

Domino's Pizza Announces Record Third Quarter Results And Strong Same Store Sales Growth

Chairman & CEO David A. Brandon Discusses Domino's Response to September 11th Events

ANN ARBOR, Michigan – October 23, 2001 – Domino's, Inc., the world leader in pizza delivery, today announced record operating results for the third quarter of 2001, which ended September 9, 2001.

"I continue to be proud of our very strong performance as a company, especially given the challenges we face in our highly competitive category," said David A. Brandon, Chairman and Chief Executive Officer. "But I am more proud of how our franchisees and team members responded to the horrific tragedies of September 11th.

"A number of franchisees and team member volunteers kept stores open 24 hours a day in the week following the attacks, delivering food to rescue relief workers in New York City and Washington, D.C. We continue to provide food to rescue workers, when they call upon us. A representative from the Office of Emergency Management in New York thanked us for continuing to provide what she referred to as 'comfort food.'

"In addition, Domino's Pizza stores throughout the country responded exactly as I expected them to," Mr. Brandon continued. "I've learned of dozens and dozens of instances where stores pitched in, delivering food to blood banks to feed those Americans who donated blood in the weeks following the tragedies. Store team members and franchisees have joined us in our company's matching funds program for the American Red Cross Disaster Relief Fund. I've even heard accounts of pizza delivery drivers donating their tips because they want to help in any way they can.

"I am inspired, but not surprised, by the caring and generous attitude of Domino's team members and franchisees."

Financial Highlights

The following are highlights for the third quarter of 2001 compared to the same period in 2000.

- **Net income increased 66.7% to \$7.9 million.**
- Earnings before interest, taxes, depreciation and amortization (EBITDA) **increased 7.5% to a third quarter record of \$36.0 million.**
- Domestic same store sales increased 4.0%, comprised of a 6.6% increase in Company-owned same store sales and a 3.6% increase in domestic franchise same store sales.
- International same store sales increased 3.2% on a constant dollar basis, marking the **31st consecutive quarter of international same store sales growth.**
- System-wide sales increased 6.3% to \$856.8 million.
- Domino's added 14 stores during the third quarter of 2001, bringing the total to 7,112 stores worldwide.

Financial Summaries

<i>(Dollars in millions)</i>	Third Quarter Ended			Three Fiscal Quarters Ended		
	September 9, <u>2001</u>	September 10, <u>2000</u>	% <u>Change</u>	September 9, <u>2001</u>	September 10, <u>2000</u>	% <u>Change</u>
System-wide sales	\$856.8	\$806.2	6.3%	\$2,588.1	\$2,429.5	6.5%
Total revenues	289.5	267.8	8.1	860.8	801.6	7.4
EBITDA	36.0	33.5	7.5	109.4	101.3	8.0
Income from operations	28.7	25.6	12.2	87.3	77.6	12.5
Net income	7.9	4.8	66.7	24.6	15.2	61.7

The increases in the third quarter and year-to-date system-wide sales in 2001 compared to 2000 are due to increases in both domestic and international same store sales and worldwide store counts.

The increases in the third quarter and year-to-date total revenues in 2001 are due primarily to increases in distribution volumes, and increased revenues from domestic and international franchise royalties. These increases were offset in part by decreases in revenues from our Company-owned stores, which resulted from the strategic sales of certain Company-owned stores to franchisees.

The increases in the third quarter and year-to-date EBITDA in 2001 are due primarily to strong system-wide sales growth as a result of increases in domestic and international same store sales and the addition of 135 stores worldwide during the first three quarters of 2001. During the first three quarters of 2001, domestic same store sales increased 3.2%, comprised of a 6.6% increase in Company-owned same store sales and a 2.7% increase in domestic franchise same store sales. The increase in domestic same store sales during the first three quarters was partially due to improvements in our overall marketing programs. We also benefited from increases in distribution volumes as a result of the increased domestic sales activity. These EBITDA gains were offset in part by continued margin pressures at our Company-owned stores primarily as a result of increased food costs, including higher cheese prices, and labor costs.

Net income was positively impacted by the increases in EBITDA, the continued reductions in covenant not-to-compete amortization expense and reductions in our interest costs due to lower debt levels and more favorable variable interest rates.

Founded in 1960, Domino's, Inc. operates a network of 7,112 Company-owned and franchised stores in the United States and more than 605 international markets. For more information about the company, visit our website at <http://www.dominos.com/>.

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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Certain statements contained in this release relating to our anticipated profitability and operating performance are forward-looking and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Among these risks and uncertainties are competitive factors, increases in our operating costs, ability to retain our key personnel, our substantial leverage, ability to implement our growth and cost-saving strategies, industry trends and general economic conditions, adequacy of insurance coverage and other factors, all of which are described in our Form 10-K for the year ended December 31, 2000 and other filings with the Securities and Exchange Commission. We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Domino's, Inc. and Subsidiaries Condensed Consolidated Statements of Income (Unaudited)
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	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	September 9, 2001	September 10, 2000	September 9, 2001	September 10, 2000
(In thousands)				
Revenues:				
Corporate stores	\$ 80,555	\$ 85,298	\$ 253,324	\$ 263,713
Domestic franchise	30,373	27,197	91,042	82,179
Domestic distribution	163,223	140,770	470,055	412,599
International	15,305	14,561	46,418	43,143
Total revenues	289,456	267,826	860,839	801,634
Operating expenses:				
Cost of sales	218,823	200,543	643,034	591,685
General and administrative	41,954	41,725	130,475	132,349
Total operating expenses	260,777	242,268	773,509	724,034
Income from operations	28,679	25,558	87,330	77,600
Interest expense, net	15,262	16,895	46,527	50,625
Income before provision for income taxes and extraordinary item	13,417	8,663	40,803	26,975
Provision for income taxes	5,233	3,724	15,934	11,569
Income before extraordinary item	8,184	4,939	24,869	15,406
Loss on extinguishment of debt, net of tax benefit	252	181	252	181
Net income	\$ 7,932	\$ 4,758	\$ 24,617	\$ 15,225

Domino's, Inc. and Subsidiaries Condensed Consolidated Balance Sheets
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	September 9, 2001 <u>(Unaudited)</u>	December 31, 2000 <u>(Note)</u>
(In thousands)		
Assets		
Current assets:		
Cash	\$ 36,789	\$ 25,136
Accounts receivable	56,147	48,682
Inventories	19,955	19,086
Deferred income taxes	9,290	9,290
Other	<u>8,132</u>	<u>10,413</u>
Total current assets	130,313	112,607
Property, plant and equipment, net	82,929	85,313
Other assets	<u>167,688</u>	<u>171,709</u>
Total assets	<u>\$ 380,930</u>	<u>\$ 369,629</u>
Liabilities and stockholder's deficit		
Current liabilities:		
Current portion of long-term debt	\$ 28,909	\$ 21,482
Accounts payable	34,953	38,335
Insurance reserves	7,802	6,793
Accrued income taxes	13,396	2,778
Other accrued liabilities	<u>62,505</u>	<u>55,924</u>
Total current liabilities	147,565	125,312
Long-term liabilities	666,466	699,124
Stockholder's deficit	<u>(433,101)</u>	<u>(454,807)</u>
Total liabilities and stockholder's deficit	<u>\$ 380,930</u>	<u>\$ 369,629</u>

Note: The balance sheet at December 31, 2000, has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.