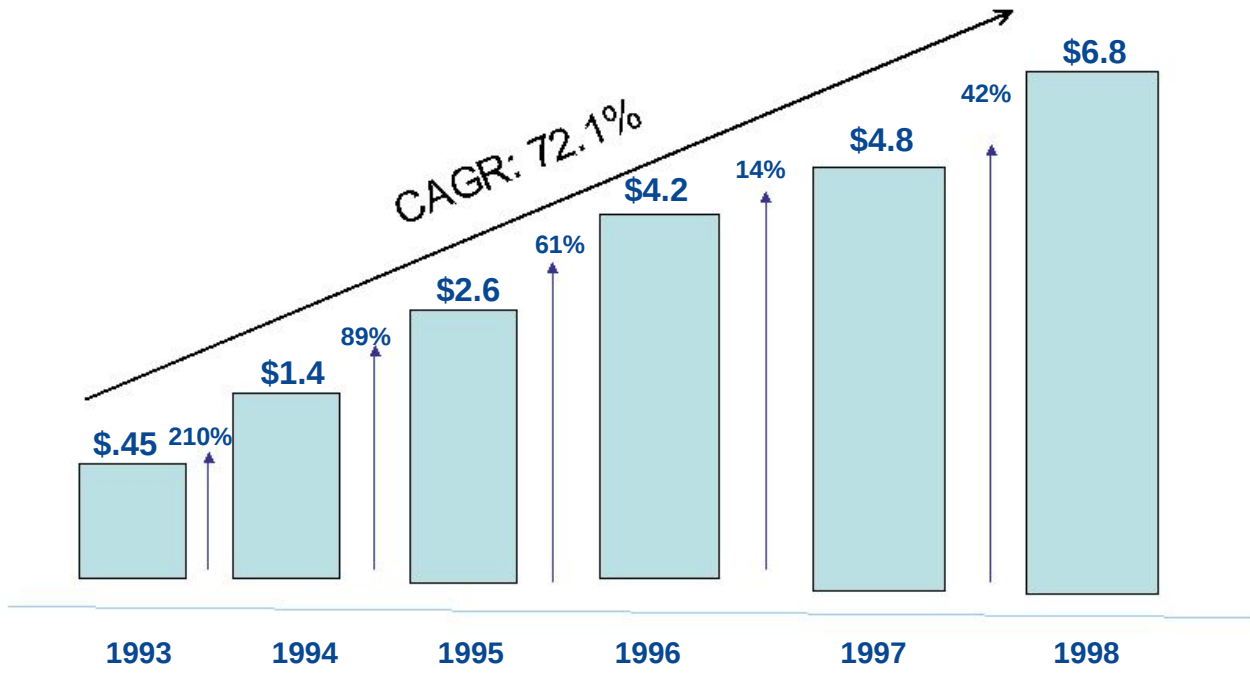
## Grupo Mozzarella - How it All Began



- o 1993: Sub-franchised first store in Mexico from ALSEA
  - Quickly became the top sales store in Mexico
- o 1996: Opened stores in two Wal-Mart stores
  - First Domino's stores in Mexico to open inside another retail outlet
- o 1997: El Rosario store joins Domino's Million Dollar Club
- o 2000: Opens first store outside of Mexico City
- o 2004: Becomes Mexico's biggest sub-franchise with 27 stores
- o 2005: ALSEA purchases all of Grupo Mozzarella's stores

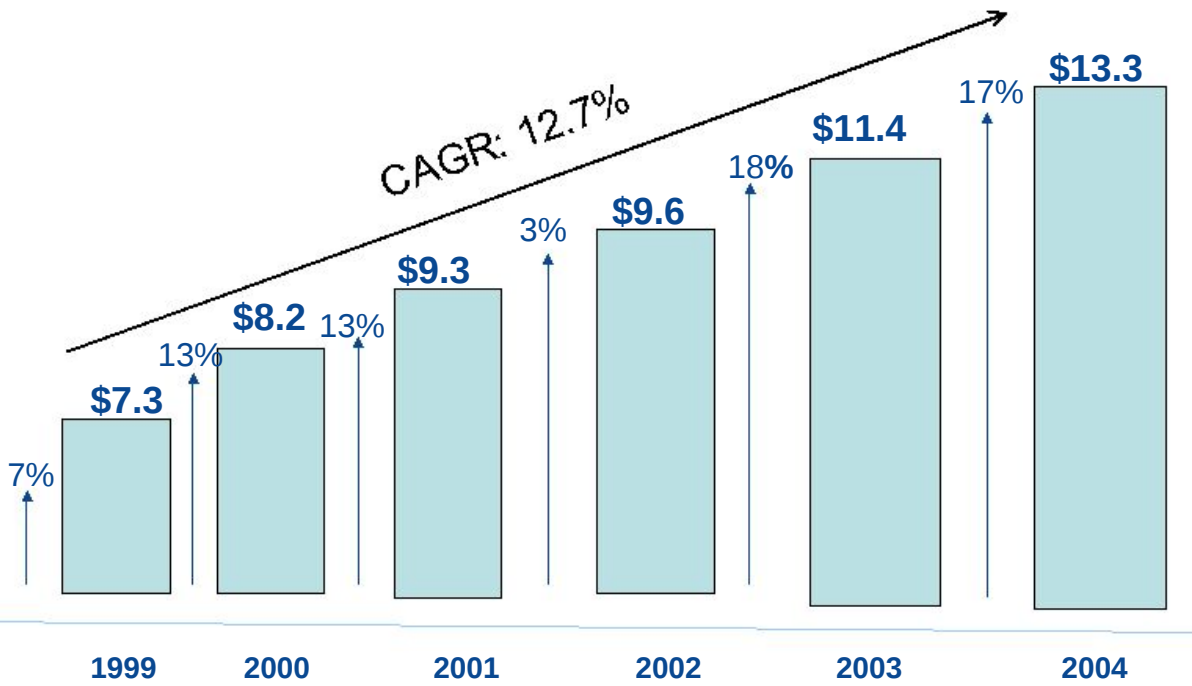
# Grupo Mozzarella Mexico

## Yearly Sales 1993 – 1998 (\$ in Millions)



# And the Success Continued...

## Yearly Sales 1999 – 2004 (\$ in Millions)



# How Did We Do It?



- People
  - Robust training for all Managers, Customer Service Representatives, Pizza Makers and Drivers
  - Strong relationships with suppliers, customers and the community
- Intense focus on a quality product
- Service: store operations built around 30-minute guarantee
- Investment in the new store image, computer systems and store-owned motorcycles.

# Grupo Mozzarella's Move to Central and South America



- Panama
  - 1989: First Domino's store opens in Panama
  - 2005: Grupo Mozzarella enters Panama and opens the sixth store
  - 2008: Plans to open the 11<sup>th</sup> store by year end
- Costa Rica
  - 1996: First Domino's Pizza store opens in Costa Rica
  - 2006: Grupo Mozzarella enters Costa Rica and shortly opens the eighth and ninth stores in the country

## Grupo Mozzarella's Move to Central and South America



- Peru
  - 1992: First store opens in Peru
  - 2006: Grupo Mozzarella enters into a Joint Venture with the Bolona Family
  - 2008: Operating 21 stores in Peru
  
- Honduras
  - 1987: First ever Domino's Pizza store opens in Latin America
  - 2008: Grupo Mozzarella enters Honduras with plans to open stores number 10 and 11 in 2009

# Market Opportunity - Panama



- Republic of Panama
  - Population of 3.4 Million
- Panama Economics
  - Dollarized Economy
  - 37% below poverty line and 6.4% unemployment
- Economic activities: banking, Panama Canal, construction and tourism
- Competition – Pizza Hut, Tamburelli, Leonardos and Sbarro

# Market Opportunity - Costa Rica



- Republic of Costa Rica
  - Population of 4.5 Million.....smaller than West Virginia!
- Costa Rican Economics:
  - 13% devaluation of currency, the Colon, in 2008
  - 16% below poverty line and 4.6% unemployment
- Economic activities: agriculture, call centers and tourism
- Competition – Pizza Hut, 2X1 Pizza and Papa John's

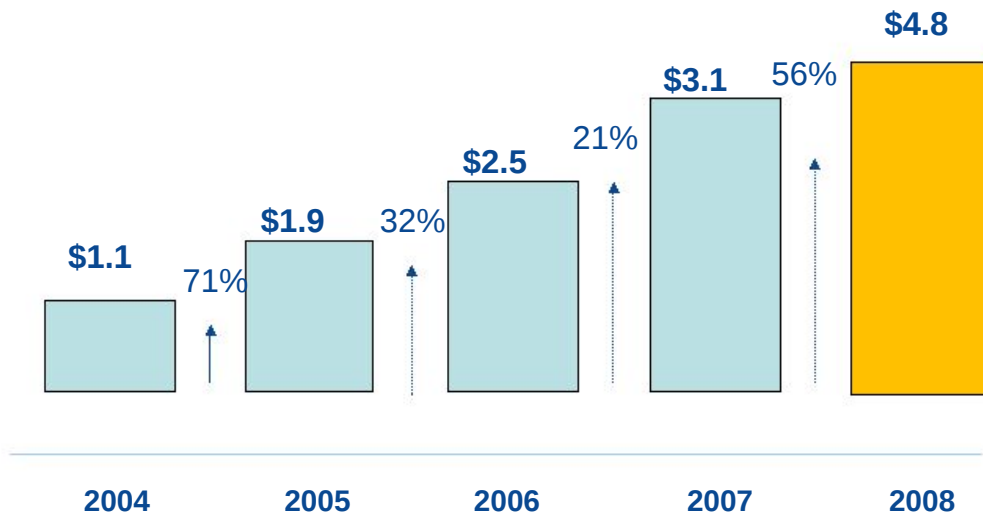


# Market Opportunity - Honduras

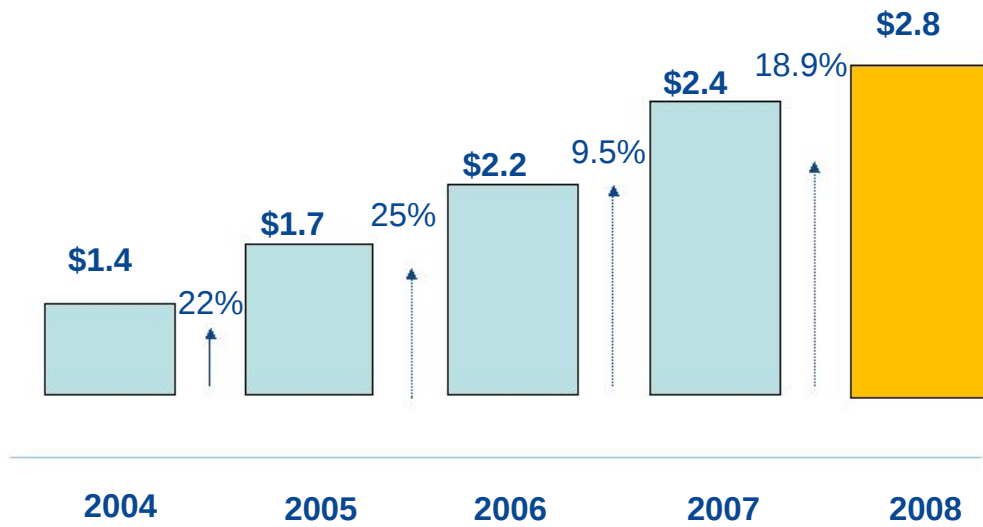


- Republic of Honduras
  - Population of 7.4 Million
  - Tegucigalpa– 1.2 Million
- Honduras Economics:
  - Currency is the Lempiras
  - 50% below poverty line and 27% unemployment
- Primary economic activities: agriculture (coffee) and tourism
- Competition – Pizza Hut, Little Caesar's and Sbarro

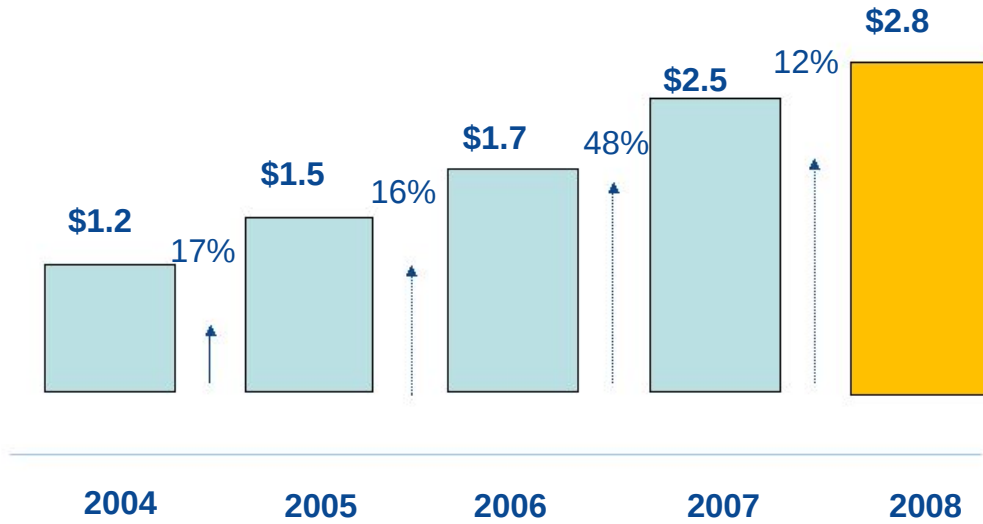
# Grupo Mozzarella in Panama Annual Sales (\$ in millions)



# Grupo Mozzarella in Costa Rica Annual Sales (\$ millions)



# Grupo Mozzarella in Honduras Annual Sales (\$ millions)



# 8,000<sup>th</sup> Domino's Pizza Store Opening



## January 2006

- Grupo Mozzarella clipped the ribbon on the 3,000<sup>th</sup> international store in Panama City
  - 5,000<sup>th</sup> store in the U.S. opened simultaneously in Huntley, Illinois
- Celebration included fireworks and a visit from Panama's First Lady
- Kicked off a program, "Gracias, Panama" where Grupo Mozzarella donated 8,000 pizzas to local charities



# Best Practices from Central America



- Local store marketing
  - Direct mail
  - Massive door hanging events
- Support system of strong area supervisors
- Focusing on financial results: sales and profits

# Grupo Mozzarella Stores Before Remodel





# Grupo Mozzarella – New Image



# One Brand – One System

- Same Core Strategy:
  - Focus on delivery
- Marketing:
  - Same brand, logo and consumer promise
- Operations:
  - Same layouts, training and people focus
- Quality Control:
  - Same core products across the globe
  - Conduct audits and approve local suppliers



# Localization



- Store Operations
  - Central American stores often have sit-down area
    - People in developing countries prefer dining out
    - Over 50% is carry-out or in-store dining business
  
- Local Product Adaptations
  - Crust, sauce and cheese remain the same as Domino's U.S.
  - Toppings and side items, if they meet Domino's specifications, are our local twist



# Local Product Adaptations

- Teriyaki Pizza in Peru
  - Mozzarella Cheese
  - Peppers
  - Onions
  - Mushrooms
  - Chicken
  - Teriyaki Sauce

# Recognize this Promotion?



**3 Pizzas**  
grandes o medianas de 1 ingrediente por  
**B/. 8.00 c/u.**

[www.dominospanama.com](http://www.dominospanama.com)

Abre la puerta,  
es Domino's

\*Aplica en la compra mínima de 3 pizzas.

The advertisement features a vibrant background with pink, green, and yellow sections. On the left, a large pizza is shown. On the right, a smiling man and woman are embracing, with the man holding a slice of pizza. The Domino's logo is prominently displayed in the center-right. The text "3 Pizzas" is written in a large, bold, black font with a white outline. Below it, the price "B/. 8.00 c/u." is written in a similar style. The website address "www.dominospanama.com" is at the bottom left, and the slogan "Abre la puerta, es Domino's" is at the bottom right. A small disclaimer is at the very bottom.

“2X Tuesday” in the United States...



“2X1 Everyday” Limited-Time Promotion in Costa Rica



# Continuing Success in Central America



- Change stores to the new Vision 20/20 image
- Optimize pricing
- Call Center (a single phone number for the region)
- Consolidate suppliers for more effective buys
- Streamline promotions between the Central American countries

# What's Next for Grupo Mozzarella



- Store opening events
  - Company motorcycle caravans
  - Free pizzas to team members' families
  - Mobil unit
  - Massive flyer distribution
  - Press
  
- Expanding to other countries
  - Currently a Joint Venture with Peru
  - Goal is to also be in El Salvador and Nicaragua
  
- Exciting promotions
  - Any pizza \$7.99 - Panamá
  - 2X1 for 15 days - Costa Rica
  - Mega-Deal - Honduras





**Thank you!**

**Questions?**

