SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
[X] Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended January 2, 2005

OR

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Numbers:

Domino's Pizza, Inc.	333-114442
Domino's, Inc.	333-107774

Domino's Pizza, Inc.
Domino's, Inc.

(Exact name of registrants as specified in their charters)

DELAWARE	**38-2511577**
DELAWARE	**38-3025165**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification numbers)

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

(734) 930-3030
(Registrants' telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class:	Name of each exchange on which registered:
Domino's Pizza, Inc. Common stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Exchange Act: None

Indicate by check mark whether the registrants (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days: Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K: [ ]

Indicate by check mark whether the registrants are accelerated filers (as defined in Rule 12b-2 of the Act): Yes [ ] No [X]

The aggregate market value of the voting and non-voting stock held by non-affiliates of Domino's Pizza, Inc. computed by reference to the closing price of the registrant's Common Stock on the New York Stock Exchange, at which the stock was last sold, as of July 13, 2004, was $510,640,983.

As of March 1, 2005, Domino's Pizza, Inc. had 68,998,707 shares of common stock outstanding. As of March 1, 2005, Domino's, Inc. had 10 shares of common stock, par value $0.01, outstanding. All of the stock of Domino's, Inc. was held by Domino's Pizza, Inc.

Documents incorporated by reference:

Portions of the definitive proxy statement to be furnished to shareholders of Domino's Pizza, Inc. in connection with the annual meeting of shareholders to be held on May 5, 2005 are incorporated by reference into Part III.

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Domino’s Pizza, Inc. is the parent and holding company of Domino’s, Inc. As the holding company of Domino’s, Inc., Domino’s Pizza, Inc. does not conduct ongoing business operations. As a result, the financial information for Domino’s Pizza, Inc. and subsidiaries and Domino’s, Inc. and subsidiaries is substantially similar. Accordingly, we have presented Domino’s Pizza, Inc. and subsidiaries information throughout this Form 10-K. Additionally, we have included the audited consolidated financial statements of both Domino’s Pizza, Inc. and subsidiaries and Domino’s, Inc. and subsidiaries, which can be found in Item 8 of this Form 10-K.

Part I

Item 1. Business.

Overview

Domino's Pizza, Inc. (referred to as the "Company", "Domino's" or in the first person notations of "we," "us" and "our") is the number one pizza delivery company in the United States, based on reported consumer spending, and has a leading presence internationally. We pioneered the pizza delivery business and have built the Domino's Pizza® brand into one of the most widely-recognized consumer brands in the world. Together with our franchisees, we have supported the Domino's Pizza® brand with an estimated $1.3 billion in domestic advertising spending over the past five years. We operate through a network of more than 7,750 Company-owned and franchise stores, located in all 50 states and in more than 50 countries. In addition, we operate 18 regional dough manufacturing and distribution centers in the contiguous United States and eight dough manufacturing and distribution centers outside the contiguous United States. The foundation of our system-wide success and leading market position is our strong relationship with our franchisees, comprised of approximately 2,000 owner-operators dedicated to the success of our Company and the Domino's Pizza® brand.

Over our 44-year history, we have developed a simple business model focused on our core strength of delivering quality pizza in a timely manner. This business model includes a delivery-oriented store design with low capital requirements, a focused menu of pizza and complementary side items, committed owner-operator franchisees and a vertically-integrated distribution system. Our earnings are driven largely from retail sales at our franchise stores, which generate royalty payments and distribution revenues to us. We also generate earnings through retail sales at our Company-owned stores.

We operate our business in three segments: domestic stores, domestic distribution and international.

• *Domestic stores.* The domestic stores segment, which is comprised of 4,428 franchise stores and 580 Company-owned stores, generated revenues of $537.5 million and income from operations of $131.5 million during 2004.

• *Domestic distribution.* Our domestic distribution segment, which manufactures dough and distributes food, equipment and supplies to all of our domestic Company-owned stores and over 98% of our domestic franchise stores, generated revenues of $792.0 million and income from operations of $46.1 million during 2004.

• *International.* Our international segment oversees 2,728 franchise stores and operates 21 Company-owned stores outside the contiguous United States. It also manufactures dough and distributes food and supplies in a limited number of these markets. Our international segment generated revenues of $117.0 million and income from operations of $34.1 million during 2004.

On a consolidated basis, we generated revenues of over $1.4 billion and income from operations (after deducting $40.3 million of unallocated corporate and other expenses) of $171.4 million in 2004. Net income was $62.3 million in 2004. We have been able to increase our income from operations through strong domestic and international same store sales growth over the past five years, the addition of nearly 1,200 stores worldwide over that time and strong performance by our distribution business. Over this same time period, we increased our net income in each year except 2003, during which we incurred significant recapitalization-related expenses. This growth was achieved with limited capital expenditures by us, since a significant portion of our earnings are derived from retail sales by our franchisees.

Our history

We have been delivering quality, affordable pizza to our customers since 1960 when brothers Thomas and James Monaghan borrowed $900 and purchased a small pizza store in Ypsilanti, Michigan. Since that time, our store count and geographic reach have grown substantially. We opened our first franchise store in 1967, our first international store in 1983 and, by 1998, we had expanded to over 6,200 stores, including more than 1,700 international stores, on six continents.

In 1998, an investor group led by investment funds affiliated with Bain Capital, LLC completed a recapitalization through which the investor group acquired a 93% controlling economic interest in our Company from Thomas Monaghan and his family. At the time of the recapitalization, Mr. Monaghan retired, and, in March 1999, David A. Brandon was named our Chairman and Chief Executive Officer. In 2004, Domino's Pizza, Inc. completed its initial public offering (the "IPO") and now trades on the New York Stock Exchange under the ticker symbol "DPZ".

Industry overview

In this document, we rely on and refer to information regarding the U.S. quick service restaurant, or QSR, sector, the U.S. QSR pizza category and its components and competitors (including us) from the CREST report prepared by NPD Foodworld®, a division of the NPD Group, or CREST, as well as market research reports, analyst reports and other publicly-available information. Although we believe this information to be reliable, we have not independently verified it. Domestic sales information relating to the QSR sector, U.S. QSR pizza category and U.S. pizza delivery and carry-out represent reported consumer spending obtained by CREST from customer surveys. This information relates to both our Company-owned and franchise stores. Unless otherwise indicated, all U.S. industry data included in this document is based on reported consumer spending obtained by CREST from customer surveys.

The U.S. QSR pizza category is large, growing and highly fragmented. With sales of $33.0 billion in the twelve months ended November 2004, the U.S. QSR pizza category is the second largest category within the $187.0 billion U.S. QSR sector. The U.S. QSR pizza category is comprised of delivery, dine-in, carry-out and drive-through. We operate primarily within U.S. pizza delivery. Its $11.9 billion of sales accounted for 36% of total U.S. QSR pizza category sales in the twelve months ended November 2004.

Total U.S. pizza delivery sales grew by 1.6% during that period. We believe that this growth is the result of well-established demographic and lifestyle trends driving increased consumer emphasis on convenience. We and our top two competitors account for approximately 47% of U.S. pizza delivery, based on reported consumer spending, with the remaining 53% attributable to regional chains and individual establishments.

We also compete in carry-out, which together with pizza delivery are the largest components of the U.S. QSR pizza category. U.S. carry-out pizza had $12.2 billion of sales in the twelve months ended November 2004 and while our primary focus is on pizza delivery, we are also favorably positioned to compete in carry-out given our strong brand, convenient store locations and quality, affordable menu offerings.

In contrast to the United States, international pizza delivery is relatively underdeveloped, with only Domino's and one other competitor having a significant multinational presence. We believe that demand for international pizza delivery is large and growing, driven by international consumers' increasing emphasis on convenience.

Our competitive strengths

We believe that our competitive strengths include the following:

• ***Strong and proven growth and earnings model.*** Over our 44-year history, we have developed a focused growth and earnings model. This model is anchored by strong store-level economics, which provide an entrepreneurial incentive for our franchisees and generate demand for new stores. Our franchise system, in turn, has produced strong and consistent earnings for us through royalty payments and distribution revenues, with minimal associated capital expenditures by us.

> • ***Strong store-level economics***. We have developed a cost-efficient store model, characterized by a delivery and carry-out oriented store design, with low capital requirements and a focused menu of quality, affordable pizza and complementary side items. At the store level, we believe that the simplicity and efficiency of our operations give us significant advantages over our competitors who in many cases also focus on dine-in.
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> Our domestic stores, and most of our international stores, do not offer dine-in areas and thus do not require expensive restaurant facilities and staffing. In addition, our focused menu of pizza and complementary side items simplifies and streamlines our production and delivery processes and maximizes economies of scale on purchases of our principal ingredients. As a result of our focused business model and menu, our stores are small (averaging approximately 1,000 to 1,300 square feet) and inexpensive to build, furnish and maintain as compared to many other QSR franchise opportunities. The combination of this efficient store model and strong store sales volume has resulted in strong store-level financial returns and makes Domino's an attractive business opportunity for existing and prospective franchisees.
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> • ***Strong and well-diversified franchise system***. We have developed a large, global, diversified and committed franchise network that is a critical component of our system-wide success and our leading position in pizza delivery. As of January 2, 2005, our franchise store network consisted of 7,156 stores, 62% of which were located in the contiguous United States. In the United States, only four franchisees operate more than 50 stores, including our largest domestic franchisee who operates 153 stores. The average franchisee operates approximately three stores. We require our domestic franchisees to forego active, outside business endeavors, aligning their interests with ours and making the success of each Domino's franchise of critical importance to our franchisees.

In addition, we share 50% of the pre-tax profits generated by our regional dough manufacturing and distribution centers with those domestic franchisees who agree to purchase all of their food from our distribution system. These arrangements strengthen our ties with our franchisees by enhancing their profitability while providing us with a continuing source of revenues and earnings. This arrangement also provides incentives for franchisees to work closely with us to reduce costs. We believe our strong, mutually-beneficial franchisee relationships are evidenced by the over 98% voluntary participation in our domestic distribution system, our over 99% domestic franchise contract renewal rate and our over 99% collection rate on domestic franchise royalty and domestic distribution receivables.

Internationally, we have also been able to grow our franchise network by attracting franchisees with business experience and local market knowledge. We generally use our master franchise model, which provides our international franchisees with exclusive rights to operate stores or sub-franchise our well-recognized brand name in their specific, agreed-upon market areas. From year-end 2000 through 2004, we grew our international franchise network 26%, from 2,157 stores to 2,728 stores. Our largest master franchisee operates 526 stores, which accounts for approximately 19% of our total international store count.

• ***Strong cash flow and earnings stream***. A substantial percentage of our earnings are generated by our committed, owner-operator franchisees through royalty payments and revenues to our vertically-integrated distribution system. Royalty payments yield strong profitability to us because there are minimal corresponding Company-level expenses and capital requirements associated with their collection.

We believe that our store economics have led to a strong, well-diversified franchise system. This established franchise system has produced strong cash flow and earnings for us, enabling us to invest in the Domino's Pizza® brand and our stores, de-lever our balance sheet and deliver attractive returns to our stockholders.

• ***#1 pizza delivery company in the United States with a leading international presence.*** We are the number one pizza delivery company in the United States with a 19.5% share based on reported consumer spending. With 5,008 stores located in the contiguous United States, our domestic store delivery areas cover a majority of U.S. households. Our share position and scale allow us to leverage our purchasing power, distribution strength and advertising investment across our store base. We also believe that our scale and market coverage allow us to effectively serve our customers' demands for convenience and timely delivery.

Outside the United States, we have significant share positions in the key markets in which we compete, including, among other countries, Mexico, where we are the largest QSR company in terms of store count in any QSR category, the United Kingdom, Australia, Canada, South Korea, Japan and Taiwan. Our top ten international markets, based on store count, accounted for approximately 85% of our international retail sales in 2004. We believe we have a leading presence in these markets.

• ***Strong brand awareness.*** We believe our Domino's Pizza® brand is one of the most widely-recognized consumer brands in the world. We believe consumers associate our brand with the timely delivery of quality, affordable pizza and complementary side items. Over the past five years, our domestic franchise and Company-owned stores have invested an estimated $1.3 billion on national, local and co-operative advertising in the United States. Our Domino's Pizza® brand has been routinely named a MegaBrand by *Advertising Age*. We continue to reinforce our brand with extensive advertising through television, radio and print. We also enhance the strength of our brand through marketing affiliations with brands such as Coca-Cola® and NASCAR®.

According to industry research reports, approximately 91% of pizza consumers in the U.S. are aware of the Domino's Pizza® brand. We believe that our brand is particularly strong among pizza consumers for whom dinner is a fairly spontaneous event, which industry research indicates to be the case in nearly 50% of pizza dining occasions. In these situations, we believe that service and product quality are the consumers' priorities. We believe that well-established demographic and lifestyle trends will drive continuing emphasis on convenience and will, therefore, continue to play into our brand's strength.

• ***Our internal dough manufacturing and distribution system.*** In addition to generating significant revenues and earnings, we believe that our vertically-integrated dough manufacturing and distribution system enhances the quality and consistency of our products, enhances our relationships with franchisees, leverages economies of scale to offer lower costs to our stores and allows our store managers to better focus on store operations and customer service by relieving them of the responsibility of mixing dough in the stores.

In 2004, we made over 660,000 full-service food deliveries to our domestic stores, or an average of nearly three deliveries per store, per week, with a delivery accuracy rate of approximately 99%. All of our domestic Company-owned and over 98% of our domestic franchise stores purchase all of their food and supplies from us. This is accomplished through our network of 18 regional dough manufacturing and distribution centers, each of which is generally located within a one-day delivery radius of the stores it serves, and a leased fleet of over 200 tractors and trailers. We supply our domestic and international franchisees with equipment and supplies through our equipment and supply distribution center, which we operate as part of our domestic distribution segment. Our equipment and supply distribution center ships a full range of products, including ovens and uniforms, on a daily basis.

Because we source the food for substantially all of our domestic stores, our domestic distribution segment enables us to leverage and monitor our strong supplier relationships to achieve the cost benefits of scale and to ensure compliance with our rigorous quality standards. In addition, the “one-stop shop” nature of this system, combined with our delivery accuracy, allows our store managers to eliminate a significant component of the typical “back-of-store” activity that many of our competitors’ store managers must undertake.

Our business strategy

We intend to achieve further growth and strengthen our competitive position through the continued implementation of our business strategy, which includes the following key elements:

• ***Continue to execute on our mission statement.*** Our mission statement is “Exceptional people on a mission to be the best pizza delivery company in the world.” We implement this mission statement by focusing on four strategic initiatives:

- *PeopleFirst*. Attract and retain high-quality Company employees, who we refer to as team members, with the goals of reducing turnover and maintaining continuity in the workforce. We continually strive to achieve this objective through a combination of performance-based compensation for our non-hourly team members, learning and development programs and team member ownership opportunities to promote our entrepreneurial spirit.

- *Build the Brand*. Strengthen and build upon our strong brand name to further solidify our position as the brand of first choice in pizza delivery. We continually strive to achieve this objective through product and process innovation, advertising and promotional campaigns and a strong brand message.

- *Maintain High Standards*. Elevate and maintain quality throughout the entire Domino’s system, with the goals of making quality and consistency a competitive advantage, controlling costs and supporting our stores. We believe that our comprehensive store audits and vertically-integrated distribution system help us to consistently achieve high quality of operations across our system in a cost-efficient manner.

- *Flawless Execution*. Perfect operations with the goals of making quality products, attaining consistency in execution, maintaining the best operating model, making our team members a competitive advantage, operating stores with smart hustle and aligning us with our franchisees.

• ***Grow our leading position in an attractive industry.*** U.S. pizza delivery and carry-out are the largest components of the U.S. QSR pizza category. They are also highly fragmented. Pizza delivery, through which approximately 75% of our retail sales are generated, had sales of $11.9 billion in the twelve months ended November 2004 and grew by 1.6% during that period. As the leader in U.S. pizza delivery, we believe that our convenient store locations, simple operating model, widely-recognized brand and efficient distribution system are competitive advantages that position us to capitalize on future growth.

Carry-out, through which approximately 25% of our retail sales are generated, had $12.2 billion of sales in the twelve months ended November 2004. While our primary focus is on pizza delivery, we are also favorably positioned as a leader in carry-out given our strong brand, convenient store locations and quality, affordable menu offerings.

• ***Leverage our strong brand awareness.*** We believe that the strength of our Domino's Pizza® brand makes us one of the first choices of consumers seeking a convenient, quality and affordable meal. We intend to continue to promote our brand name and enhance our reputation as the leader in pizza delivery. For example, we intend to continue to promote our successful advertising campaign, "Get the Door. It's Domino's.®" through national, local and co-operative media. As part of our strategy to strengthen our brand, each of our domestic stores contributed 3% of their retail sales to our advertising fund for national advertising in addition to contributions for market-level advertising. Additionally, beginning in 2005, each of such domestic stores increased its contributions to our advertising fund for national advertising from 3% to 4% of retail sales.

We intend to leverage our strong brand by continuing to introduce innovative, consumer-tested and profitable new pizza varieties (such as Domino's Philly Cheese Steak Pizza and Domino's Doublemelt Pizza™) and complementary side items (such as buffalo wings, cheesy bread, Domino's Buffalo Chicken Kickers® and Cinna Stix®) as well as through marketing affiliations with brands such as Coca-Cola® and NASCAR®. We believe these opportunities, when coupled with our scale and share leadership, will allow us to continue to grow our position in U.S. pizza delivery.

• ***Expand and optimize our domestic store base.*** We plan to continue expanding our base of domestic stores to take advantage of the attractive growth opportunities in U.S. pizza delivery. We believe that our scale allows us to expand our store base with limited marketing, distribution and other incremental infrastructure costs. Additionally, our franchise-oriented business model allows us to expand our store base with limited capital expenditures and working capital requirements. While we plan to expand our traditional domestic store base primarily through opening new franchise stores, we will also continually evaluate our mix of Company-owned and franchise stores and strategically acquire franchise stores and refranchise Company-owned stores.

• ***Continue to grow our international business.*** We believe that pizza has global appeal and that there is strong and growing international demand for delivered pizza. We have successfully built a broad international platform, almost exclusively through our master franchise model, as evidenced by our nearly 2,750 international stores in more than 50 countries. Our international stores have produced positive quarterly same store sales growth for 44 consecutive quarters. We believe that we continue to have significant long-term growth opportunities in international markets where we have established a leading presence. In our current top ten international markets, we believe that our store base is less than half of the total long-term potential store base in those markets. Generally, we believe we will achieve long-term growth internationally as a result of the store-level economics of our business model, the growing international demand for delivered pizza and the strong global recognition of the Domino's Pizza® brand.

Store operations

We believe that our focused and proven store model provides a significant competitive advantage relative to many of our competitors who focus on multiple components of the pizza category, particularly dine-in. We have been focused on pizza delivery for 44 years. Because our domestic stores and most of our international stores do not offer dine-in areas, they typically do not require expensive real estate, are relatively small and are relatively inexpensive to build and equip. Our stores also benefit from lower maintenance costs, as store assets have long lives and updates are not frequently required. Our simple and efficient operational processes, which we have refined through continuous improvement, include:

• strategic store locations to facilitate delivery service;
• production-oriented store designs;
• product and process innovations;
• a focused menu;
• efficient order taking, production and delivery;
• Domino's PULSE™ point-of-sale system; and
• a comprehensive store audit program.

Strategic store locations to facilitate delivery service

We locate our stores strategically to facilitate timely delivery service to our customers. The majority of our domestic stores are located in populated areas in or adjacent to large or mid-size cities, or on or near college campuses. We use geographic information software, which incorporates variables such as traffic volumes, competitor locations, household demographics and visibility, to evaluate and identify potential store locations and new markets.

Production-oriented store designs

Our typical store is relatively small, occupying approximately 1,000 to 1,300 square feet, and is designed with a focus on efficient and timely production of consistent, quality pizza for delivery. The store layout has been refined over time to provide an efficient flow from order taking to delivery. Our stores are primarily production facilities and, accordingly, do not typically have a dine-in area.

Product and process innovations

Our 44 years of experience and innovative culture have resulted in numerous new product and process developments that increase both quality and efficiency. These include our efficient, vertically-integrated distribution system, a sturdier corrugated pizza box and a mesh tray that helps cook pizza crust more evenly. The Domino's HeatWave® hot bag, which was introduced in 1998, keeps our pizzas hot during delivery. We have also introduced new pizzas such as Domino's Philly Cheese Steak Pizza and Domino's Doublemelt Pizza™ as well as added a number of complementary side items such as buffalo wings, Domino's Buffalo Chicken Kickers®, bread sticks, cheesy bread and Cinna Stix®.

Focused menu

We maintain a focused menu that is designed to present an attractive, quality offering to customers, while minimizing errors in, and expediting the order taking and food preparation processes. Our basic menu has three choices: pizza type, pizza size and pizza toppings. Most of our stores carry two sizes of Traditional Hand-Tossed, Ultimate Deep Dish and Crunchy Thin Crust pizza. Our typical store also offers buffalo wings, Domino's Buffalo Chicken Kickers®, bread sticks, cheesy bread, Cinna Stix® and Coca-Cola® soft drink products. We also occasionally offer other products on a promotional basis. We believe that our focused menu creates a strong identity among consumers, improves operating efficiency and maintains food quality and consistency.

Efficient order taking, production and delivery

Each store executes an operational process that includes order taking, pizza preparation, cooking (via automated, conveyor-driven ovens), boxing and delivery. The entire order taking and pizza production process is designed for completion in approximately 12-15 minutes. These operational processes are supplemented by an extensive employee training program designed to ensure world-class quality and customer service. It is our priority to ensure that every Domino's store operates in an efficient, consistent manner while maintaining our high standards of food quality and team member safety.

Domino's PULSE™ point-of-sale system

Our computerized management information systems are designed to improve operating efficiencies, provide corporate management with timely access to financial and marketing data and reduce store and corporate administrative time and expense. We have installed Domino's PULSE™, our proprietary point-of-sale system, in every Company-owned store in the United States. Some enhanced features of Domino's PULSE™ over our previous point-of-sale system include:

- touch screen ordering, which improves accuracy and facilitates more efficient order taking;
- a delivery driver routing system, which improves delivery efficiency;
- improved administrative and reporting capabilities, which enable store managers to better focus on store operations and customer satisfaction; and
- a customer relationship management tool, which enables us to recognize customers and track ordering preferences.

We are requiring our domestic franchisees to install Domino's PULSE™ by February 2007.

Comprehensive store audit program

We utilize a comprehensive store audit program to ensure that our stores are meeting both our stringent standards as well as the expectations of our customers. The audit program focuses primarily on the quality of the pizza a store is producing, the out-the-door time and the condition of the store as viewed by the customer. We believe that this store audit program is an integral part of our strategy to maintain high standards in our stores.

Segment overview

We operate in three business segments:

• *Domestic stores.* Our domestic stores segment consists of our domestic franchise operations, which oversee our domestic network of 4,428 franchise stores, and our domestic Company-owned store operations, which operate our domestic network of 580 Company-owned stores;

• *Domestic distribution.* Our domestic distribution segment operates 18 regional dough manufacturing and food distribution centers and one distribution center providing equipment and supplies to certain of our domestic and international stores; and

• *International.* Our international segment oversees our network of 2,728 international franchise stores in more than 50 countries, operates 19 Company-owned stores in the Netherlands and 2 Company-owned stores in France. Our international segment also distributes food to a limited number of markets from eight dough manufacturing and distribution centers in Alaska, Hawaii, Canada (four), the Netherlands and France.

Domestic stores

During 2004, our domestic stores segment accounted for $537.5 million, or 37%, of our consolidated revenues. Our domestic franchises are operated by entrepreneurs who own and operate an average of three stores. Only four of our domestic franchisees operate more than 50 stores, including our largest domestic franchisee, who operates 153 stores. Our principal sources of revenues from domestic store operations are Company-owned store sales and royalty payments based on retail sales by our franchisees. Our domestic network of Company-owned stores also plays an important strategic role in our predominantly franchised operating structure. In addition to generating revenues and earnings, we use our domestic Company-owned stores as a test site for new products and promotions as well as store operational improvements and as a forum for training new store managers and prospective franchisees. We also believe that our domestic Company-owned stores add to the economies of scale available for advertising, marketing and other costs that are primarily borne by our franchisees.

Our domestic store operations are divided into three geographic zones and are managed through offices located in Georgia, California and Maryland. The offices provide direct supervision over our domestic Company-owned stores and also provide limited training, store operational audits and marketing services. These offices also provide financial analysis and store development services to our franchisees. We maintain a close relationship with our franchise stores through regional franchise teams, an array of computer-based training materials that help franchise stores comply with our standards and franchise advisory groups that facilitate communications between us and our franchisees.

We continually evaluate our mix of domestic Company-owned and franchise stores in an effort to optimize our profitability. During 2001, we sold 95 of our domestic Company-owned stores to franchisees because we believed that these stores would be more profitable to us if run by franchisees. In contrast, during 2002, we acquired 83 franchise stores in Arizona where we believe there are significant long-term earnings growth opportunities, and where we believe that we can utilize our operational expertise to improve the operation of these stores, resulting in higher profitability.

Domestic distribution

During 2004, our domestic distribution segment accounted for $792.0 million, or 55%, of our consolidated revenues. Our domestic distribution segment is comprised of dough manufacturing and distribution centers that manufacture fresh dough on a daily basis and purchase, receive, store and deliver quality pizza-related food products, complementary side items and equipment to all of our Company-owned stores and over 98% of our domestic franchise stores. Each regional dough manufacturing and distribution center serves an average of 273 stores, generally located within a one-day delivery radius. We regularly supply more than 4,900 stores with various supplies and ingredients, of which nine product groups account for nearly 90% of the volume. Our domestic distribution segment made approximately 660,000 full-service deliveries in 2004, or nearly three deliveries per store, per week; and we produced over 355 million pounds of dough during 2004.

We believe that franchisees choose to obtain food, supplies and equipment from us because we provide the most efficient, convenient and cost-effective alternative, while also providing both quality and consistency. In addition, our domestic distribution segment offers a profit-sharing arrangement to stores that purchase all of their food from our domestic dough manufacturing and distribution centers. This profit-sharing arrangement provides domestic Company-owned stores and participating franchisees with 50% of their regional distribution center's pre-tax profits. Profits are shared with the franchisees based upon each franchisee's purchases from our distribution centers. We believe these arrangements strengthen our ties with these franchisees.

The information systems used by our domestic dough manufacturing and distribution centers are an integral part of the quality service we provide our stores. We use routing strategies and software to optimize our daily delivery schedules, which maximizes on-time deliveries. Through our strategic dough manufacturing and distribution center locations and proven routing systems, we achieved on-time delivery rates of approximately 99% during 2004. Our distribution center drivers unload food and supplies and stock store shelves typically during non-peak store hours, which minimizes disruptions in store operations.

International

During 2004, our international segment accounted for $117.0 million, or 8%, of our consolidated revenues. We have 498 franchise stores in Mexico, representing the largest presence of any QSR company in Mexico, 333 franchise stores in the United Kingdom, 317 franchise stores in Australia, 247 franchise stores in both Canada and South Korea and over 100 franchise stores in both Japan and Taiwan. The principal sources of revenues from our international operations are royalty payments generated by retail sales from franchise stores, sales of food and supplies to franchisees in certain markets and Company-owned store retail sales.

We have grown by more than 800 international stores over the past five years. While our stores are designed for delivery and carry-out, which are less capital-intensive than dine-in, we empower our managers and franchisees to adapt the standard operating model, within certain parameters, to satisfy the local eating habits and consumer preferences of various regions outside the United States. Currently, most of our international stores are operated under master franchise agreements, and we plan to continue entering into master franchise agreements with qualified franchisees to expand our international operations in selected countries. We believe that our international franchise stores appeal to potential franchisees because of our well-recognized brand name, the limited capital expenditures required to open and operate our stores and our system's store economics. The following table shows our store count as of January 2, 2005 in our top ten international markets, which account for 78% of our international stores.

Market	Number of stores
Mexico	498
United Kingdom	333
Australia	317
Canada	247
South Korea	247
Japan	172
Taiwan	108
India	89
France	77
Netherlands	62

Our franchise program

As of January 2, 2005, our 4,428 domestic franchise stores were owned and operated by our 1,300 domestic franchisees. The success of our franchise formula, which enables franchisees to benefit from our brand name with a relatively low initial capital investment, has attracted a large number of motivated entrepreneurs as franchisees. As of January 2, 2005, the average domestic franchisee operated approximately three stores and had been in our franchise system for nearly nine years. At the same time, only four of our domestic franchisees operated more than 50 stores, including our largest domestic franchisee, who operates 153 stores.

Domestic franchisees

We apply rigorous standards to prospective franchisees. We generally require prospective domestic franchisees to manage a store for at least one year before being granted a franchise. This enables us to observe the operational and financial performance of a potential franchisee prior to entering into a long-term contract. We also restrict the ability of domestic franchisees to become involved in other businesses, which focuses our franchisees' attention on operating their stores. As a result, the vast majority of our franchisees come from within the Domino's Pizza system. We believe these standards are unique to the franchise industry and result in qualified and focused franchisees operating their stores.

Franchise agreements

We enter into franchise agreements with domestic franchisees under which the franchisee is granted the right to operate a store in a particular location for a term of ten years, with an option to renew for an additional ten years. We currently have a franchise contract renewal rate of over 99%. Under the current standard franchise agreement, we assign an exclusive area of primary responsibility to each franchise store. During the term of the franchise agreement, the franchisee is required to pay a 5.5% royalty fee on sales, subject, in limited instances, to lower rates based on area development agreements, sales initiatives and new store incentives. We have the contractual right, subject to state law, to terminate a franchise agreement for a variety of reasons, including, but not limited to, a franchisee's failure to make required payments when due or failure to adhere to specified Company policies and standards.

Franchise store development

We provide domestic franchisees with assistance in selecting store sites and conforming the space to the physical specifications required for our stores. Each domestic franchisee selects the location and design for each store, subject to our approval, based on accessibility and visibility of the site and demographic factors, including population density and anticipated traffic levels. We provide design plans and sell fixtures and equipment for most of our franchise stores.

Franchise training and support

Training store managers and employees is a critical component of our success. We require all domestic franchisees to complete initial and ongoing training programs provided by us. In addition, under the standard domestic franchise agreement, domestic franchisees are required to implement training programs for their store employees. We assist our domestic and international franchisees by making training materials available to them for their use in training store managers and employees, including computer-based training materials, comprehensive operations manuals and franchise development classes. We also maintain communications with our franchisees online and through various newsletters.

Franchise operations

We enforce stringent standards over franchise operations to protect our brand name. All franchisees are required to operate their stores in compliance with written policies, standards and specifications, which include matters such as menu items, ingredients, materials, supplies, services, furnishings, decor and signs. Each franchisee has full discretion to determine the prices to be charged to customers. We also provide ongoing support to our franchisees, including training, marketing assistance and consultation to franchisees who experience financial or operational difficulties. We have established several advisory boards, through which franchisees contribute to developing system-wide initiatives.

International franchisees

The vast majority of our franchisees outside of the contiguous United States are master franchisees with franchise and distribution rights for entire regions or countries. In select regions or countries, we franchise directly to individual store operators. Our master franchise agreements generally grant the franchisee exclusive rights to develop or sub-franchise stores and the right to operate distribution centers in a particular geographic area for a term of ten to 20 years, with an option to renew for an additional ten-year term. The agreements typically contain growth clauses requiring franchisees to open a minimum number of stores within a specified period. Prospective master franchisees are required to possess or have access to local market knowledge required to establish and develop Domino's Pizza stores. The local market knowledge focuses on the ability to identify and access targeted real estate sites along with expertise in local customs, culture, consumer behavior and laws. We also seek candidates that have access to sufficient capital to meet their growth and development plans. The master franchisee is generally required to pay an initial, one-time franchise fee based on the size of the market covered by the master franchise agreement, as well as an additional franchise fee upon the opening of each new store. In addition, the master franchisee is required to pay a continuing royalty fee as a percentage of retail sales, which varies among international markets.

Domino's image campaign

We have implemented a re-imaging campaign aimed at increasing retail sales and market share through improved brand visibility. This campaign involves relocating selected stores, upgrading store interiors, adding new store signs to draw attention to the stores and providing more contemporary uniforms for employees. If a store is already in a desirable location, the store signs and carry-out areas are updated as needed. As of January 2, 2005, approximately 93% of our domestic stores had been re-imaged or relocated as part of this campaign, including significantly all of our domestic Company-owned stores. We plan to continue to re-image and relocate our domestic stores until each store meets our new image standards.

Marketing operations

We require domestic stores to contribute 3% of their retail sales to fund national marketing and advertising campaigns. Beginning in 2005, we require domestic stores to contribute 4% of their retail sales to fund national marketing and advertising campaigns. In addition to the required national advertising contributions, in those markets where we have co-operative advertising programs, we generally require stores to contribute a minimum of 1% to 2% of their retail sales to market level media campaigns. These funds are administered by Domino's National Advertising Fund, Inc., or DNAF, our not-for-profit advertising subsidiary. The funds remitted to DNAF are used primarily to purchase television advertising, but also support market research, field communications, commercial production, talent payments and other activities supporting the Domino's Pizza® brand. DNAF also provides cost-effective print materials to franchisees for use in local marketing that reinforce our national branding strategy. In addition to the national and market level advertising contributions, domestic stores spend additional amounts on local store marketing, including targeted database mailings, saturation print mailings and community involvement through school and civic organizations.

By communicating a common brand message at the national, local market and store levels, we create and reinforce a powerful, consistent marketing message to consumers. This is evidenced by our successful marketing campaign with the slogan, "Get the Door. It's Domino's. ®". Over the past five years, we estimate that domestic stores have invested approximately $1.3 billion on national, local and co-operative advertising.

Internationally, marketing efforts are primarily the responsibility of the franchisee in each local market. We assist international franchisees with their marketing efforts through marketing workshops and knowledge sharing of best practices.

Suppliers

We have maintained active relationships of 15 years or more with more than half of our major suppliers. Our suppliers are required to meet strict quality standards to ensure food safety. We review and evaluate our suppliers' quality assurance programs through, among other actions, on-site visits to ensure compliance with our standards. We believe that the length and quality of our relationships with suppliers provides us with priority service and quality products at competitive prices.

We believe that two factors have been critical to maintaining long-lasting relationships and keeping our purchasing costs low. First, we are one of the largest domestic volume purchasers of pizza-related products such as flour, cheese, sauce and pizza boxes, which allows us to maximize leverage with our suppliers. Second, we use a combination of single-source and multi-source procurement strategies. Each supply category is evaluated along a number of criteria including value of purchasing leverage, consistency of quality and reliability of supply to determine the appropriate number of suppliers.

We currently purchase our cheese from a single supplier pursuant to a requirements contract that provides for pricing based on volume. Our cheese cost is based on the market price of cheese plus a supplier margin. The supplier margin can be reduced if certain volume purchase levels are reached. Once a volume purchase level is reached, the supplier margin is reduced and can only be further reduced in the future based upon attainment of higher volume purchase levels. The supplier agreement is terminable by us upon 90 days prior written notice. Our chicken, meat toppings and Crunchy Thin Crust dough products are currently sourced by another single supplier pursuant to requirements contracts that expire in 2009. We have the right to terminate these requirements contracts for quality failures and for uncured breaches.

We believe that alternative suppliers for all of these ingredients are available, and all of our other dough ingredients, boxes and sauces are sourced from multiple suppliers. While we would likely incur additional costs if we are required to replace any of our suppliers, we do not believe that such additional costs would have a material adverse effect on our business. We have also entered into a multi-year agreement with Coca-Cola effective January 1, 2003 for the contiguous United States. The contract provides for Coca-Cola to be our exclusive beverage supplier and expires on the later of December 31, 2009 or such time as a minimum number of cases of Coca-Cola® products are purchased by us. We continually evaluate each supply category to determine the optimal sourcing strategy.

We have not experienced any significant shortages of supplies or any delays in receiving our food or beverage inventories, restaurant supplies or products. Prices charged to us by our suppliers are subject to fluctuation, and we have historically been able to pass increased costs and savings on to our stores. We do not engage in commodity hedging.

Competition

U.S. and international pizza delivery and carry-out are highly competitive. Domestically, we compete against regional and local companies as well as national chains, including Pizza Hut® and Papa John's®. Internationally, we compete against Pizza Hut® and regional and local companies. We generally compete on the basis of product quality, location, delivery time, service and price. We also compete on a broader scale with quick service and other international, national, regional and local restaurants. In addition, the overall food service industry and the QSR sector in particular are intensely competitive with respect to product quality, price, service, convenience and concept. The industry is often affected by changes in consumer tastes, economic conditions, demographic trends and consumers' disposable income. We compete within the food service industry and the QSR sector not only for customers, but also for personnel, suitable real estate sites and qualified franchisees.

Government regulation

We are subject to various federal, state and local laws affecting the operation of our business, as are our franchisees, including various health, sanitation, fire and safety standards. Each store is subject to licensing and regulation by a number of governmental authorities, which include zoning, health, safety, sanitation, building and fire agencies in the jurisdiction in which the store is located. In connection with the re-imaging of our stores, we may be required to expend funds to meet certain federal, state and local regulations, including regulations requiring that remodeled or altered stores be accessible to persons with disabilities. Difficulties in obtaining, or the failure to obtain, required licenses or approvals could delay or prevent the opening of a new store in a particular area or cause an existing store to cease operations. Our distribution facilities are licensed and subject to similar regulations by federal, state and local health and fire codes.

We are also subject to the Fair Labor Standards Act and various other laws governing such matters as minimum wage requirements, overtime and other working conditions and citizenship requirements. A significant number of our food service personnel are paid at rates related to the federal minimum wage, and past increases in the minimum wage have increased our labor costs as would future increases.

We are subject to the rules and regulations of the Federal Trade Commission and various state laws regulating the offer and sale of franchises. The Federal Trade Commission and various state laws require that we furnish a franchise offering circular containing certain information to prospective franchisees, and a number of states require registration of the franchise offering circular with state authorities. We are operating under exemptions from registration in several states based on the net worth of our operating subsidiary, Domino's Pizza LLC, and experience. Substantive state laws that regulate the franchisor-franchisee relationship presently exist in a substantial number of states, and bills have been introduced in Congress from time to time that would provide for federal regulation of the franchisor-franchisee relationship. The state laws often limit, among other things, the duration and scope of non-competition provisions, the ability of a franchisor to terminate or refuse to renew a franchise and the ability of a franchisor to designate sources of supply. We believe that our uniform franchise offering circular, together with any applicable state versions or supplements, and franchising procedures comply in all material respects with both the Federal Trade Commission guidelines and all applicable state laws regulating franchising in those states in which we have offered franchises.

Internationally, our franchise stores are subject to national and local laws and regulations that often are similar to those affecting our domestic stores, including laws and regulations concerning franchises, labor, health, sanitation and safety. Our international franchise stores are also often subject to tariffs and regulations on imported commodities and equipment, and laws regulating foreign investment. We believe that our international disclosure statements, franchise offering documents and franchising procedures comply in all material respects with the laws of the foreign countries in which we have offered franchises.

Trademarks

We have many registered trademarks and service marks and believe that the Domino's® mark and Domino's Pizza® names and logos, in particular, have significant value and are important to our business. Our policy is to pursue registration of our trademarks and to vigorously oppose the infringement of any of our trademarks. We license the use of our registered marks to franchisees through franchise agreements.

Environmental matters

We are not aware of any federal, state or local environmental laws or regulations that will materially affect our earnings or competitive position, or result in material capital expenditures. However, we cannot predict the effect of possible future environmental legislation or regulations. During 2004, there were no material capital expenditures for environmental control facilities, and no such material expenditures are anticipated in 2005.

Employees

As of January 2, 2005, we had approximately 13,500 employees, who we refer to as team members, in our Company-owned stores, dough manufacturing and distribution centers, World Resource Center (our corporate headquarters) and zone offices. As franchisees are independent business owners, they and their employees are not included in our employee count. We consider our relationship with our employees and franchisees to be good. We estimate the total number of people who work in the Domino's Pizza system, including our employees, franchisees and the employees of franchisees, was approximately 145,000 as of January 2, 2005.

None of our employees are represented by a labor union or covered by a collective bargaining agreement other than statutorily mandated programs in European countries where we operate.

Driver safety

Our commitment to safety is embodied in our hiring, training and review process. Before an applicant is considered for hire as a delivery driver, motor vehicle records are reviewed to ensure a minimum two-year safe driving record. In addition, we require regular checks of driving records and proof of insurance for delivery drivers throughout their employment with us. Each Domino's driver, including drivers employed by franchisees, must complete our safe delivery training program. We have also implemented several Company-wide safe driving incentive programs.

Our safety and security department oversees security matters for our stores. Regional security and safety directors oversee security measures at store locations and assist local authorities in investigations of incidents involving our stores or personnel.

Community activities

We believe in supporting the communities we serve. This is evidenced by our strong support of the Domino's Pizza Partners Foundation. The foundation is a separate, not-for-profit organization that was established in 1986 to assist Domino's Pizza team members in times of tragedy and special need. Over the past two years, we and our employees and franchisees contributed over $2.6 million to the foundation's efforts, and, since its inception, the foundation has supplied millions of dollars to team members in need.

From 2001 through March 2004, we had a national partnership with the Make-A-Wish Foundation. Through this alliance, we dedicated ourselves to deliver wishes to children with life threatening illnesses and assist the foundation with its benevolent volunteer efforts through heightened awareness and direct contributions. Under this commitment, we satisfied the wishes of more than 25 children.

In July 2004, we announced a three-year national charitable commitment to St. Jude Children's Research Hospital. St. Jude was selected by our team members and franchisees through a global election process. Through a variety of internal and consumer-based activities, Domino's Pizza has contributed more than $350,000 either directly to St. Jude, or to support programs designed to build awareness for the great work St. Jude does on behalf of children everywhere.

In February 2005, we announced that Domino's Pizza, its employees and franchisees around the globe contributed $220,000 to the American Red Cross and other relief agencies in an effort to assist victims of the December 26, 2004 tsunami disaster in southeast Asia.

Research and development

We operate research and product development facilities at our World Resource Center in Ann Arbor, Michigan. Company-sponsored research and development activities, which include, among other things, testing new products for possible menu additions, are an important activity to us and our franchisees. We do not consider the amounts we spend on research and development to be material.

Insurance

We maintain insurance coverage for general liability, owned and non-owned automobile liability, workers' compensation, employment practices liability, directors' and officers' liability, fiduciary, property (including leaseholds and equipment, as well as business interruption), commercial crime, global risks and other coverages in such form and with such limits as we believe are customary for a business of our size and type.

We are partially self-insured for workers' compensation, general liability and owned and non-owned automobile liabilities for certain periods prior to December 1998 and for periods after December 2001. We are generally responsible for up to $1.0 million per occurrence under these retention programs for workers' compensation and general liability. We are also generally responsible for between $500,000 and $3.0 million per occurrence under these retention programs for owned and non-owned automobile liabilities. Pursuant to the terms of our standard franchise agreement, franchisees are also required to maintain minimum levels of insurance coverage at their expense and to have us named as an additional insured on their liability policies.

Working capital

Information about the Company's working capital is included in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7., page 27.

Customers

The Company's business is not dependent upon a single customer or small group of customers, including franchisees. No customer accounted for more than 10% of total consolidated revenues in 2002, 2003, or 2004.

Seasonal operations

The Company's business is not typically seasonal.

Backlog orders

The Company has no backlog orders as of January 2, 2005.

Government contracts

No material portion of the Company's business is subject to renegotiation of profits or termination of contracts or subcontracts at the election of the United States government.

Financial information about business segments and geographic areas

Financial information about international and United States markets and business segments is incorporated herein by reference from Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related footnotes in Part II, Item 6., pages 17 and 18, Item 7., pages 19 through 31 and Item 8., pages 33 through 102, respectively of this Form 10-K.

Available information

The Company makes available through its internet website www.dominos.com its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after electronically filing such material with the Securities and Exchange Commission. This information is also available at www.sec.gov. The reference to these website addresses does not constitute incorporation by reference of the information contained on the websites and should not be considered part of this document.

Item 2. Properties.

We lease approximately 200,000 square feet for our World Resource Center located in Ann Arbor, Michigan under an operating lease with Domino's Farms Office Park, L.L.C., a related party. The lease, as amended, expires in December 2013 and has two five-year renewal options.

We own four domestic Company-owned store buildings and six distribution center buildings. We also own nine store buildings which we lease to domestic franchisees. All other domestic Company-owned stores are leased by us, typically under five-year leases with one or two five-year renewal options. All other domestic distribution centers are leased by us, typically under leases ranging between five and 15 years with one or two five-year renewal options. All other franchise stores are leased or owned directly by the respective franchisees. We believe that our existing headquarters and other leased and owned facilities are adequate to meet our current requirements.

Item 3. Legal Proceedings.

We are a party to lawsuits, revenue agent reviews by taxing authorities and legal proceedings arising in the ordinary course of business, of which the majority involve workers' compensation, employment practices liability, general liability, automobile and franchisee claims. Like other retail employers in California, we are facing allegations of purported class-wide wage and hour violations related to meal and rest breaks and the proper classification of its store general managers as exempt employees under California law. We believe that we have properly classified our general managers as exempt under California law and accordingly intend to vigorously defend against all claims in this lawsuit. We believe that these matters, individually and in the aggregate, will not have a significant adverse effect on our financial condition and that our established reserves adequately provide for the estimated resolution of such claims.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

As of March 1, 2005, Domino's Pizza, Inc. had 170,000,000 authorized shares of common stock, par value $0.01 per share, of which 68,998,707 were issued and outstanding. Domino's Pizza, Inc.'s common stock is traded on the New York Stock Exchange ("NYSE") under the ticker symbol "DPZ". In connection with our IPO, which was completed on July 16, 2004, Domino's Pizza, Inc. issued and sold 9,375,000 shares of common stock. Concurrently, existing shareholders sold 14,846,929 shares of common stock. Prior to this date, there was no established public trading market for Domino's Pizza, Inc.'s common stock.

The following table presents the high and low closing prices by quarter for Domino's Pizza, Inc.'s common stock, as reported by the NYSE and dividends declared per common share. The third quarter figures presented below include information from the date of Domino's Pizza, Inc.'s IPO through the end of the third quarter.

	High	Low	Dividend Declared
Third quarter (July 13, 2004 – September 5, 2004)	$14.45	$12.75	$ -
Fourth quarter (September 6, 2004 – January 2, 2005)	18.65	13.78	0.065

Our Board of Directors declared a quarterly dividend of $0.065 per common share on October 14, 2004 for shareholders of record at the close of business on December 1, 2004. The dividend was paid on December 15, 2004. Our Board of Directors declared a quarterly dividend of $0.10 per common share on February 17, 2005 payable on March 30, 2005 to shareholders of record at the close of business on March 15, 2005.

We presently anticipate continuing the payment of quarterly cash dividends. The actual amount of such dividends will depend upon future earnings, results of operations, capital requirements, our financial condition and certain other factors. There can be no assurance as to the amount of free cash flow that we will generate in future years and, accordingly, dividends will be considered after reviewing returns to shareholders, profitability expectations and financing needs and will be declared at the discretion of our Board of Directors.

The Company made no repurchases of common stock during the fourth quarter of 2004.

As of March 1, 2005, there were approximately 138 registered holders of record of Domino's Pizza, Inc.'s common stock.

Domino's, Inc., the wholly-owned subsidiary of Domino's Pizza, Inc., had 3,000 authorized shares of common stock, par value $0.01 per share, of which 10 were issued and outstanding. All 10 shares of Domino's, Inc. were held by Domino's Pizza, Inc. There were no equity securities sold by Domino's, Inc. during the period covered by this report. There is no established public trading market for Domino's, Inc.'s common stock.

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Item 6. Selected Financial Data.

The selected financial data set forth below should be read in conjunction with, and is qualified by reference to, Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes included in this Form 10-K. The selected financial data below, with the exception of store counts and same store sales growth, have been derived from the audited consolidated financial statements of Domino's Pizza, Inc. and subsidiaries. These historical data are not necessarily indicative of results to be expected for any future period.

	Fiscal year ended				
(dollars in millions, except per share data)	December 31, 2000	December 30, 2001	December 29, 2002	December 28, 2003 (6)	January 2, 2005 (7)
Income statement data:					
Revenues:					
Domestic Company-owned stores	$ 378.0	$ 362.2	$ 376.5	$ 375.4	$ 382.5
Domestic franchise	120.6	134.2	140.7	144.5	155.0
Domestic stores	498.6	496.4	517.2	519.9	537.5
Domestic distribution	604.1	691.9	676.0	717.1	792.0
International	63.4	70.0	81.8	96.4	117.0
Total revenues	1,166.1	1,258.3	1,275.0	1,333.3	1,446.5
Cost of sales	868.1	944.5	945.8	997.7	1,092.8
Operating margin	298.0	313.8	329.2	335.6	353.7
General and administrative expense (1)	185.6	186.7	171.4	176.1	182.3
Income from operations	112.4	127.1	157.8	159.5	171.4
Interest income	4.1	1.8	0.5	0.4	0.6
Interest expense	(75.8)	(68.4)	(60.3)	(74.7)	(61.1)
Other	0.9	(0.2)	(1.8)	(22.7)	(10.8)
Income before provision for income taxes	41.5	60.3	96.2	62.4	100.1
Provision for income taxes	16.2	23.5	35.7	23.4	37.8
Net income	$ 25.3	$ 36.8	$ 60.5	$ 39.0	$ 62.3
Net income (loss) available to common stockholders (2)	$ 10.8	$ 20.7	$ 43.0	$ (4.0)	$ 62.3
Earnings (loss) per share:					
Class L – basic	$ 8.59	$ 9.67	$ 10.97	$ 10.26	$ 5.57
Class L – diluted	8.58	9.65	10.96	10.25	5.57
Common stock – basic	$ (0.62)	$ (0.45)	$ 0.10	$ (1.26)	$ 0.85
Common stock – diluted	(0.62)	(0.45)	0.09	(1.26)	0.81
Dividends declared per share (3)	-	-	-	-	$ 0.065
Balance sheet data (at end of period):					
Cash and cash equivalents	$ 41.9	$ 59.0	$ 25.5	$ 46.4	$ 40.4
Working capital	(11.2)	(24.6)	(10.2)	(1.3)	(0.2)
Total assets	386.4	406.4	425.5	452.1	447.3
Total long-term debt, less current portion	664.6	611.5	599.2	941.2	755.4
Total debt	686.1	654.7	602.0	959.7	780.7
Cumulative preferred stock	99.5	99.2	98.0	-	-
Total stockholders' deficit	(552.8)	(523.9)	(473.4)	(718.0)	(549.9)

(dollars in millions)	Fiscal year ended December 31, 2000	December 30, 2001	December 29, 2002	December 28, 2003 (6)	January 2, 2005 (7)
Other financial data:					
Depreciation and amortization (1)	$ 33.6	$ 33.1	$ 28.3	$ 29.8	$ 31.7
Capital expenditures	37.9	40.6	53.9	29.2	39.8
Same store sales growth (4):					
Domestic Company-owned stores	(0.9)%	7.3%	0.0%	(1.7)%	0.1%
Domestic franchise stores	0.1%	3.6%	3.0%	1.7%	2.1%
Domestic stores	0.0%	4.0%	2.6%	1.3%	1.8%
International stores	3.7%	6.4%	4.1%	4.0%	5.9%
Store counts (at end of period):					
Domestic Company-owned stores	626	519	577	577	580
Domestic franchise stores (5)	4,192	4,294	4,271	4,327	4,428
Domestic stores	4,818	4,813	4,848	4,904	5,008
International stores	2,159	2,259	2,382	2,523	2,749
Total stores	6,977	7,072	7,230	7,427	7,757

(1) Included in general and administrative expense is amortization expense related to a covenant not-to-compete with our founder and former majority stockholder of approximately $10.9 million and $5.3 million in 2000 and 2001, respectively.

(2) Net income (loss) available to common stockholders is comprised of consolidated net income less cumulative preferred stock dividends and cumulative preferred stock accretion amounts.

(3) We declared a 6.5 cent per share dividend on October 14, 2004, to shareholders of record on December 1, 2004, payable on December 15, 2004. We also paid $188.3 million in dividends to shareholders as part of our recapitalization in 2003.

(4) Same store sales growth is calculated including only sales from stores that also had sales in the comparable period of the prior year, but excluding sales from certain seasonal locations such as stadiums and concert arenas. 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 53rd week in 2004 had no positive or negative impact on same store sales amounts.

(5) Includes a 51 store reduction as a result of our revised definition of a store in 2001. During 2001, we revised our store definition and excluded from our total store count any retail location that was open less than 52 weeks and had annual sales of less than $100,000 from our total store count. Although these units are no longer included in our store counts, revenues and profits generated from these units are recognized in our operating results. The 2000 store count information has not been adjusted to reflect this change in store count methodology.

(6) In connection with our recapitalization in 2003, Domino’s, Inc. issued and sold $403.0 million aggregate principal amount at maturity of senior subordinated notes at a discount resulting in gross proceeds of $400.1 million and borrowed $610.0 million in term loans. We used the proceeds from the senior subordinated notes, borrowings from the term loans and cash from operations to retire $206.7 million principal amount of the then outstanding senior subordinated notes plus accrued interest and bond tender fees for $236.9 million, repay all amounts outstanding under the previous senior credit facility, redeem all of our outstanding preferred stock for $200.5 million and pay a dividend on our outstanding common stock of $188.3 million. Additionally, we expensed $15.7 million of related general and administrative expenses, comprised of compensation expenses, wrote-off $15.6 million of deferred financing costs to interest expense and expensed $20.4 million of bond tender fees in other expense. Total recapitalization related expenses were $51.7 million (pre-tax). We also recorded a $20.4 million deferred financing cost asset.

(7) In connection with our IPO completed on July 16, 2004, Domino’s Pizza, Inc. issued and sold 9,375,000 shares resulting in net proceeds to us of approximately $119.6 million. These net proceeds were used to redeem, at a premium plus accrued interest, approximately $109.1 million aggregate principal amount of Domino’s, Inc. 8 1/4% senior subordinated notes. Immediately following the closing of the IPO, we had 68,653,626 shares of common stock outstanding. Additionally, in connection with the IPO, we used general funds to, among other things, distribute $16.9 million to our founder and former majority shareholder and his spouse for full payment of contingent notes then outstanding and pay $10.0 million to an affiliate of our principal stockholder, in connection with the termination of its management agreement with us, which was recorded in general and administrative expense. Additionally, the 2004 fiscal year includes 53 weeks, while the 2000 through 2003 fiscal years each include 52 weeks.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Our fiscal year typically includes 52 weeks, comprised of three twelve week quarters and one sixteen week quarter. Every five or six years our fiscal year includes an extra (or 53rd) week. Fiscal 2004 consisted of 53 weeks, while fiscal 2002 and fiscal 2003 consisted of 52 weeks.

We are the number one pizza delivery company in the United States with a 19.5% share based on reported consumer spending. We also have a leading international presence. We operate through a network of 601 Company-owned stores, substantially all of which are in the United States, and 7,156 franchise stores located in all 50 states and in more than 50 countries. In addition, we operate 18 regional dough manufacturing and distribution centers in the contiguous United States as well as eight dough manufacturing and distribution centers outside the contiguous United States.

In 2004, Domino's Pizza, Inc. completed its initial public offering. As part of the IPO, we issued and sold 9,375,000 shares of common stock resulting in net proceeds to us of approximately $119.6 million. We used a significant amount of these net proceeds to pay down debt. Also in the IPO, existing shareholders sold an aggregate of 14,846,929 shares of common stock. We did not receive any proceeds from the sale of shares by the selling shareholders.

Our financial results are driven largely by changes in retail sales at our Company-owned and franchise stores. Changes in retail sales are driven by changes in same store sales and store counts. We monitor both of these metrics very closely, as they directly impact our revenues and profits, and strive to consistently increase the related amounts. Retail sales drive Company-owned store revenues, royalty payments from franchisees and distribution revenues. Retail sales are primarily impacted by the strength of the Domino's Pizza® brand, the success of our marketing promotions and our ability to execute our store operating model and other business strategies. In 2004, global retail sales increased 10.5% as compared to the prior year, boosted by the 53rd week in 2004, which accounted for approximately 2 percentage points of the increase.

We earn a significant portion of our income from our franchisees through royalty payments and distribution earnings as well as earnings from our Company-owned stores. We believe that the investment performance of our stores to their owners, which we refer to as store economics, benefits from the relatively small investment required to own and operate a Domino's pizza store. We believe these favorable investment requirements, coupled with a strong brand message supported by significant advertising spending, as well as high-quality and focused menu offerings, drive store economics, which, in turn, drive same store sales growth and demand for new stores. We pay particular attention to the store economics of both our Company-owned and franchise stores.

We are highly leveraged as the result of recapitalizations in 1998 and 2003. Since 1998, a large portion of our cash flows provided from operations has been used to make principal and interest payments on our indebtedness. We subsequently amended our senior secured credit facility to provide for reduced principal payments in the earlier years of the credit facility, exclusive of excess cash flow sweep provisions as more fully described in the "Liquidity and capital resources" section included in this "Management's discussion and analysis of financial condition and results of operations" section. Our senior subordinated notes require no principal payments until maturity in 2011. As of January 2, 2005, consolidated long-term debt was $780.7 million. We have decreased our total leverage ratio (total debt divided by total segment income) from 4.7x to 3.6x over the past year as a result of strong operating cash flows and proceeds from the IPO.

We devote significant attention to our brand-building efforts, which is evident in our system's estimated $1.3 billion of domestic advertising spending over the past five years and our frequent designation as a MegaBrand by *Advertising Age*. We plan on continuing to build our brand by satisfying customers worldwide with our pizza delivery offerings and by continuing to invest significant amounts in the advertising and marketing of the Domino's Pizza® brand.

Our revenues have increased over the past three years as a result of higher store counts, increases in same store sales and increases in distribution sales. Worldwide store counts have increased from 7,072 at the beginning of 2002 to 7,757 at the end of 2004. This growth in store counts can be attributed to the growing global acceptance of our brand and our pizza delivery concept as well as the economics inherent in our system which attracts new franchisees and encourages existing franchisees to grow their business. Domestic same store sales increased 2.6%, 1.3% and 1.8% in 2002, 2003 and 2004, respectively. International same store sales increased 4.1%, 4.0% and 5.9%, respectively. The consistent domestic same store sales increases have been a result of several new products (Domino's Philly Cheese Steak Pizza and Domino's Doublemelt™) as well as strong promotional activities. Internationally, same stores sales growth continues to result from the overall acceptance of delivered pizza around the globe.

Income from operations has increased from $157.8 million in 2002 to $171.4 million in 2004. This growth in income from operations was primarily the result of increases in store counts and same store sales, related profits from distribution center operations and the positive effect of lowering our general and administrative costs as a percentage of consolidated revenues due to management's continued focus on controlling overhead costs.

Net income increased from $60.5 million in 2002 to $62.3 million in 2004. The 2004 net income amount included $22.7 million of pre-tax expenses incurred in connection with our IPO.

Critical accounting policies and estimates

The following discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires our management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an ongoing basis, our management evaluates its estimates, including those related to revenue recognition, allowance for uncollectible receivables, long-lived and intangible assets, insurance and legal matters and income taxes. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. Changes in our estimates could materially impact our results of operations and financial condition for any particular period. We believe that our most critical accounting policies are:

Revenue recognition. We earn revenues through our network of domestic Company-owned and franchise stores, dough manufacturing and distribution centers and international operations. Retail sales from Company-owned stores and royalty revenues resulting from the retail sales from franchise stores are recognized as revenues when the items are delivered to or carried out by customers. Sales of food from our distribution centers are recognized as revenues upon delivery of the food to franchisees while sales of equipment and supplies from our distribution centers are generally recognized as revenues upon shipment of the related products to franchisees.

Allowance for uncollectible receivables. We closely monitor our accounts and notes receivable balances and provide allowances for uncollectible amounts as a result of our reviews. These estimates are based on, among other factors, historical collection experience and a review of our receivables by aging category. Additionally, we may also provide allowances for uncollectible receivables based on specific customer collection issues that we have identified. While write-offs of bad debts have historically been within our expectations and the provisions established, management cannot guarantee that future write-offs will not exceed historical rates. Specifically, if the financial condition of our franchisees were to deteriorate resulting in an impairment of their ability to make payments, additional allowances may be required.

Long-lived and intangible assets. We record long-lived assets, including property, plant and equipment and capitalized software, at cost. For acquisitions of franchise operations, we estimate the fair values of the assets and liabilities acquired based on physical inspection of assets, historical experience and other information available to us regarding the acquisition. We depreciate and amortize long-lived assets using useful lives determined by us based on historical experience and other information available to us. We review long-lived assets for impairment when events or circumstances indicate that the related amounts might be impaired. We perform related impairment tests on a market level basis for Company-owned stores. At January 2, 2005, we determined that our long-lived assets were not impaired. However, if our future operating performance were to deteriorate, we may be required to recognize an impairment charge.

We evaluate goodwill for impairment by comparing the fair value of our reporting units to their carrying values. A significant portion of our goodwill relates to acquisitions of domestic franchise stores and is included in our domestic stores segment. At January 2, 2005, the fair value of our Company-owned stores exceeded its recorded carrying value, including the related goodwill. However, if the future performance of our domestic Company-owned stores were to deteriorate, we may be required to recognize a goodwill impairment charge.

Insurance and legal matters. We are a party to lawsuits and legal proceedings arising in the ordinary course of business. Management closely monitors these legal matters and estimates the probable costs for the resolution of such matters. These estimates are primarily determined by consulting with both internal and external parties handling the matters and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. If our estimates relating to legal matters proved inaccurate for any reason, we may be required to increase or decrease the related expense in future periods.

For certain periods prior to December 1998 and for periods after December 2001, we maintain insurance coverage for workers' compensation, general liability and owned and non-owned auto liability under insurance policies requiring payment of a deductible for each occurrence up to between $500,000 and $3.0 million, depending on the policy year and line of coverage. The related insurance reserves are determined using actuarial estimates, which are based on historical information along with assumptions about future events. Changes in assumptions for such factors as medical costs and legal actions, as well as changes in actual experience, could cause these estimates to change in the near term which could result in an increase or decrease in the related expense in future periods.

Income taxes. Our net deferred tax assets assume that we will generate sufficient taxable income in specific tax jurisdictions, based on estimates and assumptions. The amounts relating to taxes recorded on the balance sheet, including tax reserves, also consider the ultimate resolution of revenue agent reviews based on estimates and assumptions. If these estimates and assumptions change in the future, we may be required to adjust our valuation allowance or other tax reserves resulting in additional income tax expense or benefit in future periods.

Same Store Sales Growth

The following is a summary of our same store sales growth for 2002, 2003 and 2004.

	2002	2003	2004
Domestic Company-owned stores	0.0%	(1.7)%	0.1%
Domestic franchise stores	3.0%	1.7%	2.1%
Domestic stores	2.6%	1.3%	1.8%
International stores (constant dollar)	4.1%	4.0%	5.9%

Store Growth Activity

The following is a summary of our store growth activity for fiscal 2002, 2003 and 2004.

	Domestic Company-owned Stores	Domestic Franchise	Domestic Stores	International Stores	Total
Store count at December 30, 2001	519	4,294	4,813	2,259	7,072
Openings	5	140	145	220	365
Closings	(16)	(94)	(110)	(97)	(207)
Transfers	69	(69)	-	-	-
Store count at December 29, 2002	577	4,271	4,848	2,382	7,230
Openings	5	127	132	224	356
Closings	(4)	(72)	(76)	(83)	(159)
Transfers	(1)	1	-	-	-
Store count at December 28, 2003	577	4,327	4,904	2,523	7,427
Openings	5	165	170	263	433
Closings	(1)	(65)	(66)	(37)	(103)
Transfers	(1)	1	-	-	-
Store count at January 2, 2005	580	4,428	5,008	2,749	7,757

Income Statement Data

The following tables set forth income statement data expressed in dollars and as a percentage of revenues for 2002, 2003 and 2004.

(dollars in millions)	2002		2003		2004	
Domestic Company-owned stores	$ 376.5		$ 375.4		$ 382.5	
Domestic franchise	140.7		144.5		155.0	
Domestic distribution	676.0		717.1		792.0	
International	81.8		96.4		117.0	
Total revenues	1,275.0	100.0%	1,333.3	100.0%	1,446.5	100.0%
Domestic Company-owned stores	295.0		302.0		313.6	
Domestic distribution	604.4		643.6		718.9	
International	46.4		52.1		60.3	
Cost of sales	945.8	74.2%	997.7	74.8%	1,092.8	75.6%
General and administrative	171.4	13.4%	176.1	13.2%	182.3	12.6%
Income from operations	157.8	12.4%	159.5	12.0%	171.4	11.8%
Interest expense, net	59.8	4.7%	74.3	5.6%	60.5	4.2%
Other	1.8	0.2%	22.7	1.7%	10.8	0.7%
Income before provision for income taxes	96.2	7.5%	62.4	4.7%	100.1	6.9%
Provision for income taxes	35.7	2.8%	23.4	1.8%	37.8	2.6%
Net income	$ 60.5	4.7%	$ 39.0	2.9%	$ 62.3	4.3%

2004 compared to 2003

(tabular amounts in millions, except percentages)

Revenues. Revenues include retail sales by Company-owned stores, royalties from domestic and international franchise stores and sales of food, equipment and supplies by our distribution centers to certain domestic and international franchise stores.

Consolidated revenues increased $113.2 million or 8.5% in 2004 to $1,446.5 million, from $1,333.3 million in 2003. This increase in revenues was due primarily to increases in revenues as a result of higher retail sales, increases in commodity prices and the effect of the 53rd week in 2004. These increases in revenues are more fully described below.

Domestic stores. Domestic stores revenues are comprised of retail sales from domestic Company-owned store operations and royalties from retail sales at domestic franchise stores, as summarized in the following table.

	2003		2004	
Domestic Company-owned stores	$375.4	72.2%	$382.5	71.2%
Domestic franchise	144.5	27.8%	155.0	28.8%
Total domestic stores revenues	$519.9	100.0%	$537.5	100.0%

Domestic stores revenues increased $17.6 million or 3.4% to $537.5 million in 2004, from $519.9 million in 2003. This increase was due primarily to a 1.8% increase in same store sales, an increase in total domestic store counts and the inclusion of the 53rd week in 2004. These results are more fully described below.

Domestic Company-owned stores. Revenues from domestic Company-owned store operations increased $7.1 million or 1.9% to $382.5 million in 2004, from $375.4 million in 2003. This increase was due to the inclusion of the 53rd week in fiscal 2004. Same store sales for domestic Company-owned stores increased 0.1% in 2004 compared to 2003. There were 577 and 580 domestic Company-owned stores in operation as of December 28, 2003 and January 2, 2005, respectively.

Domestic franchise. Revenues from domestic franchise operations increased $10.5 million or 7.3% to $155.0 million in 2004, from $144.5 million in 2003. This increase was due primarily to an increase in same store sales and an increase in the average number of domestic franchise stores open during 2004. Additionally, domestic franchise revenues were positively impacted by approximately $3.0 million due to the inclusion of the 53rd week in fiscal 2004. Same store sales for domestic franchise stores increased 2.1% in 2004 compared to 2003. There were 4,327 and 4,428 domestic franchise stores in operation as of December 28, 2003 and January 2, 2005, respectively.

Domestic distribution. Revenues from domestic distribution operations increased $74.9 million or 10.5% to $792.0 million in 2004, from $717.1 million in 2003. This increase was due primarily to an increase in volumes relating to increases in domestic franchise retail sales and a market increase in overall food prices, primarily cheese. Cheese prices favorably impacted revenues by approximately $44.4 million in 2004. Additionally, domestic distribution revenues were positively impacted by approximately $16.7 million due to the inclusion of the 53rd week in fiscal 2004.

International. Revenues from international operations increased $20.6 million or 21.4% to $117.0 million in 2004, from $96.4 million in 2003. This increase was due primarily to an increase in same store sales, an increase in the average number of international stores open during 2004 and a related increase in revenues from our international distribution operations. Additionally, international revenues were positively impacted by approximately $2.5 million due to the inclusion of the 53rd week in fiscal 2004. On a constant dollar basis, same store sales increased 5.9% in 2004 compared to 2003. On a historical dollar basis, same store sales increased 11.5% in 2004 compared to 2003, reflecting a generally weaker U.S. dollar in those markets in which we compete. There were 2,523 and 2,749 international stores in operation as of December 28, 2003 and January 2, 2005, respectively.

Cost of sales / Operating margin. Consolidated cost of sales is comprised primarily of Company-owned store and domestic distribution costs incurred to generate related revenues. Components of consolidated cost of sales primarily include food, labor and occupancy costs.

The consolidated operating margin, which we define as revenues less cost of sales, increased $18.1 million or 5.4% to $353.7 million in 2004, from $335.6 million in 2003, as summarized in the following table.

	2003		2004	
Consolidated revenues	$1,333.3	100.0%	$1,446.5	100.0%
Consolidated cost of sales	997.7	74.8%	1,092.8	75.6%
Consolidated operating margin	$ 335.6	25.2%	$ 353.7	24.4%

The $18.1 million increase in consolidated operating margin was due primarily to increases in royalties resulting from higher retail sales at both our domestic and international franchise stores, offset in part by decreases in the operating margin from both our domestic Company-owned store and domestic distribution operations. Franchise revenues do not have a cost of sales component and, as a result, increases in related franchise revenues have a disproportionate effect on the consolidated operating margin.

As a percentage of total revenues, our consolidated operating margin decreased primarily as a result of increased costs at our domestic Company-owned stores, offset in part by the aforementioned increases in domestic franchise and international operation margins. Changes in the operating margin at our domestic Company-owned store operations and our domestic distribution operations are more fully described below.

Domestic Company-owned stores. The domestic Company-owned store operating margin decreased $4.5 million or 6.2% to $68.9 million in 2004, from $73.4 million in 2003, as summarized in the following table.

	2003		2004	
Revenues	$375.4	100.0%	$382.5	100.0%
Cost of sales	302.0	80.4%	313.6	82.0%
Store operating margin	$ 73.4	19.6%	$ 68.9	18.0%

The $4.5 million decrease in the domestic Company-owned store operating margin is primarily due to a $2.4 million adjustment related to a correction in accounting for leases, as well as increases in food and occupancy costs. Additionally, the domestic Company-owned store operating margin was positively impacted by approximately $2.4 million due to the inclusion of the 53rd week in 2004.

As a percentage of store revenues, food costs increased 1.2 percentage points to 28.5% in 2004, from 27.3% in 2003, due primarily to a market increase in food prices, principally cheese. The cheese block price per pound averaged $1.64 in 2004 compared to $1.31 in 2003. As a percentage of store revenues, occupancy costs, which include rent, telephone, utilities and other related costs, including depreciation and amortization, increased 0.7 percentage points to 11.9% in 2004, from 11.2% in 2003. The 0.7 percentage point increase in occupancy costs was due to an increase in rent expense as a result of the Company's correction in accounting for leases. As a percentage of store revenues, labor costs decreased 0.2 percentage points to 29.9% in 2004, from 30.1% in 2003. Additionally, the domestic Company-owned store operating margin as a percentage of store revenues was positively impacted by approximately 0.3 percentage points due to the inclusion of the 53rd week in 2004.

Domestic distribution. The domestic distribution operating margin decreased $0.3 million or 0.5% to $73.1 million in 2004, from $73.4 million in 2003, as summarized in the following table.

	2003		2004	
Revenues	$717.1	100.0%	$792.0	100.0%
Cost of sales	643.6	89.8%	718.9	90.8%
Distribution operating margin	$ 73.4	10.2%	$ 73.1	9.2%

The $0.3 million decrease in the domestic distribution operating margin was due primarily to increases in labor, delivery costs and insurance as well as a $0.8 million adjustment related to a correction in accounting for leases. These decreases were offset in part by increases in volumes and efficiencies in the areas of operations and purchasing. Additionally, the domestic distribution operating margin was positively impacted by approximately $1.4 million due to the inclusion of the 53rd week in 2004.

As a percentage of distribution revenues, our distribution operating margin decreased primarily as a result of rising food prices, including cheese, offset in part by the aforementioned increase in volumes, and operational and purchasing efficiencies. Increases in certain food prices, including cheese, have a negative effect on the distribution operating margin due to the fixed dollar margin earned by domestic distribution on certain food items, including cheese. Had the 2004 cheese prices been in effect during 2003, the domestic distribution operating margin as a percentage of domestic distribution revenues would have been approximately 9.6% for 2003, resulting in a domestic distribution operating margin decrease of 0.4 percentage points in 2004. Additionally, the domestic distribution operating margin as a percentage of distribution revenues was not significantly impacted by the inclusion of the 53rd week in 2004.

General and administrative expenses. General and administrative expenses increased $6.2 million or 3.5% to $182.3 million in 2004, from $176.1 million in 2003. As a percentage of total revenues, general and administrative expenses decreased 0.6 percentage points to 12.6% in 2004, from 13.2% in 2003. General and administrative expenses were negatively impacted by a $10.0 million management agreement termination fee paid to an affiliate in connection with the Company's IPO, as well as a $3.8 million year-over-year decrease in gains on the sale/disposal of assets. In addition, the Company recognized a credit of $1.7 million in 2003 relating to the collection of a previously fully reserved note receivable. General and administrative expenses were also negatively impacted by higher office rents and approximately $2.6 million of additional general and administrative expenses, primarily labor and advertising, due to the inclusion of the 53rd week in 2004. Offsetting these increases in general and administrative expenses was approximately $15.7 million of expenses incurred in connection with the Company's June 2003 recapitalization.

Interest expense. Interest expense decreased $13.6 million or 18.2% to $61.1 million in 2004, from $74.7 million in 2003. This decrease was due primarily to lower effective borrowing rates, which more than offset an increase in average outstanding borrowings. The average outstanding debt balance, excluding capital lease obligations, increased $94.9 million to $880.4 million in the fiscal 2004, from $785.5 million in 2003. Our effective borrowing rate decreased 0.9 percentage points to 5.8% in 2004, from 6.7% in 2003. Additionally, interest expense was positively impacted by approximately $15.6 million of financing costs that were written-off in connection with the Company's recapitalization in 2003, offset in part by the write-off of approximately $3.7 million of financing costs and bond discount in connection with the retirement of $109.1 million of senior subordinated notes made in connection with the Company's initial public offering. Total deferred financing fee and bond discount expense, including the aforementioned amounts, was $20.8 million and $7.8 million in fiscal 2003 and 2004, respectively.

Other. Other expenses decreased $11.9 million to $10.8 million in 2004, from $22.7 million in 2003. The 2004 other amounts were comprised of losses incurred in connection with debt retirements, including $9.0 million incurred as part of the redemption of $109.1 million of our senior subordinated notes in connection with the Company's IPO. The 2003 other amounts were comprised of losses incurred in connection with debt retirements, including $20.4 million of bond tender fees associated with the Company's recapitalization in 2003.

Provision for income taxes. Provision for income taxes increased $14.4 million to $37.8 million in 2004, from $23.4 million in 2003. This increase was due primarily to an increase in pre-tax income. The Company's effective income tax rate increased to 37.75% of pre-tax income in 2004, from 37.5% in 2003.

Summary of IPO expenses. The following table presents total expenses related to our IPO in 2004. These pre-tax expenses, along with the recapitalization expenses incurred in 2003, affect comparability of the 2004 and 2003 income statements.

	2004
General and administrative expenses (termination of management agreement)	$10.0
Interest (write-off of deferred financing fees and bond discount)	3.7
Other (bond premium)	9.0
Total IPO expenses	$22.7

2003 compared to 2002

(tabular amounts in millions, except percentages)

Revenues. Consolidated revenues increased $58.3 million or 4.6% in 2003 to $1,333.3 million, from $1,275.0 million in 2002. This increase in revenues was due primarily to increases in revenues from domestic distribution operations and international operations. These increases in revenues are more fully described below.

Domestic stores. Domestic stores revenues are comprised of revenues from domestic Company-owned store operations and domestic franchise store operations, as summarized in the following table.

	2002		2003	
Domestic Company-owned stores	$376.5	72.8%	$375.4	72.2%
Domestic franchise	140.7	27.2%	144.5	27.8%
Total domestic stores revenues	$517.2	100.0%	$519.9	100.0%

Domestic stores revenues increased $2.7 million or 0.5% to $519.9 million in 2003, from $517.2 million in 2002. This increase was due primarily to increases in royalty revenues from our franchise stores, offset in part by a decrease in revenues at our Company-owned stores. Same store sales for domestic stores increased 1.3% in 2003 compared to 2002. These results are more fully described below.

Domestic Company-owned stores. Revenues from domestic Company-owned store operations decreased $1.1 million or 0.3% to $375.4 million in 2003, from $376.5 million in 2002. This decrease was due primarily to a decrease in same store sales. Same store sales for domestic Company-owned stores decreased 1.7% in 2003 compared to 2002. There were 577 domestic Company-owned stores in operation as of December 29, 2002 and December 28, 2003, respectively.

Domestic franchise. Revenues from domestic franchise operations increased $3.8 million or 2.7% to $144.5 million in 2003, from $140.7 million in 2002. This increase was due primarily to an increase in same store sales and an increase in the average number of domestic franchise stores open during 2003. Same store sales for domestic franchise stores increased 1.7% in 2003 compared to 2002. There were 4,271 and 4,327 domestic franchise stores in operation as of December 29, 2002 and December 28, 2003, respectively.

Domestic distribution. Revenues from domestic distribution operations increased $41.1 million or 6.1% to $717.1 million in 2003, from $676.0 million in 2002. This increase was due primarily to an increase in volumes relating to increases in domestic franchise retail sales and a market increase in overall food prices, primarily cheese. Cheese prices favorably impacted revenues by approximately $15.5 million in 2003.

International. Revenues from international operations increased $14.6 million or 17.9% to $96.4 million in 2003, from $81.8 million in 2002. This increase was due primarily to an increase in same store sales, an increase in the average number of international stores open during 2003 and a related increase in revenues from our international distribution operations. On a constant dollar basis, same store sales increased 4.0% in 2003 compared to 2002. On a historical dollar basis, same store sales increased 8.0% in 2003 compared to 2002, reflecting a generally weaker U.S. dollar in those markets in which we compete. There were 2,382 and 2,523 international stores in operation as of December 29, 2002 and December 28, 2003, respectively.

Cost of sales / Operating margin. The consolidated operating margin increased $6.4 million or 1.9% to $335.6 million in 2003, from $329.2 million in 2002, as summarized in the following table.

	2002		2003	
Consolidated revenues	$1,275.0	100.0%	$1,333.3	100.0%
Consolidated cost of sales	945.8	74.2%	997.7	74.8%
Consolidated operating margin	$ 329.2	25.8%	$ 335.6	25.2%

The $6.4 million increase in consolidated operating margin was due primarily to increases in the operating margin from both our domestic franchise operations and our international operations, offset in part by a decrease in our domestic Company-owned store operating margin.

As a percentage of total revenues, our consolidated operating margin decreased primarily as a result of increased costs at our domestic Company-owned stores, offset in part by the aforementioned increases in domestic franchise and international operation margins. Changes in the operating margin at our domestic Company-owned store operations and our domestic distribution operations are more fully described below.

Domestic Company-owned stores. The domestic Company-owned store operating margin decreased $8.2 million or 10.0% to $73.4 million in 2003, from $81.6 million in 2002, as summarized in the following table.

	2002		2003	
Revenues	$376.5	100.0%	$375.4	100.0%
Cost of sales	295.0	78.3%	302.0	80.4%
Store operating margin	$ 81.6	21.7%	$ 73.4	19.6%

The $8.2 million decrease in the domestic Company-owned store operating margin is primarily due to increases in food and occupancy costs.

As a percentage of store revenues, food costs increased 1.1 percentage points to 27.3% in 2003, from 26.2% in 2002, due primarily to a market increase in food prices, including cheese. The cheese block price per pound averaged $1.31 in 2003 compared to $1.19 in 2002. As a percentage of store revenues, occupancy costs, which include rent, telephone, utilities and other related costs, including depreciation and amortization, increased 0.9 percentage points to 11.2% in 2003, from 10.3% in 2002. This increase in occupancy costs was due primarily to an increase in depreciation as a result of recent investments in our stores including the implementation of a new point-of-sale system. As a percentage of store revenues, labor costs remained relatively flat, decreasing 0.1 percentage points to 30.1% in 2003, from 30.2% in 2002.

Domestic distribution. The domestic distribution operating margin increased $1.8 million or 2.5% to $73.4 million in 2003, from $71.6 million in 2002, as summarized in the following table.

	2002		2003	
Revenues	$676.0	100.0%	$717.1	100.0%
Cost of sales	604.4	89.4%	643.6	89.8%
Distribution operating margin	$ 71.6	10.6%	$ 73.4	10.2%

The $1.8 million increase in the domestic distribution operating margin was due primarily to increases in volumes and efficiencies in the areas of operations and purchasing.

As a percentage of distribution revenues, our distribution operating margin decreased primarily as a result of rising food prices, including cheese, offset in part by the aforementioned increase in volumes, and operational and purchasing efficiencies. Increases in certain food prices, including cheese, have a negative effect on the distribution operating margin due to the fixed dollar margin earned by domestic distribution on certain food items, including cheese. Had the 2003 cheese prices been in effect during 2002, the domestic distribution operating margin as a percentage of domestic distribution revenues would have been approximately 10.4% for 2002, resulting in a domestic distribution operating margin decrease of 0.2 percentage points in 2003.

General and administrative expenses. General and administrative expenses increased $4.7 million or 2.8% to 176.1 million in 2003, from $171.4 million in 2002. As a percentage of total revenues, general and administrative expenses decreased 0.2 percentage points to 13.2% in 2003, from 13.4% in 2002. This increase in total general and administrative expenses was due primarily to a $12.2 million increase in labor, offset in part by a $5.5 million decrease in net losses on sale/disposal of assets in 2003. The increase in general and administrative labor was due primarily to $15.7 million of compensation expenses incurred as part of our recapitalization in June 2003. The decrease in net losses on sales/disposal of assets was due primarily to $5.3 million of certain capitalized software costs expensed in 2002.

Interest expense. Interest expense increased $14.4 million or 23.8% to $74.7 million in 2003, from $60.3 million in 2002. This increase was due primarily to a $15.6 million write-off of financing fees in connection with our recapitalization in June 2003. Total deferred financing fee expense, including the aforementioned amount, was $10.0 million and $20.8 million in fiscal 2002 and 2003, respectively. The increase in total interest expense was also due in part to higher average debt levels compared to 2002, offset in part by a reduction in our overall borrowing rates, primarily as a result of our recapitalization in June 2003. The average outstanding debt balance, excluding capital lease obligations, increased $162.6 million to $785.5 million in fiscal 2003, from $622.9 million in 2002. Our effective borrowing rate decreased 1.2 percentage points to 6.7% in 2003, from 7.9% in 2002.

Other. Other expenses increased $20.9 million to $22.7 million in 2003, from $1.8 million in 2002. This increase was due primarily to $20.4 million of bond tender fees expensed as part of our recapitalization in June 2003.

Provision for income taxes. Provision for income taxes decreased $12.3 million to $23.4 million in 2003, from $35.7 million in 2002. This decrease was due primarily to a decrease in pre-tax income. The Company's effective income tax rate increased to 37.5% of pre-tax income in 2003, from 37.1% in 2002.

Summary of recapitalization expenses. The following table presents total recapitalization-related expenses for 2003. These pre-tax expenses affect comparability of the 2003 and 2002 income statements.

	2003
General and administrative expenses (compensation expenses)	$15.7
Interest (write-off of deferred financing fees)	15.6
Other (bond tender fees)	20.4
Total recapitalization-related expenses	$51.7

Liquidity and capital resources

As of January 2, 2005, we had negative working capital of $0.2 million and cash and cash equivalents of $40.4 million. Historically, we have operated with minimal positive working capital or negative working capital primarily because our receivable collection periods and inventory turn rates are faster than the normal payment terms on our current liabilities. We generally collect our receivables within three weeks from the date of the related sale, and we generally experience 40 to 50 inventory turns per year. In addition, our sales are not typically seasonal, which further limits our working capital requirements. These factors, coupled with significant and ongoing cash flows from operations, which are primarily used to repay long-term debt, pay dividends and invest in long-term assets, reduce our working capital amounts. Our primary sources of liquidity are cash flows from operations and availability of borrowings under our revolving credit facility. We have historically funded capital expenditures and debt repayments from cash flows from operations and expect to in the future. We did not have any material commitments for capital expenditures as of January 2, 2005.

As of January 2, 2005, we had $780.7 million of long-term debt, of which $25.3 million was classified as a current liability. During 2004, there were no borrowings under our revolving credit facility. Letters of credit issued under our $125.0 million revolving credit facility were $25.5 million. These letters of credit are primarily related to our insurance programs and distribution center leases. Borrowings under the revolving credit facility are available to fund our working capital requirements, capital expenditures and other general corporate purposes.

Cash provided by operating activities was $113.5 million and $103.2 million in 2004 and 2003, respectively. The $10.3 million increase was due primarily to a $23.3 million increase in net income and a $3.8 million decrease in gains on the sale/disposal of assets. These increases were offset in part by a $12.9 million decrease in amortization of deferred financing costs and debt discount and a $5.4 million net change in operating assets and liabilities.

Cash used in investing activities was $36.3 million and $19.6 million in 2004 and 2003, respectively. The $16.7 million increase was due primarily to a $10.6 million increase in capital expenditures and a $7.9 million decrease in repayments of notes receivable, net. The increase in capital expenditures related to the renovation of our corporate headquarters.

Cash used in financing activities was $83.9 million and $62.9 million in 2004 and 2003, respectively. The $21.0 million increase was due primarily to net cash used in our IPO in 2004 exceeding the net cash used in our recapitalization in 2003. In connection with our IPO in 2004, we received net proceeds from the issuance of common stock of approximately $119.6 million. We used these net proceeds and cash from operations to repurchase approximately $109.1 million of senior subordinated notes, and repay approximately $16.9 million of notes payable to our founder and former majority stockholder and a member of his family. Additionally, during 2004, we repaid approximately $71.6 million of additional debt obligations and paid $4.5 million in dividends to our shareholders. In connection with our recapitalization in 2003, we received proceeds from the issuance of long-term debt of approximately $1.0 billion. We used these proceeds to repay approximately $362.3 million outstanding under our then existing credit facility, repurchase approximately $206.7 million of senior subordinated notes, retire our preferred stock for approximately $200.6 million, pay $188.3 million in dividends to our shareholders and pay approximately $20.0 million of financing fees. During 2003 we also repaid approximately $93.5 million of additional debt obligations.

On June 25, 2003, we consummated a recapitalization transaction whereby Domino’s, Inc. (i) issued and sold $403.0 million aggregate principal amount at maturity of 8 1/4% senior subordinated notes due 2011 at a discount resulting in gross proceeds of approximately $400.1 million, and (ii) borrowed $610.0 million in term loans and secured a $125.0 million revolving credit facility from a consortium of banks (collectively, the “senior secured credit facility”). The senior secured credit facility was subsequently amended primarily to obtain more favorable interest rate margins, to amend the principal amortization schedule, to allow for the repayment of a portion of the senior subordinated notes as part of our IPO in lieu of a required payment under the senior secured credit facility and to permit dividends to our stockholders.

The senior subordinated notes require semi-annual interest payments, beginning January 1, 2004. Before July 1, 2007, we may, at a price above par, redeem all, but not part, of the senior subordinated notes if a change in control occurs, as defined in the indenture governing the notes. Beginning July 1, 2007, we may redeem some or all of the senior subordinated notes at fixed redemption prices, ranging from 104.125% of par in 2007 to 100% of par in 2009 through maturity. In the event of a change in control, as defined, we will be obligated to repurchase the senior subordinated notes tendered at the option of the holders at a fixed price. Upon a public stock offering, we may use the net proceeds from such offering to repurchase and retire up to 40% of the aggregate principal amount of the senior subordinated notes due 2011, provided that at least 60% of the original principal amount of the senior subordinated notes due 2011 remains outstanding immediately following the repurchase. During 2004, we used the net proceeds from our IPO to redeem approximately $109.1 million in principal amount of our senior subordinated notes. The senior subordinated notes are guaranteed by most of Domino’s, Inc.’s domestic subsidiaries and one foreign subsidiary and are subordinated in right of payment to all existing and future senior debt of the Company.

The senior secured credit facility provides the following credit facilities: a term loan and a revolving credit facility. The aggregate borrowings available under the senior secured credit facility are $735.0 million. The senior secured credit facility provides borrowings of $610.0 million in term loans. The term loan was initially fully borrowed. Term loans outstanding as of January 2, 2005 were $498.0 million. Borrowings under the term loan bear interest, payable at least quarterly, at either (i) the higher of (a) the prime rate (5.25% at January 2, 2005) and (b) 0.50% above the Federal Reserve reported overnight funds rate, each plus an applicable margin of 0.75%, or (ii) LIBOR (2.56% at January 2, 2005) plus an applicable margin of 1.75%. At January 2, 2005, our borrowing rate was 4.31% for term loan borrowings. As of January 2, 2005, all borrowings under the term loan were under a LIBOR contract with an interest period of 90 days.

As of January 2, 2005, the senior secured credit facility requires no term loan principal payments in 2005 and principal payments of $4.8 million, $3.6 million, $4.8 million, $6.0 million and $453.9 million in 2006, 2007, 2008, 2009 and 2010, respectively. The timing of our required payments under the senior secured credit facility may change based upon voluntary prepayments and generation of excess cash flow. We are required to pay between 25% and 75% of the excess cash flow generated. The required percentage is determined once a year and is based on our leverage ratio at the end of the preceding year. Excess cash flow is calculated as (i) earnings before interest, taxes, depreciation and amortization; less (ii) the sum of debt repayments, capital expenditures, cash interest expense, provision for current taxes and certain other adjustments, if any, which have historically included our 2003 recapitalization transaction expenses, comprised of bond tender fees and financing fees, and our 2004 IPO expenses, comprised primarily of the payment made to an affiliate of our former majority stockholder in connection with the termination of its management agreement with us. Total debt is divided by the amount in clause (i) to calculate the leverage ratio. If the leverage ratio is over 4.0, between 4.0 and 2.75 or less than 2.75, we are obligated to pay 75%, 50% or 25% of the excess cash flows amounts generated, respectively. The required percentage for fiscal 2004 to be paid in 2005 was 50%. However, no payment is required in 2005 because there is no excess cash flow as calculated as we voluntarily prepaid a significant amount of term loans during the year. Upon a public stock offering, we are required to pay down the term loan in an amount equal to 50% of the net proceeds of such offering.

In connection with our IPO, we amended our senior secured credit facility and obtained consent under the facility to permit the use of proceeds described in our offering prospectus filed with the Securities and Exchange Commission. The final scheduled principal payment on the outstanding borrowings under the term loan is due in June 2010.

The senior secured credit facility also provides for borrowings of up to $125.0 million under the revolving credit facility, of which up to $60.0 million is available for letter of credit advances. Borrowings under the revolving credit facility (excluding letters of credit) bear interest, payable at least quarterly, at either (i) the higher of (a) the prime rate and (b) 0.50% above the Federal Reserve reported overnight funds rate, each plus an applicable margin of between 1.25% to 2.00%, or (ii) LIBOR plus an applicable margin of between 2.25% to 3.00%, with margins determined based upon our ratio of indebtedness to EBITDA, as defined. We also pay a 0.50% commitment fee on the unused portion of the revolver. The fee for letter of credit amounts outstanding ranges from 2.375% to 3.125%. At January 2, 2005, the fee for letter of credit amounts outstanding was 2.875%. At January 2, 2005, there was $99.5 million in available borrowings under the revolving credit facility, with $25.5 million of letters of credit outstanding. The revolving credit facility expires in June 2009.

Based upon our current level of operations and anticipated growth, we believe that the cash generated from our operations and amounts available under our revolving credit facility will be adequate to meet our anticipated debt service requirements, including payments required under the excess cash flow provisions of our senior secured credit facility, capital expenditures and working capital needs for the next several years. We believe that we will be able to meet these obligations even if we experience no growth in sales or profits. Our ability to continue to fund these items and continue to reduce debt could be adversely affected by the occurrence of any of the events described in Exhibit 99.1 “Risk factors.” There can be no assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available under our revolving credit facility or otherwise to enable us to service our indebtedness, including our senior secured credit facility and senior subordinated notes, or to make anticipated capital expenditures. Our future operating performance and our ability to service or refinance the senior subordinated notes and to service, extend or refinance the senior secured credit facility will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Impact of inflation

We believe that our results of operations are not materially impacted upon moderate changes in the inflation rate. Inflation and changing prices did not have a material impact on our operations in 2002, 2003 or 2004. Severe increases in inflation, however, could affect the global and U.S. economies and could have an adverse impact on our business, financial condition and results of operations.

New accounting pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123R (revised 2004), “Share-Based Payments” (SFAS 123R). SFAS 123R requires that the cost of all employee stock options, as well as other equity-based compensation arrangements, be reflected in the financial statements based on the estimated fair value of the awards. We are required to adopt SFAS 123R in the first interim period beginning after June 15, 2005, which for us is the third fiscal quarter of 2005. We are assessing SFAS 123R and have not determined the impact that adoption of SFAS 123R will have on our results of operations.

In December 2003, the FASB issued a revised interpretation of FASB Interpretation 46, "Consolidation of Variable Interest Entities - an Interpretation of ARB No. 51" (FIN 46R). FIN 46R requires the consolidation of a variable interest entity by an enterprise if the enterprise is determined to be the primary beneficiary, as defined in FIN 46R. We adopted FIN 46R during 2004 and its adoption did not have a material effect on our results of operations or financial condition.

Contractual obligations

The following is a summary of our significant contractual obligations at January 2, 2005.

(dollars in millions)	2005	2006	2007	2008	2009	Thereafter	Total
Long-term debt, including current portion (1)	$25.1	$ 4.9	$ 3.6	$ 4.8	$ 6.0	$ 727.9	$772.3
Capital lease	0.7	0.7	0.7	0.7	0.7	6.3	10.0
Operating leases (2)	35.8	29.3	24.9	20.7	16.2	52.5	179.4

(1) The long-term debt contractual obligations included above differ from the long-term debt amounts reported in our consolidated financial statements as the above amounts do not include the effect of debt discounts of approximately $1.6 million at January 2, 2005 and the fair value of our fair value derivatives, which was an asset of $4.0 million at January 2, 2005. Additionally, the principal portion of the capital lease obligation amounts above, which totaled $5.9 million at January 2, 2005, are classified as debt in our consolidated financial statements. The above long-term debt amounts do not include interest.

(2) We lease certain retail store and distribution center locations, distribution vehicles, various equipment and our World Resource Center, which is our corporate headquarters, under leases with expiration dates through 2019.

We may be required to purchase the Domino's, Inc. senior subordinated notes upon a change of control, as defined in the indenture governing those notes. As of January 2, 2005, there was $273.9 million in aggregate principal amount of senior subordinated notes outstanding, not including a related $1.6 million discount.

Off-balance sheet arrangements

As part of our recapitalization in 1998, we and our subsidiaries entered into a management agreement with Bain Capital Partners VI, L.P., an affiliate of our principal stockholder, to provide specified management services. We were committed to pay an amount not to exceed $2.0 million per year, excluding out-of-pocket expenses on an ongoing basis for management services as defined in the management agreement. In connection with our IPO in 2004, we terminated the management agreement in exchange for a payment to Bain Capital Partners VI, L.P. of $10.0 million. The Company expensed a total of $11.0 million in 2004 relating to this management agreement. We have no further obligation under this agreement.

As part of our recapitalization in 1998, we were contingently liable to pay our former majority stockholder and his wife additional consideration for their shares acquired, in an amount not exceeding approximately $15.0 million under notes payable, plus 8% interest per annum beginning in 2003, in the event our principal stockholders sell a specified percentage of their common stock to an unaffiliated party. In connection with our IPO in 2004, although not required, we prepaid all amounts outstanding under the contingent notes, totaling approximately $16.9 million. We have no further obligation under this agreement.

We are party to letters of credit and, to a lesser extent, financial guarantees with off-balance sheet risk. Our exposure to credit loss for letters of credit and financial guarantees is represented by the contractual amounts of these instruments. Total conditional commitments under letters of credit and financial guarantees as of January 2, 2005 were $26.3 million and primarily relate to letters of credit for our insurance programs and distribution center leases.

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

Certain statements contained in this report 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 this and other filings made with the Securities and Exchange Commission. See Exhibit 99.1 "Risk Factors". We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

FORWARD LOOKING STATEMENTS

The matters discussed in this Form 10-K that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should,” “will be,” “will continue,” “will likely result,” “would” and other words and terms of similar meaning in conjunction with a discussion of future operating or financial performance. You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future results of operations or of our financial position or state other “forward-looking” information.

We believe that it is important to communicate our future expectations to our investors. However, there are events in the future that we are not able to accurately predict or control. The factors listed in Exhibit 99.1 “Risk factors,” as well as any cautionary language in this Form 10-K, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Although we believe that our expectations are based on reasonable assumptions, actual results may differ materially from those in the forward looking statements as a result of various factors, including, but not limited to, those described in Exhibit 99.1 “Risk factors.”

Forward-looking statements speak only as of the date of this Form 10-K. Except as required under federal securities laws and the rules and regulations of the Securities and Exchange Commission, we do not have any intention to update any forward-looking statements to reflect events or circumstances arising after the date of this Form 10-K, whether as a result of new information, future events or otherwise. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements included in this Form 10-K or that may be made elsewhere from time to time by, or on behalf of, us. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

This Form 10-K contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”), including information within Management’s Discussion and Analysis of Financial Condition and Results of Operations. The following cautionary statements are being made pursuant to the provisions of the Act and with the intention of obtaining the benefits of the “safe harbor” provisions of the Act. Although we believe that our expectations are based on reasonable assumptions, actual results may differ materially from those in the forward looking statements as a result of various factors, including but not limited to, the following:

- Our ability to maintain good relationships with our franchisees;
- Our ability to successfully implement cost-saving strategies;
- Increases in our operating costs, including cheese, fuel and other commodity costs and the minimum wage;
- Our ability to compete domestically and internationally in our intensely competitive industry;
- Our ability to retain or replace our executive officers and other key members of management and our ability to adequately staff our stores and distribution centers with qualified personnel;
- Our ability to pay principal and interest on our substantial debt;
- Our ability to borrow in the future;
- Our ability to find and/or retain suitable real estate for our stores and distribution centers;
- Adverse legislation or regulation;
- Adverse legal judgments or settlements;
- Our ability to pay dividends;
- Changes in consumer taste, demographic trends and traffic patterns;
- Changes in foreign currency exchange rates;
- Our ability to sustain or increase historical revenues and profit margins;
- Continuation of certain trends and general economic conditions in the industry; and
- Adequacy of insurance coverage.

We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk

We are exposed to market risks from interest rate changes on our variable rate debt. Management actively monitors this exposure. We do not engage in speculative transactions nor do we hold or issue financial instruments for trading purposes.

We are also exposed to market risks from changes in commodity prices. During the normal course of business, we purchase cheese and certain other food products that are affected by changes in commodity prices and, as a result, we are subject to volatility in our food costs. We do not enter into financial instruments to hedge commodity prices. We purchase cheese at market prices, which fluctuate on a daily basis. The cheese block price per pound averaged $1.31 and $1.64 in 2003 and 2004, respectively. The estimated change in Company-owned store food costs from a hypothetical $0.25 change in the average cheese block price per pound would have been approximately $3.8 million in 2004. This hypothetical change in food cost could be positively or negatively impacted by average ticket changes and product mix changes.

Financial derivatives

We enter into interest rate swaps, collars or similar instruments with the objective of reducing volatility relating to our borrowing costs in addition to fulfilling requirements under our debt agreements.

As of January 2, 2005, we were party to two interest rate swap agreements which effectively convert the variable LIBOR component of the effective interest rate on a portion of our debt under our senior secured credit facility to various fixed rates over various terms. We are also party to two interest rate swap agreements which effectively convert a portion of the debt under our senior subordinated notes to variable LIBOR rates over the term of the senior subordinated notes. These agreements are summarized in the following table.

Derivative	Total Notional Amount	Term	Company Pays	Counterparty Pays
Interest rate swap	$75.0 million	August 2002 – June 2005	3.25%	LIBOR
Interest rate swap	$50.0 million	August 2003 – July 2011	LIBOR plus 319 basis points	8.25%
Interest rate swap	$50.0 million	August 2003 – July 2011	LIBOR plus 324 basis points	8.25%
Interest rate swap	$300.0 million	June 2004 – June 2005	1.62%	LIBOR

In 2004, we entered into an additional interest rate swap agreement effectively converting the variable LIBOR component on a portion of our senior secured credit facility term debt to various fixed rates over various terms. The agreement has a notional starting amount of $350.0 million, begins in June 2005, ends in June 2007 and fixes our interest rate at 3.21%. We pay a fixed interest rate under these agreements while the counterparty pays a floating rate.

Interest rate risk

Our variable interest expense is sensitive to changes in the general level of interest rates. As of January 2, 2005, the weighted average interest rate on our $223.0 million of variable interest debt, which is net of related outstanding derivative instruments, was 5.1%.

We had total interest expense of approximately $61.1 million in 2004. The estimated increase in interest expense for this period from a hypothetical 200 basis point adverse change in applicable variable interest rates would be approximately $7.1 million.

Foreign currency exchange rate risk

We have exposure to various foreign currency exchange rate fluctuations for revenues generated by our operations outside the United States, which can adversely impact our net income and cash flows. Approximately 7% and 8% of our revenues in 2003 and 2004, respectively, were derived from sales to customers and royalties from franchisees outside the contiguous United States. This business is conducted in the local currency. We do not enter into financial instruments to manage this foreign currency exchange risk.

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Domino’s Pizza, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of comprehensive income, of stockholders’ deficit and of cash flows present fairly, in all material respects, the financial position of Domino’s Pizza, Inc. and its subsidiaries (the “Company”) at December 28, 2003 and January 2, 2005, and the results of their operations and their cash flows for each of the three years in the period ended January 2, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PRICEWATERHOUSECOOPERS LLP

Detroit, Michigan
February 23, 2005.

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DOMINO'S PIZZA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

ASSETS	December 28, 2003	January 2, 2005
CURRENT ASSETS:		
Cash and cash equivalents	$ 46,391	$ 40,396
Accounts receivable, net of reserves of $3,869 in 2003 and $4,726 in 2004	64,571	73,138
Inventories	19,480	21,505
Notes receivable, net of reserves of $291 in 2003 and $1,099 in 2004	3,785	1,763
Prepaid expenses and other	16,040	13,555
Advertising fund assets, restricted	30,544	32,817
Deferred income taxes	5,730	6,317
Total current assets	186,541	189,491
PROPERTY, PLANT AND EQUIPMENT:		
Land and buildings	21,849	23,241
Leasehold and other improvements	61,433	74,922
Equipment	158,286	159,462
Construction in progress	6,133	6,114
	247,701	263,739
Accumulated depreciation and amortization	120,634	126,856
Property, plant and equipment, net	127,067	136,883
OTHER ASSETS:		
Investments in marketable securities, restricted	4,155	5,000
Notes receivable, less current portion, net of reserves of $1,840 in 2003 and $1,096 in 2004	1,813	1,413
Deferred financing costs, net of accumulated amortization of $846 in 2003 and $3,503 in 2004	18,847	13,411
Goodwill	23,432	22,955
Capitalized software, net of accumulated amortization of $26,936 in 2003 and $33,369 in 2004	27,197	24,079
Other assets, net of accumulated amortization of $2,087 in 2003 and $1,754 in 2004	11,020	14,419
Deferred income taxes	52,042	39,696
Total other assets	138,506	120,973
Total assets	$ 452,114	$ 447,347

The accompanying notes are an integral part of these consolidated balance sheets.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Continued)
(In thousands, except share and per share amounts)

LIABILITIES AND STOCKHOLDERS' DEFICIT	December 28, 2003	January 2, 2005
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 18,572	$ 25,295
Accounts payable	56,928	55,350
Accrued compensation	25,315	25,852
Accrued interest	17,217	10,672
Insurance reserves	9,432	9,778
Advertising fund liabilities	30,544	32,817
Other accrued liabilities	29,794	29,903
Total current liabilities	187,802	189,667
LONG-TERM LIABILITIES:		
Long-term debt, less current portion	941,165	755,405
Insurance reserves	15,941	18,039
Other accrued liabilities	25,169	34,116
Total long-term liabilities	982,275	807,560
Total liabilities	1,170,077	997,227
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT:		
Class L common stock, par value $0.01 per share; 5,000,000 shares in 2003 and no shares in 2004 authorized; 3,614,466 shares in 2003 and no shares in 2004 issued and outstanding	36	-
Common stock, par value $0.01 per share; 95,000,000 shares in 2003 and 170,000,000 shares in 2004 authorized; 32,705,966 shares in 2003 and 68,686,585 in 2004 issued and outstanding	327	687
Additional paid-in capital	181,897	302,413
Retained deficit	(900,232)	(859,289)
Deferred stock compensation	-	(202)
Accumulated other comprehensive income	9	6,511
Total stockholders' deficit	(717,963)	(549,880)
Total liabilities and stockholders' deficit	$ 452,114	$ 447,347

The accompanying notes are an integral part of these consolidated balance sheets.

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DOMINO'S PIZZA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	For the Years Ended		
	December 29, 2002	December 28, 2003	January 2, 2005
REVENUES:			
Domestic Company-owned stores	$ 376,533	$ 375,421	$ 382,458
Domestic franchise	140,667	144,458	155,030
Domestic distribution	676,018	717,057	792,026
International	81,762	96,386	116,983
Total revenues	1,274,980	1,333,322	1,446,497
COST OF SALES:			
Domestic Company-owned stores	294,951	302,009	313,586
Domestic distribution	604,401	643,621	718,937
International	46,403	52,072	60,293
Total cost of sales	945,755	997,702	1,092,816
OPERATING MARGIN	329,225	335,620	353,681
GENERAL AND ADMINISTRATIVE	171,432	176,147	182,302
INCOME FROM OPERATIONS	157,793	159,473	171,379
INTEREST INCOME	537	387	581
INTEREST EXPENSE	(60,321)	(74,678)	(61,068)
OTHER	(1,836)	(22,747)	(10,832)
INCOME BEFORE PROVISION FOR INCOME TAXES	96,173	62,435	100,060
PROVISION FOR INCOME TAXES	35,686	23,398	37,773
NET INCOME	$ 60,487	$ 39,037	$ 62,287
NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS – BASIC AND DILUTED	$ 42,959	$ (4,004)	$ 62,287
EARNINGS (LOSS) PER SHARE:			
Class L - basic	$ 10.97	$ 10.26	$ 5.57
Class L - diluted	$ 10.96	$ 10.25	$ 5.57
Common Stock - basic	$ 0.10	$ (1.26)	$ 0.85
Common Stock - diluted	$ 0.09	$ (1.26)	$ 0.81

The accompanying notes are an integral part of these consolidated statements.

DOMINO’S PIZZA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	For the Years Ended		
	December 29, 2002	December 28, 2003	January 2, 2005
NET INCOME	$ 60,487	$ 39,037	$ 62,287
OTHER COMPREHENSIVE INCOME (LOSS), BEFORE TAX:			
Currency translation adjustment	1,082	1,704	1,531
Unrealized gains (losses) on derivative instruments	(10,241)	(1,856)	5,141
Reclassification adjustment for losses included in net income	5,389	6,300	2,828
	(3,770)	6,148	9,500
TAX ATTRIBUTES OF ITEMS IN OTHER COMPREHENSIVE INCOME (LOSS)	1,795	(1,628)	(2,998)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(1,975)	4,520	6,502
COMPREHENSIVE INCOME	$ 58,512	$ 43,557	$ 68,789

The accompanying notes are an integral part of these consolidated statements.

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DOMINO’S PIZZA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ DEFICIT
(In thousands, except share data)

	Class L Common Stock		Common Stock					Accumulated Other Comprehensive Income (Loss)	
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Deficit	Deferred Stock Compensation	Currency Translation Adjustment	Fair Value of Derivative Instruments
BALANCE AT DECEMBER 30, 2001	3,668,050	$ 37	33,157,825	$ 331	$ 289,804	$(811,423)	$ (153)	$ (611)	$ (1,925)
Net income	-	-	-	-	-	60,487	-	-	-
Capital contribution	-	-	-	-	521	-	-	-	-
Purchase of common stock	(53,180)	(1)	(628,888)	(6)	(8,739)	-	-	-	-
Accretion of cumulative preferred stock	-	-	-	-	(455)	-	-	-	-
Exercise of stock options	-	-	180,666	2	133	-	-	-	-
Tax benefit related to the exercise of stock options	-	-	-	-	317	-	-	-	-
Deferred stock compensation related to stock options	-	-	-	-	1,689	-	(1,689)	-	-
Amortization of deferred stock compensation	-	-	-	-	-	-	277	-	-
Currency translation adjustment	-	-	-	-	-	-	-	1,082	-
Unrealized losses on derivative instruments, net of tax	-	-	-	-	-	-	-	-	(6,452)
Reclassification adjustment for losses on derivative instruments included in net income, net of tax	-	-	-	-	-	-	-	-	3,395
BALANCE AT DECEMBER 29, 2002	3,614,870	36	32,709,603	327	283,270	(750,936)	(1,565)	471	(4,982)
Net income	-	-	-	-	-	39,037	-	-	-
Dividends	-	-	-	-	-	(188,333)	-	-	-
Purchase of common stock	(404)	-	(48,370)	-	(532)	-	-	-	-
Accretion of cumulative preferred stock	-	-	-	-	(33,916)	-	-	-	-
Dividends declared on cumulative preferred stock	-	-	-	-	(68,617)	-	-	-	-
Exercise of stock options	-	-	44,733	-	85	-	-	-	-
Tax benefit related to the exercise of stock options	-	-	-	-	134	-	-	-	-
Non-cash compensation expense, including amortization of deferred stock compensation	-	-	-	-	1,473	-	1,565	-	-
Currency translation adjustment	-	-	-	-	-	-	-	1,704	-
Unrealized losses on derivative instruments, net of tax	-	-	-	-	-	-	-	-	(1,121)
Reclassification adjustment for losses on derivative instruments included in net income, net of tax	-	-	-	-	-	-	-	-	3,937
BALANCE AT DECEMBER 28, 2003	3,614,466	36	32,705,966	327	181,897	(900,232)	-	2,175	(2,166)
Net income	-	-	-	-	-	62,287	-	-	-
Distributions	-	-	-	-	-	(16,880)	-	-	-
Dividends	-	-	-	-	-	(4,464)	-	-	-
Issuance of common stock, net	-	-	9,391,232	94	119,685	-	-	-	-
Purchase of common stock	(15,321)	-	(4,804)	-	(1,773)	-	-	-	-
Exercise of stock options	14,814	-	276,542	3	1,302	-	-	-	-
Tax benefit related to the exercise of stock options	-	-	-	-	1,276	-	-	-	-
Conversion of Class L common stock into common stock	(3,613,959)	(36)	3,613,959	36	-	-	-	-	-
Reclassification adjustment relating to reincorporation	-	-	22,703,690	227	(227)	-	-	-	-
Deferred stock compensation relating to stock options	-	-	-	-	253	-	(253)	-	-
Amortization of deferred stock compensation	-	-	-	-	-	-	51	-	-
Currency translation adjustment	-	-	-	-	-	-	-	1,531	-
Unrealized gains on derivative instruments, net of tax	-	-	-	-	-	-	-	-	3,207
Reclassification adjustment for losses on derivative instruments included in net income, net of tax	-	-	-	-	-	-	-	-	1,764
BALANCE AT JANUARY 2, 2005	-	$ -	68,686,585	$ 687	$ 302,413	$(859,289)	$ (202)	$ 3,706	$ 2,805

The accompanying notes are an integral part of these consolidated statements.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years Ended		
	December 29, 2002	December 28, 2003	January 2, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 60,487	$ 39,037	$ 62,287
Adjustments to reconcile net income to net cash provided by operating activities-			
Depreciation and amortization	28,273	29,822	31,705
Provision (benefit) for losses on accounts and notes receivable	(441)	(212)	1,440
(Gains) losses on sale/disposal of assets	2,919	(2,606)	1,194
Provision for deferred income taxes	12,168	7,799	8,761
Amortization of deferred financing costs and debt discount	9,966	20,756	7,808
Non-cash compensation expense	277	3,038	51
Changes in operating assets and liabilities-			
Increase in accounts receivable	(2,252)	(7,393)	(8,823)
Decrease (increase) in inventories, prepaid expenses and other	(1,217)	1,001	913
Increase (decrease) in accounts payable and accrued liabilities	(12,977)	7,554	5,682
Increase in insurance reserves	7,263	4,411	2,444
Net cash provided by operating activities	104,466	103,207	113,462
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(53,931)	(29,161)	(39,763)
Proceeds from sale of property, plant and equipment	719	1,101	834
Acquisitions of franchise operations	(22,157)	(200)	(515)
Repayments of notes receivable, net	3,247	10,423	2,556
Other, net	108	(1,727)	618
Net cash used in investing activities	(72,014)	(19,564)	(36,270)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	365,000	1,010,090	92
Repayments of long-term debt and capital lease obligation	(417,736)	(662,492)	(180,708)
Cash paid for financing costs	(3,636)	(21,142)	(1,254)
Proceeds from issuance of common stock, net	-	-	119,779
Proceeds from exercise of stock options	135	85	1,305
Purchase of common stock	(8,746)	(532)	(1,773)
Purchase of cumulative preferred stock	(1,645)	(200,557)	-
Distributions	-	-	(16,880)
Dividends	-	(188,333)	(4,464)
Capital contribution	521	-	-
Net cash used in financing activities	(66,107)	(62,881)	(83,903)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	128	178	716
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,527)	20,940	(5,995)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	58,978	25,451	46,391
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 25,451	$ 46,391	$ 40,396

The accompanying notes are an integral part of these consolidated statements.

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DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Domino's Pizza, Inc. (DPI), a Delaware corporation, conducts its operations and derives substantially all of its operating income and cash flows through its wholly-owned subsidiary, Domino's, Inc. (Domino's) and Domino's wholly-owned subsidiary, Domino's Pizza LLC. DPI and its wholly-owned subsidiaries (collectively, the Company) are primarily engaged in the following business activities: (i) retail sales of food through Company-owned Domino's Pizza stores, (ii) sales of food, equipment and supplies to Company-owned and franchised Domino's Pizza stores through Company-owned distribution centers, and (iii) receipt of royalties from domestic and international Domino's Pizza franchisees.

Merger, Reincorporation and Reverse Stock Split

DPI is the surviving entity of a merger with its former parent company TISM, Inc. (TISM). On May 11, 2004, TISM, a Michigan corporation, reincorporated in Delaware by merging with and into DPI, its wholly-owned subsidiary. The merger is intended to be treated as a reincorporation for U.S. Federal income tax purposes. DPI previously conducted no business activities and was organized solely for the purpose of effecting the reincorporation of TISM in Delaware. In connection with the merger, a two-for-three stock split was consummated for each class of common stock. The financial statements have been retroactively adjusted to give effect to the stock split. There was no other impact of the merger on the financial statements.

Initial Public Offering of Common Stock

DPI completed an initial public offering of its common stock on July 16, 2004 (the IPO). As part of the IPO, DPI issued and sold 9,375,000 shares of common stock resulting in net proceeds to the Company of approximately $119.6 million. Existing DPI stockholders concurrently sold 14,846,929 shares of common stock. The Company did not receive any proceeds from the sale of shares by the selling stockholders. As part of the IPO, the Company used primary proceeds to repay $109.1 million in debt, and used funds generated from operations to terminate the Company's management agreement with an affiliate of a DPI stockholder and pay in full outstanding contingent notes payable.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of DPI and those of Domino's and Domino's wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Fiscal Year

The Company's fiscal year ends on the Sunday closest to December 31. The 2002 fiscal year ended December 29, 2002; the 2003 fiscal year ended December 28, 2003; and the 2004 fiscal year ended January 2, 2005. The 2002 and 2003 fiscal years consist of fifty-two weeks, while the 2004 fiscal year consists of fifty-three weeks.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with maturities of three months or less at the date of purchase. These investments are carried at cost, which approximates fair value.

Inventories

Inventories are valued at the lower of cost (on a first-in, first-out basis) or market.

Inventories at December 28, 2003 and January 2, 2005 are comprised of the following (in thousands):

	2003	2004
Food	$15,886	$18,437
Equipment and supplies	3,594	3,068
Inventories	$19,480	$21,505

Notes Receivable

During the normal course of business, the Company may provide financing to franchisees in the form of notes. Notes receivable generally require monthly payments of principal and interest, or monthly payments of interest only, generally ranging from 10% to 12%, with balloon payments of the remaining principal due one to ten years from the original issuance date. Such notes are generally secured by the related assets or business. The carrying amounts of these notes approximate fair value.

Other Assets

Current and long-term other assets primarily include prepaid expenses such as insurance and taxes, deposits, investments in international franchisees, covenants not-to-compete and other intangible assets primarily arising from franchise acquisitions, and assets relating to the fair value of derivatives. Amortization expense for financial reporting purposes is provided using the straight-line method over the useful lives for covenants not-to-compete and other intangible assets and was approximately $227,000, $829,000 and $549,000 in 2002, 2003 and 2004, respectively. As of January 2, 2005, scheduled amortization for the next five fiscal years is approximately $527,000, $505,000, $398,000, $380,000 and $336,000 for 2005, 2006, 2007, 2008 and 2009, respectively.

Property, Plant and Equipment

Additions to property, plant and equipment are recorded at cost. Repair and maintenance costs are expensed as incurred. Depreciation and amortization expense for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives, other than the estimated useful life of the capital lease asset as described below, are generally as follows (in years):

Buildings	20
Leasehold and other improvements	10 - 15
Equipment	3 - 12

Included in land and buildings as of December 28, 2003 and January 2, 2005 is a net capital lease asset of approximately $6.1 million and $5.7 million, respectively, related to the lease of a distribution center building. This capital lease asset is being amortized using the straight-line method over the fifteen-year lease term.

Depreciation and amortization expense on property, plant and equipment was approximately $19.5 million, $22.9 million and $24.6 million in 2002, 2003 and 2004, respectively.

Impairments of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the Company evaluates the potential impairment of long-lived assets based on various analyses including the projection of undiscounted cash flows, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. For Company-owned stores, the Company performs this evaluation on an operating market basis, which the Company has determined to be the lowest level for which identifiable cash flows are largely independent of other cash flows. If the carrying amount of a long-lived asset exceeds the amount of the expected future undiscounted cash flows of that asset, an impairment loss is recognized and the asset is written down to its estimated fair value. No long-lived asset impairment losses have been recognized in 2002, 2003 or 2004.

Investments in Marketable Securities

Investments in marketable securities consist of investments in various funds made by eligible individuals as part of the Company's deferred compensation plan (Note 5). These investments are stated at aggregate fair value, are restricted and have been placed in a rabbi trust whereby the amounts are irrevocably set aside to fund the Company's obligations under the deferred compensation plan. The Company classifies these investments in marketable securities as trading and accounts for them in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities".

Deferred Financing Costs

Deferred financing costs include debt issuance costs primarily incurred by the Company as part of the 2003 Recapitalization (Note 2). Amortization is provided using the effective interest rate method over the terms of the respective debt instruments to which the costs relate and is included in interest expense.

In connection with the 2002 Agreement (Note 2), the 2003 Recapitalization and the IPO, the Company expensed financing costs of approximately $4.5 million, $15.6 million and $3.1 million, respectively. Amortization of deferred financing costs, including the aforementioned amounts, was approximately $10.0 million, $20.6 million and $6.7 million in 2002, 2003 and 2004, respectively.

Goodwill

The Company's goodwill amounts primarily relate to franchise store acquisitions and, in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", are not amortized. For impairment testing purposes, the Company has determined its reporting units to be its operating segments. The Company has performed its required impairment tests, which are completed in the fourth quarter of each fiscal year, and has not recognized any significant goodwill impairment charges in 2002, 2003 or 2004.

During 2002, the Company purchased the assets related to 83 Domino's Pizza stores (the Arizona Stores) from its former franchisee in Arizona using funds generated from operations. The Company paid approximately $21.5 million to acquire the related assets, resulting in approximately $10.6 million of goodwill. This goodwill is expected to be deductible for tax purposes. The results of the Arizona Stores' operations have been included in the Domestic Stores (Note 10) segment in the consolidated financial statements since the acquisition. The Company also concurrently repurchased approximately $9.1 million in Company stock from its former franchisee in Arizona.

Capitalized Software

Capitalized software is recorded at cost and includes purchased, internally-developed and externally-developed software used in the Company's operations. Amortization expense for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the software, which range from two to seven years. During 2002, the Company expensed approximately $5.3 million of certain capitalized software costs which is included in general and administrative expense as a loss on disposal of assets. Capitalized software amortization expense was approximately $8.5 million, $6.1 million and $6.6 million in 2002, 2003 and 2004, respectively. As of January 2, 2005, scheduled amortization for the next five fiscal years is approximately $6.0 million, $4.4 million, $3.9 million, $3.8 million and $1.4 million for 2005, 2006, 2007, 2008 and 2009, respectively.

Insurance Reserves

The Company is partially self-insured for workers' compensation, general liability and owned and non-owned automobile liabilities for certain periods prior to December 1998 and for periods after December 2001. The Company is generally responsible for up to $1.0 million per occurrence under these retention programs for workers' compensation and general liability exposures. The Company is also generally responsible for between $500,000 and $3.0 million per occurrence under these retention programs for owned and non-owned automobile liabilities. Total insurance limits under these retention programs vary depending on the year covered and range up to $108.0 million per occurrence for general liability and owned and non-owned automobile liabilities and up to the applicable statutory limits for workers' compensation.

Insurance reserves relating to our retention programs are determined using actuarial estimates from an independent third party actuary. These estimates are based on historical information along with certain assumptions about future events. Changes in assumptions for such factors as medical costs and legal actions, as well as changes in actual experience, could cause these estimates to change in the near term. The Company receives an annual estimate of outstanding insurance exposures from its independent actuary and differences between these estimated actuarial exposures and the Company's recorded amounts are adjusted as appropriate. In management's opinion, the insurance reserves at December 28, 2003 and January 2, 2005 are sufficient to cover related losses.

Other Accrued Liabilities

Current and long-term other accrued liabilities primarily include accruals for sales, income and other taxes, legal matters, marketing and advertising expenses, store operating expenses, deferred compensation liabilities and, in 2003, liabilities relating to the fair value of derivatives.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Foreign Currency Translation

The Company's foreign entities use their local currency as the functional currency, in accordance with the provisions of SFAS No. 52, "Foreign Currency Translation." Where the functional currency is the local currency, the Company translates net assets into U.S. dollars at yearend exchange rates, while income and expense accounts are translated at average annual exchange rates. Currency translation adjustments are included in accumulated other comprehensive income (loss) and foreign currency transaction gains and losses are included in determining net income.

Revenue Recognition

Domestic Company-owned stores revenues are comprised of retail sales of food through Company-owned Domino's Pizza stores located in the contiguous United States and are recognized when the items are delivered to or carried out by customers.

Domestic franchise revenues are primarily comprised of royalties from Domino's Pizza franchisees with operations in the contiguous United States. Royalty revenues are recognized when the items are delivered to or carried out by franchise customers.

Domestic distribution revenues are primarily comprised of sales of food, equipment and supplies to franchised Domino's Pizza stores located in the contiguous United States. Revenues from the sales of food are recognized upon delivery of the food to franchisees, while revenues from the sales of equipment and supplies are generally recognized upon shipment of the related products to franchisees.

International revenues are primarily comprised of sales of food to, and royalties from, foreign, Alaskan and Hawaiian Domino's Pizza franchisees, as well as retail sales of food through Company-owned stores in the Netherlands and France. These revenues are recognized consistently with the policies applied for revenues generated in the contiguous United States.

Distribution Profit-Sharing Arrangements

The Company enters into profit-sharing arrangements with Domestic Stores that purchase all of their food from Company-owned distribution centers. These profit-sharing arrangements generally provide participating stores with 50% of their regional distribution center's pre-tax profits based upon each store's purchases from the distribution center. Profit-sharing obligations are recorded as a revenue reduction in the Domestic Distribution (Note 10) segment in the same period as the related revenues and costs are recorded, and were $40.9 million in 2002 and $41.6 million in each of 2003 and 2004.

Advertising

Advertising costs are expensed as incurred. Advertising expense, which relates primarily to Company-owned stores, was approximately $36.0 million, $36.6 million and $37.0 million during 2002, 2003 and 2004, respectively.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Domestic Stores are required to contribute a certain percentage of sales to the Domino's National Advertising Fund, Inc. (DNAF), a not-for-profit subsidiary that administers the Domino's Pizza system's national and market level advertising activities. Included in advertising expense were national advertising contributions from Company-owned stores to DNAF of approximately $11.3 million in each of 2002 and 2003 and $11.4 million in 2004. DNAF also received national advertising contributions from franchisees of approximately $76.5 million, $77.7 million and $83.0 million during 2002, 2003 and 2004, respectively. Franchisee contributions and offsetting expenses are presented net in the accompanying statements of income.

DNAF assets, consisting primarily of cash received from franchisees and accounts receivable from franchisees, can only be used for activities that promote the Domino's Pizza brand. Accordingly, all assets held by the DNAF are considered restricted.

Rent

The Company leases certain equipment, vehicles, retail store and distribution center locations and its corporate headquarters under operating leases with expiration dates through 2019. During 2004, the Company corrected its accounting for leases to conform the lease terms used in calculating straight-line rent expense to the terms used to amortize related leasehold improvements. This correction resulted in the acceleration of rent expense under certain leases that contain fixed escalations in rental payments. The rent expense adjustment related to this correction was approximately $2.8 million and was recognized in the fourth quarter of 2004. Rent expenses, including the aforementioned adjustment, totaled approximately $37.5 million, $38.3 million and $43.9 million during 2002, 2003 and 2004, respectively.

Dividends

During 2003, the Company paid a dividend totaling $188.3 million to shareholders as part of the 2003 Recapitalization. During 2004, the Company declared and paid a dividend totaling $4.5 million, or 6.5 cents per share, to shareholders.

Derivative Instruments

The Company accounts for its derivative instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", and related Statements which require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

The Company has entered into two interest rate derivative agreements to effectively convert the variable LIBOR component of the effective interest rate on a portion of the Company's term loan debt to various fixed rates, in an effort to reduce the impact of interest rate changes on income. The Company has designated these agreements as cash flow hedges. The Company has also entered into two interest rate derivative agreements to effectively convert the fixed interest rate component of the Company's senior subordinated debt to variable LIBOR rates over the term of the related debt. The Company has designated these agreements as fair value hedges. The Company has determined that no ineffectiveness exists related to these derivatives. Related gains and losses upon settlement of these derivatives are recorded in interest expense.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

These agreements are summarized as follows:

Derivative	Total Notional Amount	Term	Company Pays	Counterparty Pays
Interest Rate Swap	$75.0 million	August 2002 – June 2005	3.25%	LIBOR
Interest Rate Swap	$50.0 million	August 2003 – July 2011	LIBOR plus 319 basis points	8.25%
Interest Rate Swap	$50.0 million	August 2003 – July 2011	LIBOR plus 324 basis points	8.25%
Interest Rate Swap	$300.0 million	June 2004 – June 2005	1.62%	LIBOR

The Company also entered into an additional interest rate derivative agreement effectively converting the LIBOR component on a portion of its term loan debt to a fixed rate. This derivative agreement has an initial notional amount of $350.0 million, begins in June 2005, ends in June 2007 and fixes the Company's interest rate at 3.21% while the counterparty pays a variable LIBOR rate.

At December 28, 2003, the fair value of the Company's cash flow hedges is a net liability of approximately $3.4 million, of which $3.1 million is included in current other accrued liabilities and $320,000 is included in long-term other accrued liabilities. At January 2, 2005, the fair value of the Company's cash flow hedges is a net asset of approximately $4.5 million, of which $1.7 million is included in prepaid expenses and other and $2.8 million is included in long-term other assets.

At December 28, 2003, the fair value of the Company's fair value hedges is a net asset of approximately $3.6 million, of which $3.1 million is included in prepaid expenses and other and $536,000 is included in long-term other assets. At January 2, 2005, the fair value of the Company's fair value hedges is a net asset of approximately $4.0 million, of which $1.6 million is included in prepaid expenses and other and $2.4 million is included in long-term other assets.

Earnings Per Share

The Company accounts for earnings per share in accordance with SFAS No. 128, "Earnings Per Share" and related guidance, which requires two calculations of earnings per share (EPS) to be disclosed: basic EPS and diluted EPS.

For periods prior to the IPO, the Company calculates EPS information using the two-class method due to the Company's capital structure in place prior to the IPO and further described in Note 9. Accordingly, EPS information for both Class L common stock and Common Stock are presented for periods prior to the IPO. For periods after the IPO, the Company presents EPS information for Common Stock only as the Class L common stock was converted into Common Stock in connection with the IPO.

The numerator in calculating Class L basic and diluted EPS is the Class L preference amount accrued during the year presented plus, if positive, a pro rata share of an amount equal to consolidated net income less preferred stock dividends, less accretion amounts relating to the redemption value of the Preferred Stock (Note 9) and less the Class L preference amount. The Class L preferential distribution amounts were $39.4 million, $37.1 million and $18.1 million in 2002, 2003 and 2004, respectively.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

For periods prior to the IPO, the numerator in calculating Common Stock basic and diluted EPS is an amount equal to consolidated net income less preferred stock dividends, accretion amounts relating to the redemption value of the Preferred Stock, the Class L preference amount and the aforementioned Class L pro rata share amount, if any. For periods after the IPO, the numerator in calculating Common Stock basic and diluted EPS is consolidated net income.

The denominator in calculating Class L basic EPS and Common Stock basic EPS are the weighted average shares outstanding for each respective class of shares. The denominator in calculating Class L diluted EPS and Common Stock diluted EPS includes the additional dilutive effect of outstanding stock options. The denominator in calculating the 2003 Common Stock diluted EPS does not include 3,354,490 stock options as their inclusion would be anti-dilutive.

The computation of basic and diluted earnings per common share is as follows (in thousands, except share and per share amounts):

	2002	2003	2004
Net income	$ 60,487	$ 39,037	$ 62,287
Less-			
Accumulated preferred stock dividends	(17,073)	(9,125)	-
Accretion amounts relating to the redemption value of preferred stock	(455)	(33,916)	-
Net income (loss) available to common stockholders - basic and diluted	$ 42,959	$ (4,004)	$ 62,287
Allocation of net income (loss) to common stockholders:			
Class L	$ 39,754	$ 37,080	$ 20,138
Common Stock	$ 3,205	$ (41,084)	$ 42,149
Weighted average number of common shares:			
Class L	3,622,930	3,614,629	3,613,991
Common Stock	32,767,099	32,707,435	49,606,144
Earnings (loss) per common share – basic:			
Class L	$ 10.97	$ 10.26	$ 5.57
Common Stock	$ 0.10	$ (1.26)	$ 0.85
Diluted weighted average number of common shares:			
Class L	3,628,126	3,618,258	3,617,371
Common Stock	35,623,365	32,707,435	52,170,542
Earnings (loss) per common share – diluted:			
Class L	$ 10.96	$ 10.25	$ 5.57
Common Stock	$ 0.09	$ (1.26)	$ 0.81

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Stock Options

The Company accounts for stock-based compensation using the intrinsic method prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations.

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123R (revised 2004), "Share-Based Payments" (SFAS 123R). SFAS 123R requires that the cost of all employee stock options, as well as other equity-based compensation arrangements, be reflected in the financial statements based on the estimated fair value of the awards. The Company is required to adopt SFAS 123R in the first interim period beginning after June 15, 2005, which for the Company is the third fiscal quarter of 2005. The Company is assessing SFAS 123R and has not determined the impact that adoption of SFAS 123R will have on its results of operations.

In December 2003, the FASB issued a revised interpretation of FASB Interpretation 46, "Consolidation of Variable Interest Entities - an Interpretation of ARB No. 51" (FIN 46R). FIN 46R requires the consolidation of a variable interest entity by an enterprise if the enterprise is determined to be the primary beneficiary, as defined in FIN 46R. The Company adopted FIN 46R during 2004 and its adoption did not have a material effect on the Company's results of operations or financial condition.

Supplemental Disclosures of Cash Flow Information

The Company paid interest of approximately $51.8 million, $49.6 million and $59.8 million during 2002, 2003 and 2004, respectively. Cash paid for income taxes was approximately $24.0 million, $21.1 million and $23.2 million in 2002, 2003 and 2004, respectively.

The Company financed the sale of certain Company-owned stores to franchisees with notes totaling approximately $811,000 during 2002, including $450,000 of notes to a former minority TISM stockholder.

During 2003, the Company entered into a capital lease for one of its distribution center buildings. In connection with this lease, the Company originally recorded a $6.2 million capital lease asset and offsetting lease liability.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts from fiscal 2002 and 2003 have been reclassified to conform to the fiscal 2004 presentation.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

(2) FINANCING ARRANGEMENTS

At December 28, 2003 and January 2, 2005, consolidated long-term debt consisted of the following (in thousands):

	2003	2004
2003 Agreement – Term Loan	$538,013	$498,013
Other borrowings	437	410
Capital lease obligation	6,152	5,929
Senior subordinated notes due 2009, 10 3/8%	11,234	-
Senior subordinated notes due 2011, 8 1/4%, net of a $2.7 million and $1.6 million unamortized discount in 2003 and 2004, respectively	400,286	272,303
Total debt	956,122	776,655
Less– current portion	18,572	25,295
Total long-term debt	937,550	751,360
Assets relating to fair value derivatives	3,615	4,045
Consolidated long-term debt	$941,165	$755,405

2002 Agreement

On July 29, 2002, the Company entered into a credit agreement (the 2002 Agreement) with a consortium of banks and used the proceeds to repay borrowings outstanding under a previous credit agreement. The 2002 Agreement provided a $365.0 million term loan and a $100.0 million revolving credit facility.

2003 Recapitalization

On June 25, 2003, the Company consummated a recapitalization transaction (the 2003 Recapitalization) whereby the Company (i) issued and sold $403.0 million aggregate principal amount at maturity of 8 1/4% senior subordinated notes due 2011 (the 2011 Notes) at a discount resulting in gross proceeds of approximately $400.1 million, and (ii) borrowed $610.0 million in term loans and secured a $125.0 million revolving credit facility with a consortium of banks (collectively, the 2003 Agreement).

The Company used the proceeds from the 2011 Notes and the 2003 Agreement as well as cash from operations to (i) retire all of its outstanding 10 3/8% senior subordinated notes that were tendered, (ii) repay all amounts outstanding under and cancel the 2002 Agreement, (iii) redeem all of its outstanding preferred stock, (iv) pay a $188.3 million dividend on its outstanding common stock and (v) pay related transaction fees and expenses.

2003 Agreement

The 2003 Agreement provides the following credit facilities: a term loan (the Term Loan) and a revolving credit facility (the Revolver). The aggregate borrowings available under the 2003 Agreement are $735.0 million: $610.0 million under the Term Loan and $125.0 million under the Revolver. The Term Loan was initially fully borrowed. The 2003 Agreement has been amended primarily to obtain more favorable Term Loan interest rate margins, to amend the principal amortization schedule and to allow for the repayment of a portion of the 2011 Notes as part of the IPO in lieu of a required payment under the Term Loan.

Borrowings under the Term Loan bear interest, payable at least quarterly, at either (i) the higher of (a) the prime rate (5.25% at January 2, 2005) or (b) 0.50% above the Federal Reserve reported overnight funds rate, each plus an applicable margin of 0.75%, or (ii) LIBOR (2.56% at January 2, 2005) plus an applicable margin of 1.75%. At January 2, 2005, the Company's borrowing rate was 4.31% for Term Loan borrowings and all borrowings under the Term Loan were under a LIBOR contract with an interest period of 90 days. As of January 2, 2005, the 2003 Agreement requires no Term Loan principal payments in 2005 and principal payments totaling $4.8 million, $3.6 million, $4.8 million, $6.0 million and $453.9 million in 2006, 2007, 2008, 2009 and 2010, respectively. The timing of the Company's required payments under the 2003 Agreement may change based upon voluntary prepayments and generation of excess cash, as defined. The final scheduled principal payment on the outstanding borrowings under the Term Loan is due in June 2010.

Borrowings under the Revolver (excluding letters of credit) bear interest, payable at least quarterly, at either (i) the higher of (a) the prime rate or (b) 0.50% above the Federal Reserve reported overnight funds rate, each plus an applicable margin of between 1.25% to 2.00%, or (ii) LIBOR plus an applicable margin of between 2.25% to 3.00%, with margins determined based upon the Company's ratio of indebtedness to EBITDA, as defined. The Company also pays a 0.50% commitment fee on the unused portion of the Revolver. The Company may use up to $60.0 million of the Revolver for letter of credit advances. The fee for letter of credit amounts outstanding ranges from 2.375% to 3.125%. At January 2, 2005, the fee for letter of credit amounts outstanding was 2.875%. At January 2, 2005, there are $99.5 million in available borrowings under the Revolver, with $25.5 million of letters of credit outstanding. The Revolver expires in June 2009. All outstanding borrowings under the Revolver are due in June 2009.

Borrowings under the 2003 Agreement are guaranteed by DPI, are jointly and severally guaranteed by most of Domino's domestic subsidiaries and one foreign subsidiary, and substantially all of the assets of the Company are pledged as collateral.

The 2003 Agreement contains certain financial and non-financial covenants that, among other restrictions, require the maintenance of certain financial ratios related to interest coverage and leverage. The 2003 Agreement also restricts the Company's ability to incur additional indebtedness, make investments, use assets as security in other transactions and sell certain assets or merge with or into other companies. Additionally, upon a public offering of stock, the Company is required to pay down the Term Loan in an amount equal to 50% of the net proceeds of such offering.

2011 Notes

The 2011 Notes require semi-annual interest payments, beginning January 1, 2004. Before July 1, 2007, the Company may, at a price above par, redeem all, but not part, of the 2011 Notes if a change in control occurs, as defined in the 2011 Notes. Beginning July 1, 2007, the Company may redeem some or all of the 2011 Notes at fixed redemption prices, ranging from 104.125% of par in 2007 to 100% of par in 2009 through maturity. In the event of a change in control, as defined, the Company will be obligated to repurchase the 2011 Notes tendered at the option of the holders at a fixed price. Upon a public stock offering, the Company may use net proceeds from such offering to repurchase and retire up to 40% of the aggregate principal amount of the 2011 Notes, provided that at least 60% of the original principal amount of the 2011 Notes remains outstanding immediately following such repurchase. During 2004, the Company repaid $109.1 million of 2011 Notes principal amount using net proceeds from the IPO. The 2011 Notes are guaranteed by most of Domino's domestic subsidiaries and one foreign subsidiary and are subordinated in right of payment to all existing and future senior debt of the Company.

The indenture related to the 2011 Notes restricts the Company from, among other restrictions, incurring additional indebtedness or issuing preferred stock, with certain specified exceptions, unless a minimum fixed charge coverage ratio is met. The Company may pay dividends and make other restricted payments so long as such payments in total do not exceed 50% of the Company's cumulative net income from December 30, 2002 to the payment date plus the net proceeds from any capital contributions or the sale of equity interests.

As of January 2, 2005, management estimates the fair value of the 2011 Notes to be approximately $304.0 million. The carrying amounts of the Company's other debt approximate fair value.

Other

As defined in the 2003 Agreement, an amount not to exceed $75.0 million was made available for the early retirement of 2011 Notes. The Company may also use this basket to repurchase and retire Company common stock in an amount not to exceed $32.5 million. As of January 2, 2005, $55.0 million of this basket remains for future repurchases of 2011 Notes or Company stock. Certain amounts were also available for the early retirement of senior subordinated notes under the Company's previous credit agreements. In 2002, 2003 and 2004, the Company retired $20.6 million, $20.5 million and $20.0 million, respectively, of its senior subordinated notes through open market transactions using funds generated from operations. These retirements resulted in losses of approximately $1.8 million, $2.3 million and $1.8 million in 2002, 2003 and 2004, respectively, due to purchase prices in excess of carrying value. Additionally, as part of the 2003 Recapitalization, the Company recorded a $20.4 million loss relating to the repurchase and retirement, at a premium, of $206.7 million principal amount of outstanding 10 3/8% senior subordinated notes. As part of the IPO, the Company also recorded a $9.0 million loss relating to the repurchase and retirement, at a premium, of $109.1 million principal amount of 2011 Notes. These amounts are included in other expense in the accompanying statements of income.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

At January 2, 2005, maturities of long-term debt and capital lease obligation are as follows, which exclude the $1.6 million unamortized discount on the 2011 Notes and the $4.0 million asset related to fair value derivatives and classifies as current $25.0 million of voluntary term loan payments made in early 2005 (in thousands):

2005	$ 25,295
2006	5,130
2007	3,932
2008	5,154
2009	6,365
Thereafter	732,376
	$778,252

(3) COMMITMENTS AND CONTINGENCIES

Lease Commitments

As of January 2, 2005, the future minimum rental commitments for all non-cancelable leases, which include approximately $47.3 million in commitments to related parties, are as follows (in thousands):

	Operating Leases	Capital Lease	Total
2005	$ 35,837	$ 736	$ 36,573
2006	29,324	736	30,060
2007	24,860	736	25,596
2008	20,697	736	21,433
2009	16,171	736	16,907
Thereafter	52,530	6,322	58,852
Total future minimal rental commitments	$ 179,419	10,002	$189,421
Less – amounts representing interest		(4,073)	
Total principal payable on capital lease		$ 5,929	

Legal Proceedings and Related Matters

The Company is a party to lawsuits, revenue agent reviews by taxing authorities and legal proceedings, of which the majority involve workers' compensation, employment practices liability, general liability and automobile and franchisee claims arising in the ordinary course of business. In management's opinion, these matters, individually and in the aggregate, will not have a significant adverse effect on the financial condition of the Company, and the established reserves adequately provide for the estimated resolution of such claims.

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(4) INCOME TAXES

The differences between the United States Federal statutory income tax provision (using the statutory rate of 35%) and the Company's consolidated provision for income taxes for 2002, 2003 and 2004 are summarized as follow (in thousands):

	2002	2003	2004
Federal income tax provision based on the statutory rate	$33,661	$21,852	$35,021
State and local income taxes, net of related Federal income taxes	1,904	1,215	2,602
Non-resident withholding and foreign income taxes	3,829	4,163	4,757
Foreign tax and other tax credits	(4,506)	(4,962)	(5,439)
Losses attributable to foreign subsidiaries	325	593	451
Utilization of foreign net operating loss carryovers	-	-	(238)
Non-deductible expenses	471	551	615
Other	2	(14)	4
	$35,686	$23,398	$37,773

The components of the 2002, 2003 and 2004 consolidated provision for income taxes are as follows (in thousands):

	2002	2003	2004
Provision for Federal income taxes-			
Current provision	$18,685	$ 9,705	$20,359
Deferred provision	9,918	7,068	8,441
Change in valuation allowance	325	593	213
Total provision for Federal income taxes	28,928	17,366	29,013
Provision for state and local income taxes-			
Current provision	1,004	1,731	3,896
Deferred provision	1,925	138	107
Total provision for state and local income taxes	2,929	1,869	4,003
Provision for non-resident withholding and foreign income taxes	3,829	4,163	4,757
	$35,686	$23,398	$37,773

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

As of December 28, 2003 and January 2, 2005, the significant components of net deferred income taxes are as follows (in thousands):

	2003	2004
Deferred Federal income tax assets-		
Depreciation, amortization and asset basis differences	$28,340	$20,675
Covenants not-to-compete	11,623	10,456
Insurance reserves	7,432	8,251
Other accruals and reserves	8,077	8,155
Bad debt reserves	1,806	1,816
Derivatives liability	1,297	-
Foreign net operating loss carryovers	2,534	2,543
Other	1,105	1,332
	62,214	53,228
Valuation allowance on foreign net operating loss carryovers	(2,534)	(2,543)
Total deferred Federal income tax assets	59,680	50,685
Deferred Federal income tax liabilities-		
Capitalized software	7,939	8,895
Derivatives asset	-	1,701
Total deferred Federal income tax liabilities	7,939	10,596
Net deferred Federal income tax asset	51,741	40,089
Net deferred state and local income tax asset	6,031	5,924
Net deferred income taxes	$57,772	$46,013

As of December 28, 2003, the classification of net deferred income taxes is summarized as follows (in thousands):

	Current	Long-term	Total
Deferred tax assets	$ 5,730	$ 59,981	$65,711
Deferred tax liabilities	-	(7,939)	(7,939)
Net deferred income taxes	$ 5,730	$ 52,042	$57,772

As of January 2, 2005, the classification of net deferred income taxes is summarized as follows (in thousands):

	Current	Long-term	Total
Deferred tax assets	$ 6,317	$ 50,292	$ 56,609
Deferred tax liabilities	-	(10,596)	(10,596)
Net deferred income taxes	$ 6,317	$ 39,696	$ 46,013

Realization of the Company's deferred tax assets is dependent upon many factors, including, but not limited to, the Company's ability to generate sufficient taxable income. Although realization of the Company's net deferred tax assets is not assured, management believes it is more likely than not that the net deferred tax assets will be realized. On an ongoing basis, management will assess whether it remains more likely than not that the net deferred tax assets will be realized. As of January 2, 2005, the Company has approximately $7.3 million of foreign net operating loss carryovers, a portion of which will expire between 2005 through 2007, for which a valuation allowance has been provided.

(5) EMPLOYEE BENEFITS

The Company has a retirement savings plan which qualifies under Internal Revenue Code Section 401(k). All employees of the Company who have completed 1,000 hours of service and are at least 21 years of age are eligible to participate in the plan. The plan requires the Company to match 50% of employee contributions per participant, with Company matching contributions limited to 3% of eligible participant compensation. These matching contributions vest immediately. The charges to operations for Company contributions to the plan were $2.4 million, $2.2 million and $2.3 million for 2002, 2003 and 2004, respectively.

The Company has established a nonqualified deferred compensation plan available for certain key employees. Under this self-funding plan, the participants may defer up to 40% of their annual compensation. The participants direct the investment of their deferred compensation within several investment funds. The Company is not required to contribute and did not contribute to this plan during 2002, 2003 or 2004.

In connection with the Company's IPO, the Board of Directors approved two employee stock purchase plans, a market based plan and a discount plan. Under the market based plan, eligible employees may deduct up to 15% of their eligible wages to purchase DPI stock at the market price. Under the discount plan, eligible employees may deduct up to 15% of their eligible wages to purchase DPI stock at 85% of the market price of the stock at the purchase date. The discount plan requires employees to hold their purchased DPI stock for one year. There are 1,000,000 shares authorized to be issued under the discount plan. There were 16,232 shares issued under the plan during 2004.

(6) FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company is a party to stand-by letters of credit and, to a lesser extent, financial guarantees with off-balance sheet risk. The Company's exposure to credit loss for stand-by letters of credit and financial guarantees is represented by the contractual amounts of these instruments. The Company uses the same credit policies in making conditional obligations as it does for on-balance sheet instruments. Total conditional commitments under letters of credit and financial guarantees as of January 2, 2005 are $26.3 million, and primarily relate to letters of credit for the Company's insurance programs and distribution center leases.

(7) RELATED PARTY TRANSACTIONS

Corporate Headquarters Lease

The Company leases its corporate headquarters under an operating lease agreement with a partnership owned by its founder and former majority stockholder. The Company renewed this lease for a ten-year term, with two five-year renewal options, beginning in December 2003. Total lease expense related to this lease was approximately $4.5 million in each of 2002 and 2003 and $4.9 million in 2004. Rent expense is recognized on a straight-line basis over the lease term, as defined in SFAS No. 13, "Accounting for Leases" and related guidance.

At January 2, 2005, aggregate future minimum lease commitments under this lease are as follows (in thousands):

2005	$ 5,261
2006	5,261
2007	5,261
2008	5,261
2009	5,261
Thereafter	21,042
	$47,347

Consulting Agreement

As part of a prior recapitalization in which the Company's founder sold a controlling interest in the Company (the 1998 Recapitalization), the Company entered into a $5.5 million, ten-year consulting agreement with its founder and former majority stockholder. During 2002, the Company and its founder and former majority stockholder mutually agreed to terminate the consulting agreement. The Company paid $2.9 million to effect such termination.

Management Agreement

As part of the 1998 Recapitalization, the Company entered into a management agreement with an affiliate of a DPI stockholder to provide the Company with certain management services. The Company was committed to pay an amount not to exceed $2.0 million per year on an ongoing basis for management services as defined in the management agreement. The Company incurred and paid $2.0 million for management services in each of 2002 and 2003. During 2004, the Company paid $10.0 million to terminate the management agreement. Total amounts expensed during 2004 were $11.0 million. These amounts are included in general and administrative expense.

Contingent Notes Payable

The Company was contingently liable to pay its founder and former majority stockholder and a member of his family an amount not exceeding approximately $15.0 million under two notes payable, plus 8% interest per annum beginning in 2003, in the event the majority stockholders of DPI sold a certain percentage of their common stock to an unaffiliated party. As part of the IPO, the Company paid $16.9 million to satisfy in full these contingent notes payable. This payment was recognized as a distribution in the consolidated statement of stockholders' deficit.

Financing Arrangements

As part of the 2002 Agreement, the Company paid approximately $2.3 million of financing costs to an affiliate of a DPI stockholder. As part of the 2003 Recapitalization, the Company paid approximately $7.9 million of financing costs to an affiliate of a DPI stockholder. During 2004, the Company paid an affiliate $1.1 million of financing costs relating to two separate amendments to the 2003 Agreement. A separate affiliate is counterparty to two interest rate derivative agreements with notional amounts totaling $400.0 million. In connection with the IPO, a separate affiliate was paid $7.0 million in underwriting fees.

At December 28, 2003, affiliates of DPI stockholders had term loan holdings of $36.2 million and senior subordinated note holdings of $15.0 million. At January 2, 2005, affiliates of DPI stockholders had term loan holdings of $28.5 million and senior subordinated note holdings of $10.9 million. Related interest expense to affiliates was approximately $2.0 million, $3.2 million and $2.6 million in 2002, 2003 and 2004, respectively.

(8) STOCK OPTIONS

The Company accounts for stock-based compensation using the intrinsic method prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair value of the stock at grant date over the amount an optionee must pay to acquire the stock.

The Company has two stock option plans: the TISM, Inc. Stock Option Plan (the TISM Stock Option Plan) and the Domino's Pizza, Inc. 2004 Equity Incentive Plan (the 2004 Stock Option Plan) (collectively, the Stock Options Plans). In connection with the IPO, the 2004 Stock Option Plan was adopted by the Board of Directors and the TISM Stock Option Plan was amended by the Board of Directors to prohibit the granting of additional stock options. As of January 2, 2005, the number of options granted and outstanding under the TISM Stock Option Plan was 5,520,540 shares of non-voting Common Stock. As of January 2, 2005, the maximum number of shares that may be granted under the 2004 Stock Option Plan is 5,600,000 shares of voting Common Stock.

Prior to the IPO, options granted under the TISM Stock Option Plan were generally granted at 100% of the Board of Directors' estimate of fair value of the underlying stock on the date of grant, expire ten years from the date of grant and vest within five years from the date of grant. Subsequent to the IPO, options granted under the Stock Option Plan were granted at the market price at the date of the grant, expire ten years from the date of grant and generally vest within five years from the date of grant.

The Company recorded deferred stock compensation amounts of $1.7 million and $253,000 in 2002 and 2004, respectively, relating to stock options granted to employees at less than the Board of Directors' estimate of fair value. These amounts are amortized using the straight-line method over the related vesting periods. In connection with the 2003 Recapitalization, all previously unvested options were immediately vested by action of the Board of Directors. Accordingly, the Company expensed the then remaining $1.6 million of unamortized deferred stock compensation as part of the 2003 Recapitalization. Additionally, the Company recorded $1.5 million in non-cash compensation expense related to the acceleration of the vesting periods. The Company recorded non-cash compensation expense, including the aforementioned amounts, of $277,000, $3.0 million and $51,000 in 2002, 2003 and 2004, respectively. All non-cash compensation expenses are recorded in general and administrative expense.

DOMINO'S PIZZA, INC. AND SUBSIDIARIES

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Activity related to the Stock Option Plans is summarized as follows:

	Common Stock Options			Class L Common Stock Options	
	Outstanding	Exercisable	Weighted Average Exercise Price	Outstanding and Exercisable	Weighted Average Exercise Price
Options at December 30, 2001	3,345,380	1,492,651		14,814	
Options granted	764,666		$ 5.25	-	
Options cancelled	(66,066)		$ 1.59	-	
Options exercised	(180,666)		$ 0.75	-	
Options at December 29, 2002	3,863,314	1,872,626		14,814	
Options granted	2,097,000		$ 8.75	-	
Options cancelled	(36,934)		$ 6.20	-	
Options exercised	(44,733)		$ 1.89	-	
Options at December 28, 2003	5,878,647	3,942,647		14,814	
Options granted	1,771,530		$ 13.87	-	
Options cancelled	(150,341)		$ 9.23	-	
Options exercised	(276,542)		$ 1.47	(14,814)	$60.75
Options at January 2, 2005	7,223,294	4,070,006		-	

Options outstanding and exercisable at January 2, 2005 are as follows:

	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
				(Years)
Non-Voting Common Stock	2,836,374	2,836,374	$ 0.75	4.9
Non-Voting Common Stock	724,439	724,439	$ 5.25	7.1
Non-Voting Common Stock	115,400	115,400	$ 10.05	8.0
Non-Voting Common Stock	1,791,667	393,793	$ 8.66	8.5
Non-Voting Common Stock	52,660	-	$ 9.75	9.0
Voting Common Stock	1,702,754	-	$ 14.00	9.5

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For periods prior to the IPO, management has estimated the fair value of each option grant on the date of grant using the minimum value method and the following assumptions: risk free interest rates of 4.02%, 2.95% and 3.07% in 2002, 2003 and 2004, respectively; expected dividend yields of 0.0%; and expected lives of five years. For periods after the IPO, management has estimated the fair value of each option grant using the Black-Scholes option pricing method and the following assumptions: risk free interest rate of 3.66%, expected dividend yield of 1.86%; estimated volatility of 30.0%, and expected lives of five years. Approximate fair values per share of options granted are as follows:

	2002	2003	2004
Common Stock	$0.95	$1.19	$3.69

Option valuation models require the input of highly subjective assumptions. Because changes in subjective input assumptions can significantly affect the fair value estimate, in management's opinion, existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Had compensation cost for the Stock Option Plans been determined based on the fair value at the grant dates consistent with the method described in SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income and earnings per share would have decreased to the following pro forma amounts, which may not be representative of that to be expected in future years (in thousands, except per share amounts):

	2002	2003	2004
Net income, as reported	$60,487	$39,037	$62,287
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	173	1,899	32
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(241)	(2,761)	(725)
Net income, pro forma	$60,419	$38,175	$61,594
Net income (loss) available to common stockholders, pro forma	$42,891	$ (4,866)	$61,594
Earnings (loss) per common share – basic:			
As reported and pro forma – Class L	$ 10.97	$ 10.26	$ 5.57
As reported – Common Stock	$ 0.10	$ (1.26)	$ 0.85
Pro forma – Common Stock	$ 0.10	$ (1.27)	$ 0.84
Earnings (loss) per common share – diluted:			
As reported and pro forma – Class L	$ 10.96	$ 10.25	$ 5.57
As reported – Common Stock	$ 0.09	$ (1.26)	$ 0.81
Pro forma – Common Stock	$ 0.09	$ (1.27)	$ 0.80

(9) CAPITAL STRUCTURE

Common Stock

DPI's common stock consists of Common Stock, which includes a non-voting and voting series, and Class L Common Stock, which is non-voting. In connection with the Company's IPO, the Class L Common Stock converted into Common Stock as more fully described below.

Before the merger described in Note 1, TISM's common stock consisted of Class A-1 common stock, Class A-2 common stock, Class A-3 common stock, and Class L Common Stock. Class A-1 common stock was voting common stock while Class A-2, A-3 and L were non-voting common stock. Prior to the IPO, a two-for-three stock split was consummated for each class of common stock. Further, each share of TISM's Class A-1, A-2 and A-3 common stock was converted into DPI Common Stock and each share of TISM's Class L Common Stock was converted into DPI Class L Common Stock. All options to purchase TISM Class A-3 common stock were converted into options to purchase the non-voting series of DPI Common Stock.

Class L Common Stock has preferential distribution rights over Common Stock whereby Class L stockholders are entitled to receive their original investment in the Class L Common Stock plus an additional 12% priority return compounded quarterly on their original investment amount before Common Stock holders have the right to participate in Company distributions. After the Class L preferential distributions rights are satisfied, the Common Stock and Class L stockholders participate in the earnings of the Company on a pro rata basis determined using the number of shares then outstanding. The Class L Common Stock is mandatorily convertible into Common Stock upon a public offering or upon a sale or transfer of at least 50% of the Company's Common Stock to an unaffiliated party. In connection with the IPO, 3,613,959 shares of Class L Common Stock was converted to 26,317,649 shares of Common Stock

As of January 2, 2005, authorized Common Stock consists of 160,000,000 voting shares and 10,000,000 non-voting shares. The share components of outstanding Common Stock at December 28, 2003 and January 2, 2005 are as follows:

	2003	2004
Voting	6,427,916	62,711,028
Non-Voting	26,278,050	5,975,557
Total Common Stock	32,705,966	68,686,585

Cumulative Preferred Stock

The cumulative preferred stock issued by the Company as part of the 1998 Recapitalization (the Preferred Stock) was redeemed in connection with the 2003 Recapitalization. The Preferred Stock had a liquidation value of $105.00 per share (Liquidation Value) and had no voting rights except as allowed by law. Dividends were cumulative and accrued at 11.5%, compounded semi-annually, and were payable semi-annually when declared by the Board of Directors. No dividends were declared prior to the 2003 Recapitalization. The Preferred Stock had a liquidation preference over the Company's common stock. The Preferred Stock was redeemable, during the first eleven years following the date of issuance, at the Company's option, at varying prices per share up to 111.5% of an amount equal to the Liquidation Value plus accrued and unpaid dividends. Prior to the 2003 Recapitalization, the Company was accreting the carrying value of the Preferred Stock to the Liquidation Value over the eleven-year period using the effective interest method. Accretion amounts totaled approximately $455,000 in 2002. In connection with the redemption of the Preferred Stock, the Company paid the holders of Preferred Stock an aggregate amount of $200.5 million. Accordingly, the Company recorded approximately $102.5 million in 2003, including $68.6 million of accumulated dividends declared in connection with the 2003 Recapitalization, to accrete the carrying value of the Preferred Stock to the redemption value.

(10) SEGMENT INFORMATION

The Company has three reportable segments as determined by management using the "management approach" as defined in SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information": (i) Domestic Stores, (ii) Domestic Distribution, and (iii) International. The Company's operations are organized by management on the combined bases of line of business and geography. The Domestic Stores segment includes operations with respect to all franchised and Company-owned stores throughout the contiguous United States. The Domestic Distribution segment primarily includes the distribution of food, equipment and supplies to the Domestic Stores segment from the Company's regional distribution centers. The International segment primarily includes operations related to the Company's franchising business in foreign and non-contiguous United States markets, its Company-owned store operations in the Netherlands and France and its distribution operations in Canada, France, the Netherlands, Alaska and Hawaii.

The accounting policies of the reportable segments are the same as those described in Note 1. The Company evaluates the performance of its segments and allocates resources to them based on earnings before interest, taxes, depreciation, amortization and other, referred to as Segment Income.

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DOMINO'S PIZZA, INC. AND SUBSIDIARIES

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The tables below summarize the financial information concerning the Company's reportable segments for 2002, 2003 and 2004. Intersegment Revenues are comprised of sales of food, equipment and supplies from the Domestic Distribution segment to the Company-owned stores in the Domestic Stores segment. Intersegment sales prices are market based. The "Other" column as it relates to Segment Income and income from operations information below primarily includes corporate administrative costs. In 2003, the "Other" column as it relates to Segment Income excludes $15.7 million of general and administrative costs, comprised of cash and non-cash compensation expenses, that were incurred in connection with the 2003 Recapitalization. In 2004, the "Other" column as it relates to Segment Income excludes $10.0 million of general and administrative costs that were incurred in connection with the Company's IPO relating to the fee paid to terminate the Company's management agreement with an affiliate. The "Other" column as it relates to capital expenditures primarily includes capitalized software and certain equipment and leasehold improvements. All amounts presented below are in thousands.

	Domestic Stores	Domestic Distribution	International	Intersegment Revenues	Other	Total
Revenues-						
2002	$517,200	$ 779,684	$ 81,762	$(103,666)	$ -	$1,274,980
2003	519,879	821,695	96,386	(104,638)	-	1,333,322
2004	537,488	902,413	116,983	(110,387)	-	1,446,497
Segment Income-						
2002	$137,626	$ 49,953	$ 25,910	N/A	$(24,227)	$ 189,262
2003	140,073	54,556	29,126	N/A	(21,055)	202,700
2004	145,387	57,044	34,510	N/A	(22,612)	214,329
Income from Operations-						
2002	$126,714	$ 43,155	$ 25,141	N/A	$(37,217)	$ 157,793
2003	127,082	45,946	28,117	N/A	(41,672)	159,473
2004	131,518	46,110	34,079	N/A	(40,328)	171,379
Capital Expenditures-						
2002	$ 26,218	$ 7,690	$ 722	N/A	$ 19,301	$ 53,931
2003	9,445	7,966	1,094	N/A	10,656	29,161
2004	4,713	8,616	3,532	N/A	22,902	39,763

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The following table reconciles Total Segment Income to consolidated income before provision for income taxes:

	2002	2003	2004
Total Segment Income	$189,262	$202,700	$214,329
Depreciation and amortization	(28,273)	(29,822)	(31,705)
Gains (losses) on sale/disposal of assets	(2,919)	2,606	(1,194)
Other non-cash stock compensation expense	(277)	(277)	(51)
Termination of management agreement	-	-	(10,000)
2003 Recapitalization expenses	-	(15,734)	-
Income from operations	157,793	159,473	171,379
Interest income	537	387	581
Interest expense	(60,321)	(74,678)	(61,068)
Other	(1,836)	(22,747)	(10,832)
Income before provision for income taxes	$ 96,173	$ 62,435	$100,060

The following table summarizes the Company’s identifiable asset information as of December 28, 2003 and January 2, 2005:

	2003	2004
Domestic Stores	$103,967	$ 93,742
Domestic Distribution	106,476	114,226
Total domestic assets	210,443	207,968
International	26,597	34,688
Unallocated	215,074	204,691
Total consolidated assets	$452,114	$447,347

Unallocated assets primarily include cash and cash equivalents, advertising fund assets, investments in marketable securities, deferred financing costs, certain long-lived assets, deferred income taxes and assets relating to the fair value of derivatives.

The following table summarizes the Company’s goodwill balance as of December 28, 2003 and January 2, 2005:

	2003	2004
Domestic Stores	$21,197	$20,090
Domestic Distribution	1,067	1,067
International	1,168	1,798
Consolidated goodwill	$23,432	$22,955

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DOMINO'S PIZZA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

(11) PERIODIC FINANCIAL DATA (Unaudited; in thousands, except per share amounts)

The Company's convention with respect to reporting periodic financial data is such that each of the first three fiscal quarters consists of twelve weeks while the last fiscal quarter consists of sixteen weeks or seventeen weeks. The fourth quarter of 2003 is comprised of sixteen weeks while the fourth quarter of 2004 is comprised of seventeen weeks.

	For the Fiscal Quarter Ended				For the Fiscal Year Ended
	March 23, 2003	June 15, 2003	September 7, 2003	December 28, 2003	December 28, 2003
Total revenues	$ 312,252	$295,216	$ 292,848	$ 433,006	$ 1,333,322
Income (loss) before provision for income taxes	28,985	28,211	(28,862)	34,101	62,435
Net income (loss)	18,261	17,486	(18,038)	21,328	39,037
Earnings (loss) per common share – basic:					
Class L	$ 2.74	$ 3.10	$ 2.31	$ 2.64	$ 10.26
Common Stock	$ 0.12	$ 0.05	$ (1.85)	$ 0.33	$ (1.26)
Earnings (loss) per common share – diluted:					
Class L	$ 2.74	$ 3.09	$ 2.31	$ 2.64	$ 10.25
Common Stock	$ 0.11	$ 0.05	$ (1.85)	$ 0.33	$ (1.26)

	For the Fiscal Quarter Ended				For the Fiscal Year Ended
	March 21, 2004	June 13, 2004	September 5, 2004	January 2, 2005	January 2, 2005
Total revenues	$ 318,754	$324,236	$ 324,978	$ 478,529	$ 1,446,497
Income before provision for income taxes	29,572	25,513	1,573	43,402	100,060
Net income	18,408	15,882	979	27,018	62,287
Earnings (loss) per common share – basic:					
Class L	$ 2.49	$ 2.57	$ 0.50	N/A	$ 5.57
Common Stock	$ 0.29	$ 0.20	$ (0.02)	$ 0.39	$ 0.85
Earnings (loss) per common share – diluted:					
Class L	$ 2.49	$ 2.57	$ 0.50	N/A	$ 5.57
Common Stock	$ 0.26	$ 0.18	$ (0.02)	$ 0.38	$ 0.81

Report of Independent Registered Public Accounting Firm

To the Board of Directors
Domino's, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of comprehensive income, of stockholder's deficit and of cash flows present fairly, in all material respects, the financial position of Domino's, Inc. and its subsidiaries (the "Company") at December 28, 2003 and January 2, 2005, and the results of their operations and their cash flows for each of the three years in the period ended January 2, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PRICEWATERHOUSECOOPERS LLP

Detroit, Michigan
February 23, 2005.

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DOMINO'S, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

ASSETS	December 28, 2003	January 2, 2005
CURRENT ASSETS:		
Cash and cash equivalents	$ 46,266	$ 40,396
Accounts receivable, net of reserves of $3,869 in 2003 and $4,726 in 2004	64,571	73,138
Inventories	19,480	21,505
Notes receivable, net of reserves of $291 in 2003 and $1,099 in 2004	3,785	1,763
Prepaid expenses and other	16,040	13,555
Advertising fund assets, restricted	30,544	32,817
Deferred income taxes	5,730	6,317
Total current assets	186,416	189,491
PROPERTY, PLANT AND EQUIPMENT:		
Land and buildings	21,849	23,241
Leasehold and other improvements	61,433	74,922
Equipment	158,286	159,462
Construction in progress	6,133	6,114
	247,701	263,739
Accumulated depreciation and amortization	120,634	126,856
Property, plant and equipment, net	127,067	136,883
OTHER ASSETS:		
Investments in marketable securities, restricted	4,155	5,000
Notes receivable, less current portion, net of reserves of $1,840 in 2003 and $1,096 in 2004	1,813	1,413
Deferred financing costs, net of accumulated amortization of $846 in 2003 and $3,503 in 2004	18,847	13,411
Goodwill	23,432	22,955
Capitalized software, net of accumulated amortization of $26,936 in 2003 and $33,369 in 2004	27,197	24,079
Other assets, net of accumulated amortization of $2,087 in 2003 and $1,754 in 2004	11,020	14,419
Deferred income taxes	52,042	39,696
Total other assets	138,506	120,973
Total assets	$ 451,989	$ 447,347

The accompanying notes are an integral part of these consolidated balance sheets.

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DOMINO'S, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Continued)
(In thousands, except share and per share amounts)

LIABILITIES AND STOCKHOLDER'S DEFICIT	December 28, 2003	January 2, 2005
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 18,572	$ 25,295
Accounts payable	56,928	55,350
Accrued compensation	25,315	25,852
Accrued interest	17,217	10,672
Insurance reserves	9,432	9,778
Advertising fund liabilities	30,544	32,817
Other accrued liabilities	29,795	29,898
Total current liabilities	187,803	189,662
LONG-TERM LIABILITIES:		
Long-term debt, less current portion	941,165	755,405
Insurance reserves	15,941	18,039
Other accrued liabilities	25,169	34,116
Total long-term liabilities	982,275	807,560
Total liabilities	1,170,078	997,222
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDER'S DEFICIT:		
Common stock, par value $0.01 per share; 3,000 shares authorized; 10 shares issued and outstanding	-	-
Additional paid-in capital	124,210	248,625
Retained deficit	(842,308)	(804,809)
Deferred stock compensation	-	(202)
Accumulated other comprehensive income	9	6,511
Total stockholder's deficit	(718,089)	(549,875)
Total liabilities and stockholder's deficit	$ 451,989	$ 447,347

The accompanying notes are an integral part of these consolidated balance sheets.

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DOMINO'S, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In thousands)

	For the Years Ended		
	December 29, 2002	December 28, 2003	January 2, 2005
REVENUES:			
Domestic Company-owned stores	$ 376,533	$ 375,421	$ 382,458
Domestic franchise	140,667	144,458	155,030
Domestic distribution	676,018	717,057	792,026
International	81,762	96,386	116,983
Total revenues	1,274,980	1,333,322	1,446,497
COST OF SALES:			
Domestic Company-owned stores	294,951	302,009	313,586
Domestic distribution	604,401	643,621	718,937
International	46,403	52,072	60,293
Total cost of sales	945,755	997,702	1,092,816
OPERATING MARGIN	329,225	335,620	353,681
GENERAL AND ADMINISTRATIVE	171,155	176,462	182,302
INCOME FROM OPERATIONS	158,070	159,158	171,379
INTEREST INCOME	537	386	556
INTEREST EXPENSE	(60,321)	(74,678)	(61,068)
OTHER	(1,836)	(22,747)	(10,832)
INCOME BEFORE PROVISION FOR INCOME TAXES	96,450	62,119	100,035
PROVISION FOR INCOME TAXES	35,789	23,295	37,773
NET INCOME	$ 60,661	$ 38,824	$ 62,262

The accompanying notes are an integral part of these consolidated statements.

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DOMINO'S, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	For the Years Ended		
	December 29, 2002	December 28, 2003	January 2, 2005
NET INCOME	$ 60,661	$ 38,824	$ 62,262
OTHER COMPREHENSIVE INCOME (LOSS), BEFORE TAX:			
Currency translation adjustment	1,082	1,704	1,531
Unrealized gains (losses) on derivative instruments	(10,241)	(1,856)	5,141
Reclassification adjustment for losses included in net income	5,389	6,300	2,828
	(3,770)	6,148	9,500
TAX ATTRIBUTES OF ITEMS IN OTHER COMPREHENSIVE INCOME (LOSS)	1,795	(1,628)	(2,998)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(1,975)	4,520	6,502
COMPREHENSIVE INCOME	$ 58,686	$ 43,344	$ 68,764

The accompanying notes are an integral part of these consolidated statements.

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DOMINO'S, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S DEFICIT
(In thousands, except share data)

	Common Stock					Accumulated Other Comprehensive Income (Loss)	
	Shares	Amount	Additional Paid-in Capital	Retained Deficit	Deferred Stock Compensation	Currency Translation Adjustment	Fair Value of Derivative Instruments
BALANCE AT DECEMBER 30, 2001	10	$ -	$ 120,202	$(542,540)	$ -	$ (611)	$ (1,925)
Net income	-	-	-	60,661	-	-	-
Capital contribution	-	-	521	-	-	-	-
Distributions to Parent	-	-	-	(9,914)	-	-	-
Currency translation adjustment	-	-	-	-	-	1,082	-
Unrealized losses on derivative instruments, net of tax	-	-	-	-	-	-	(6,452)
Reclassification adjustment for losses on derivative instruments included in net income, net of tax	-	-	-	-	-	-	3,395
BALANCE AT DECEMBER 29, 2002	10	-	120,723	(491,793)	-	471	(4,982)
Net income	-	-	-	38,824	-	-	-
Distributions to Parent	-	-	-	(389,339)	-	-	-
Tax benefit related to the exercise of Parent stock options	-	-	134	-	-	-	-
Non-cash compensation expense	-	-	3,353	-	-	-	-
Currency translation adjustment	-	-	-	-	-	1,704	-
Unrealized losses on derivative instruments, net of tax	-	-	-	-	-	-	(1,121)
Reclassification adjustment for losses on derivative instruments included in net income, net of tax	-	-	-	-	-	-	3,937
BALANCE AT DECEMBER 28, 2003	10	-	124,210	(842,308)	-	2,175	(2,166)
Net income	-	-	-	62,262	-	-	-
Capital contribution	-	-	122,886	-	-	-	-
Distributions to Parent	-	-	-	(24,763)	-	-	-
Tax benefit related to the exercise of Parent stock options	-	-	1,276	-	-	-	-
Deferred stock compensation relating to Parent stock options	-	-	253	-	(253)	-	-
Amortization of deferred stock compensation	-	-	-	-	51	-	-
Currency translation adjustment	-	-	-	-	-	1,531	-
Unrealized gains on derivative instruments, net of tax	-	-	-	-	-	-	3,207
Reclassification adjustment for losses on derivative instruments included in net income, net of tax	-	-	-	-	-	-	1,764
BALANCE AT JANUARY 2, 2005	10	$ -	$ 248,625	$(804,809)	$ (202)	$ 3,706	$ 2,805

The accompanying notes are an integral part of these consolidated statements.

DOMINO’S, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years Ended		
	December 29, 2002	December 28, 2003	January 2, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 60,661	$ 38,824	$ 62,262
Adjustments to reconcile net income to net cash provided by operating activities-			
Depreciation and amortization	28,273	29,822	31,705
Provision (benefit) for losses on accounts and notes receivable	(441)	(212)	1,440
(Gains) losses on sale/disposal of assets	2,919	(2,606)	1,194
Provision for deferred income taxes	12,271	7,696	8,761
Amortization of deferred financing costs and debt discount	9,966	20,756	7,808
Non-cash compensation expense	-	3,353	51
Changes in operating assets and liabilities-			
Increase in accounts receivable	(2,252)	(7,393)	(8,823)
Decrease (increase) in inventories, prepaid expenses and other	(1,196)	981	913
Increase (decrease) in accounts payable and accrued liabilities	(13,397)	7,576	5,676
Increase in insurance reserves	7,263	4,411	2,444
Net cash provided by operating activities	104,067	103,208	113,431
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(53,931)	(29,161)	(39,763)
Proceeds from sale of property, plant and equipment	719	1,101	834
Acquisitions of franchise operations	(22,157)	(200)	(515)
Repayments of notes receivable, net	3,247	10,423	2,556
Other, net	108	(1,727)	618
Net cash used in investing activities	(72,014)	(19,564)	(36,270)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	365,000	1,010,090	92
Repayments of long-term debt and capital lease obligation	(417,736)	(662,492)	(180,708)
Cash paid for financing costs	(3,636)	(21,142)	(1,254)
Distributions to Parent	(9,914)	(389,339)	(24,763)
Capital contribution	521	-	122,886
Net cash used in financing activities	(65,765)	(62,883)	(83,747)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	128	178	716
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,584)	20,939	(5,870)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	58,911	25,327	46,266
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 25,327	$ 46,266	$ 40,396

The accompanying notes are an integral part of these consolidated statements.

DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Domino's, Inc. (Domino's), a Delaware corporation, conducts its operations and derives substantially all of its operating income and cash flows through its wholly-owned subsidiary, Domino's Pizza LLC. Domino's is a wholly-owned subsidiary of Domino's Pizza, Inc. (the Parent). Domino's and its wholly-owned subsidiaries (collectively, the Company) are primarily engaged in the following business activities: (i) retail sales of food through Company-owned Domino's Pizza stores, (ii) sales of food, equipment and supplies to Company-owned and franchised Domino's Pizza stores through Company-owned distribution centers, and (iii) receipt of royalties from domestic and international Domino's Pizza franchisees.

Initial Public Offering of Common Stock

The Parent completed an initial public offering of its common stock on July 16, 2004 (the IPO). As part of the IPO, the Parent issued and sold 9,375,000 shares of common stock resulting in proceeds to the Parent, net of underwriting discount, of approximately $122.3 million. These net proceeds were contributed to the Company. Existing Parent stockholders concurrently sold 14,846,929 shares of common stock. The Parent and the Company did not receive any proceeds from the sale of shares by the selling stockholders. As part of the IPO, the Company used primary proceeds to repay $109.1 million in debt, and used funds generated from operations to terminate the Company's management agreement with an affiliate of a Parent stockholder and pay in full outstanding contingent notes payable.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Domino's and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Fiscal Year

The Company's fiscal year ends on the Sunday closest to December 31. The 2002 fiscal year ended December 29, 2002; the 2003 fiscal year ended December 28, 2003; and the 2004 fiscal year ended January 2, 2005. The 2002 and 2003 fiscal years consist of fifty-two weeks, while the 2004 fiscal year consists of fifty-three weeks.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with maturities of three months or less at the date of purchase. These investments are carried at cost, which approximates fair value.

DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Inventories

Inventories are valued at the lower of cost (on a first-in, first-out basis) or market.

Inventories at December 28, 2003 and January 2, 2005 are comprised of the following (in thousands):

	2003	2004
Food	$15,886	$18,437
Equipment and supplies	3,594	3,068
Inventories	$19,480	$21,505

Notes Receivable

During the normal course of business, the Company may provide financing to franchisees in the form of notes. Notes receivable generally require monthly payments of principal and interest, or monthly payments of interest only, generally ranging from 10% to 12%, with balloon payments of the remaining principal due one to ten years from the original issuance date. Such notes are generally secured by the related assets or business. The carrying amounts of these notes approximate fair value.

Other Assets

Current and long-term other assets primarily include prepaid expenses such as insurance and taxes, deposits, investments in international franchisees, covenants not-to-compete and other intangible assets primarily arising from franchise acquisitions, and assets relating to the fair value of derivatives. Amortization expense for financial reporting purposes is provided using the straight-line method over the useful lives for covenants not-to-compete and other intangible assets and was approximately $227,000, $829,000 and $549,000 in 2002, 2003 and 2004, respectively. As of January 2, 2005, scheduled amortization for the next five fiscal years is approximately $527,000, $505,000, $398,000, $380,000 and $336,000 for 2005, 2006, 2007, 2008 and 2009, respectively.

Property, Plant and Equipment

Additions to property, plant and equipment are recorded at cost. Repair and maintenance costs are expensed as incurred. Depreciation and amortization expense for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives, other than the estimated useful life of the capital lease asset as described below, are generally as follows (in years):

Buildings	20
Leasehold and other improvements	10 -15
Equipment	3- 12

Included in land and buildings as of December 28, 2003 and January 2, 2005 is a net capital lease asset of approximately $6.1 million and $5.7 million, respectively, related to the lease of a distribution center building. This capital lease asset is being amortized using the straight-line method over the fifteen-year lease term.

Depreciation and amortization expense on property, plant and equipment was approximately $19.5 million, $22.9 million and $24.6 million in 2002, 2003 and 2004, respectively.

Impairments of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the Company evaluates the potential impairment of long-lived assets based on various analyses including the projection of undiscounted cash flows, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. For Company-owned stores, the Company performs this evaluation on an operating market basis, which the Company has determined to be the lowest level for which identifiable cash flows are largely independent of other cash flows. If the carrying amount of a long-lived asset exceeds the amount of the expected future undiscounted cash flows of that asset, an impairment loss is recognized and the asset is written down to its estimated fair value. No long-lived asset impairment losses have been recognized in 2002, 2003 or 2004.

Investments in Marketable Securities

Investments in marketable securities consist of investments in various funds made by eligible individuals as part of the Company's deferred compensation plan (Note 5). These investments are stated at aggregate fair value, are restricted and have been placed in a rabbi trust whereby the amounts are irrevocably set aside to fund the Company's obligations under the deferred compensation plan. The Company classifies these investments in marketable securities as trading and accounts for them in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities".

Deferred Financing Costs

Deferred financing costs include debt issuance costs primarily incurred by the Company as part of the 2003 Recapitalization (Note 2). Amortization is provided using the effective interest rate method over the terms of the respective debt instruments to which the costs relate and is included in interest expense.

In connection with the 2002 Agreement (Note 2), the 2003 Recapitalization and the IPO, the Company expensed financing costs of approximately $4.5 million, $15.6 million and $3.1 million, respectively. Amortization of deferred financing costs, including the aforementioned amounts, was approximately $10.0 million, $20.6 million and $6.7 million in 2002, 2003 and 2004, respectively.

Goodwill

The Company's goodwill amounts primarily relate to franchise store acquisitions and, in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", are not amortized. For impairment testing purposes, the Company has determined its reporting units to be its operating segments. The Company has performed its required impairment tests, which are completed in the fourth quarter of each fiscal year, and has not recognized any significant goodwill impairment charges in 2002, 2003 or 2004.

During 2002, the Company purchased the assets related to 83 Domino's Pizza stores (the Arizona Stores) from its former franchisee in Arizona using funds generated from operations. The Company paid approximately $21.5 million to acquire the related assets, resulting in approximately $10.6 million of goodwill. This goodwill is expected to be deductible for tax purposes. The results of the Arizona Stores' operations have been included in the Domestic Stores (Note 9) segment in the consolidated financial statements since the acquisition.

Capitalized Software

Capitalized software is recorded at cost and includes purchased, internally-developed and externally-developed software used in the Company's operations. Amortization expense for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the software, which range from two to seven years. During 2002, the Company expensed approximately $5.3 million of certain capitalized software costs which is included in general and administrative expense as a loss on disposal of assets. Capitalized software amortization expense was approximately $8.5 million, $6.1 million and $6.6 million in 2002, 2003 and 2004, respectively. As of January 2, 2005, scheduled amortization for the next five fiscal years is approximately $6.0 million, $4.4 million, $3.9 million, $3.8 million and $1.4 million for 2005, 2006, 2007, 2008 and 2009, respectively.

Insurance Reserves

The Company is partially self-insured for workers' compensation, general liability and owned and non-owned automobile liabilities for certain periods prior to December 1998 and for periods after December 2001. The Company is generally responsible for up to $1.0 million per occurrence under these retention programs for workers' compensation and general liability exposures. The Company is also generally responsible for between $500,000 and $3.0 million per occurrence under these retention programs for owned and non-owned automobile liabilities. Total insurance limits under these retention programs vary depending on the year covered and range up to $108.0 million per occurrence for general liability and owned and non-owned automobile liabilities and up to the applicable statutory limits for workers' compensation.

Insurance reserves relating to our retention programs are determined using actuarial estimates from an independent third party actuary. These estimates are based on historical information along with certain assumptions about future events. Changes in assumptions for such factors as medical costs and legal actions, as well as changes in actual experience, could cause these estimates to change in the near term. The Company receives an annual estimate of outstanding insurance exposures from its independent actuary and differences between these estimated actuarial exposures and the Company's recorded amounts are adjusted as appropriate. In management's opinion, the insurance reserves at December 28, 2003 and January 2, 2005 are sufficient to cover related losses.

Other Accrued Liabilities

Current and long-term other accrued liabilities primarily include accruals for sales, income and other taxes, legal matters, marketing and advertising expenses, store operating expenses, deferred compensation liabilities and, in 2003, liabilities relating to the fair value of derivatives.

Foreign Currency Translation

The Company's foreign entities use their local currency as the functional currency, in accordance with the provisions of SFAS No. 52, "Foreign Currency Translation." Where the functional currency is the local currency, the Company translates net assets into U.S. dollars at yearend exchange rates, while income and expense accounts are translated at average annual exchange rates. Currency translation adjustments are included in accumulated other comprehensive income (loss) and foreign currency transaction gains and losses are included in determining net income.

Revenue Recognition

Domestic Company-owned stores revenues are comprised of retail sales of food through Company-owned Domino's Pizza stores located in the contiguous United States and are recognized when the items are delivered to or carried out by customers.

Domestic franchise revenues are primarily comprised of royalties from Domino's Pizza franchisees with operations in the contiguous United States. Royalty revenues are recognized when the items are delivered to or carried out by franchise customers.

Domestic distribution revenues are primarily comprised of sales of food, equipment and supplies to franchised Domino's Pizza stores located in the contiguous United States. Revenues from the sales of food are recognized upon delivery of the food to franchisees, while revenues from the sales of equipment and supplies are generally recognized upon shipment of the related products to franchisees.

International revenues are primarily comprised of sales of food to, and royalties from, foreign, Alaskan and Hawaiian Domino's Pizza franchisees, as well as retail sales of food through Company-owned stores in the Netherlands and France. These revenues are recognized consistently with the policies applied for revenues generated in the contiguous United States.

Distribution Profit-Sharing Arrangements

The Company enters into profit-sharing arrangements with Domestic Stores that purchase all of their food from Company-owned distribution centers. These profit-sharing arrangements generally provide participating stores with 50% of their regional distribution center's pre-tax profits based upon each store's purchases from the distribution center. Profit-sharing obligations are recorded as a revenue reduction in the Domestic Distribution (Note 9) segment in the same period as the related revenues and costs are recorded, and were $40.9 million in 2002 and $41.6 million in each of 2003 and 2004.

Advertising

Advertising costs are expensed as incurred. Advertising expense, which relates primarily to Company-owned stores, was approximately $36.0 million, $36.6 million and $37.0 million during 2002, 2003 and 2004, respectively.

Domestic Stores are required to contribute a certain percentage of sales to the Domino's National Advertising Fund, Inc. (DNAF), a not-for-profit subsidiary that administers the Domino's Pizza system's national and market level advertising activities. Included in advertising expense were national advertising contributions from Company-owned stores to DNAF of approximately $11.3 million in each of 2002 and 2003 and $11.4 million in 2004. DNAF also received national advertising contributions from franchisees of approximately $76.5 million, $77.7 million and $83.0 million during 2002, 2003 and 2004, respectively. Franchisee contributions and offsetting expenses are presented net in the accompanying statements of income.

DNAF assets, consisting primarily of cash received from franchisees and accounts receivable from franchisees, can only be used for activities that promote the Domino's Pizza brand. Accordingly, all assets held by the DNAF are considered restricted.

Rent

The Company leases certain equipment, vehicles, retail store and distribution center locations and its corporate headquarters under operating leases, with expiration dates through 2019. During 2004, the Company corrected its accounting for leases to conform the lease terms used in calculating straight-line rent expense to the terms used to amortize related leasehold improvements. This correction resulted in the acceleration of rent expense under certain leases that contain fixed escalations in rental payments. The rent expense adjustment related to this correction was approximately $2.8 million and was recognized in the fourth quarter of 2004. Rent expenses, including the aforementioned adjustment, totaled approximately $37.5 million, $38.3 million and $43.9 million during 2002, 2003 and 2004, respectively.

Distributions

During the normal course of business, the Company may make discretionary distributions to the Parent.

During 2002, the Company distributed approximately $9.9 million to the Parent, which primarily used the proceeds to repurchase Parent stock as part of the Arizona Stores acquisition.

During 2003, and in connection with the 2003 Recapitalization, the Company distributed approximately $388.9 million to the Parent, which used the proceeds to redeem its preferred stock and pay a dividend on its common stock.

During 2004, the Company distributed approximately $24.8 million to the Parent, which primarily used the proceeds to repay contingent notes payable, pay fees associated with its IPO and pay a dividend on its common stock.

Derivative Instruments

The Company accounts for its derivative instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", and related Statements which require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

The Company has entered into two interest rate derivative agreements to effectively convert the variable LIBOR component of the effective interest rate on a portion of the Company's term loan debt to various fixed rates, in an effort to reduce the impact of interest rate changes on income. The Company has designated these agreements as cash flow hedges. The Company has also entered into two interest rate derivative agreements to effectively convert the fixed interest rate component of the Company's senior subordinated debt to variable LIBOR rates over the term of the related debt. The Company has designated these agreements as fair value hedges. The Company has determined that no ineffectiveness exists related to these derivatives. Related gains and losses upon settlement of these derivatives are recorded in interest expense.

These agreements are summarized as follows:

Derivative	Total Notional Amount	Term	Company Pays	Counterparty Pays
Interest Rate Swap	$75.0 million	August 2002 – June 2005	3.25%	LIBOR
Interest Rate Swap	$50.0 million	August 2003 – July 2011	LIBOR plus 319 basis points	8.25%
Interest Rate Swap	$50.0 million	August 2003 – July 2011	LIBOR plus 324 basis points	8.25%
Interest Rate Swap	$300.0 million	June 2004 – June 2005	1.62%	LIBOR

The Company also entered into an additional interest rate derivative agreement effectively converting the LIBOR component on a portion of its term loan debt to a fixed rate. This derivative agreement has an initial notional amount of $350.0 million, begins in June 2005, ends in June 2007 and fixes the Company's interest rate at 3.21% while the counterparty pays a variable LIBOR rate.

At December 28, 2003, the fair value of the Company's cash flow hedges is a net liability of approximately $3.4 million, of which $3.1 million is included in current other accrued liabilities and $320,000 is included in long-term other accrued liabilities. At January 2, 2005, the fair value of the Company's cash flow hedges is a net asset of approximately $4.5 million, of which $1.7 million is included in prepaid expenses and other and $2.8 million is included in long-term other assets.

At December 28, 2003, the fair value of the Company's fair value hedges is a net asset of approximately $3.6 million, of which $3.1 million is included in prepaid expenses and other and $536,000 is included in long-term other assets. At January 2, 2005, the fair value of the Company's fair value hedges is a net asset of approximately $4.0 million, of which $1.6 million is included in prepaid expenses and other and $2.4 million is included in long-term other assets.

Stock Options

The Company accounts for stock-based compensation using the intrinsic method prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations.

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123R (revised 2004), "Share-Based Payments" (SFAS 123R). SFAS 123R requires that the cost of all employee stock options, as well as other equity-based compensation arrangements, be reflected in the financial statements based on the estimated fair value of the awards. The Company is required to adopt SFAS 123R in the first interim period beginning after June 15, 2005, which for the Company is the third fiscal quarter of 2005. The Company is assessing SFAS 123R and has not determined the impact that adoption of SFAS 123R will have on its results of operations.

In December 2003, the FASB issued a revised interpretation of FASB Interpretation 46, "Consolidation of Variable Interest Entities - - an Interpretation of ARB No. 51" (FIN 46R). FIN 46R requires the consolidation of a variable interest entity by an enterprise if the enterprise is determined to be the primary beneficiary, as defined in FIN 46R. The Company adopted FIN 46R during 2004 and its adoption did not have a material effect on the Company's results of operations or financial condition.

Supplemental Disclosures of Cash Flow Information

The Company paid interest of approximately $51.8 million, $49.6 million and $59.8 million during 2002, 2003 and 2004, respectively. Cash paid for income taxes was approximately $24.0 million, $21.1 million and $23.2 million in 2002, 2003 and 2004, respectively.

The Company financed the sale of certain Company-owned stores to franchisees with notes totaling approximately $811,000 during 2002, including $450,000 of notes to a former minority Parent stockholder.

During 2003, the Company entered into a capital lease for one of its distribution center buildings. In connection with this lease, the Company originally recorded a $6.2 million capital lease asset and offsetting lease liability.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts from fiscal 2002 and 2003 have been reclassified to conform to the fiscal 2004 presentation.

(2) FINANCING ARRANGEMENTS

At December 28, 2003 and January 2, 2005, consolidated long-term debt consisted of the following (in thousands):

	2003	2004
2003 Agreement – Term Loan	$538,013	$498,013
Other borrowings	437	410
Capital lease obligation	6,152	5,929
Senior subordinated notes due 2009, 10 3/8%	11,234	-
Senior subordinated notes due 2011, 8 1/4%, net of a $2.7 million and $1.6 million unamortized discount in 2003 and 2004, respectively	400,286	272,303
Total debt	956,122	776,655
Less– current portion	18,572	25,295
Total long-term debt	937,550	751,360
Assets relating to fair value derivatives	3,615	4,045
Consolidated long-term debt	$941,165	$755,405

2002 Agreement

On July 29, 2002, the Company entered into a credit agreement (the 2002 Agreement) with a consortium of banks and used the proceeds to repay borrowings outstanding under a previous credit agreement. The 2002 Agreement provided a $365.0 million term loan and a $100.0 million revolving credit facility.

2003 Recapitalization

On June 25, 2003, the Company consummated a recapitalization transaction (the 2003 Recapitalization) whereby the Company (i) issued and sold $403.0 million aggregate principal amount at maturity of 8 1/4% senior subordinated notes due 2011 (the 2011 Notes) at a discount resulting in gross proceeds of approximately $400.1 million, and (ii) borrowed $610.0 million in term loans and secured a $125.0 million revolving credit facility with a consortium of banks (collectively, the 2003 Agreement).

The Parent and the Company used the proceeds from the 2011 Notes and the 2003 Agreement as well as cash from operations to (i) retire all of the Company's outstanding 10 3/8% senior subordinated notes that were tendered, (ii) repay all amounts outstanding under and cancel the 2002 Agreement, (iii) redeem all of the Parent's outstanding preferred stock, (iv) pay a $188.3 million dividend on outstanding Parent common stock and (v) pay related transaction fees and expenses.

2003 Agreement

The 2003 Agreement provides the following credit facilities: a term loan (the Term Loan) and a revolving credit facility (the Revolver). The aggregate borrowings available under the 2003 Agreement are $735.0 million: $610.0 million under the Term Loan and $125.0 million under the Revolver. The Term Loan was initially fully borrowed. The 2003 Agreement has been amended primarily to obtain more favorable Term Loan interest rate margins, to amend the principal amortization schedule and to allow for the repayment of a portion of the 2011 Notes as part of the IPO in lieu of a required payment under the Term Loan.

Borrowings under the Term Loan bear interest, payable at least quarterly, at either (i) the higher of (a) the prime rate (5.25% at January 2, 2005) or (b) 0.50% above the Federal Reserve reported overnight funds rate, each plus an applicable margin of 0.75%, or (ii) LIBOR (2.56% at January 2, 2005) plus an applicable margin of 1.75%. At January 2, 2005, the Company's borrowing rate was 4.31% for Term Loan borrowings and all borrowings under the Term Loan were under a LIBOR contract with an interest period of 90 days. As of January 2, 2005, the 2003 Agreement requires no Term Loan principal payments in 2005 and principal payments totaling $4.8 million, $3.6 million, $4.8 million, $6.0 million, and $453.9 million in 2006, 2007, 2008, 2009 and 2010, respectively. The timing of the Company's required payments under the 2003 Agreement may change based upon voluntary prepayments and generation of excess cash, as defined. The final scheduled principal payment on the outstanding borrowings under the Term Loan is due in June 2010.

Borrowings under the Revolver (excluding letters of credit) bear interest, payable at least quarterly, at either (i) the higher of (a) the prime rate or (b) 0.50% above the Federal Reserve reported overnight funds rate, each plus an applicable margin of between 1.25% to 2.00%, or (ii) LIBOR plus an applicable margin of between 2.25% to 3.00%, with margins determined based upon the Parent's ratio of indebtedness to EBITDA, as defined. The Company also pays a 0.50% commitment fee on the unused portion of the Revolver. The Company may use up to $60.0 million of the Revolver for letter of credit advances. The fee for letter of credit amounts outstanding ranges from 2.375% to 3.125%. At January 2, 2005, the fee for letter of credit amounts outstanding was 2.875%. At January 2, 2005, there are $99.5 million in available borrowings under the Revolver, with $25.5 million of letters of credit outstanding. The Revolver expires in June 2009. All outstanding borrowings under the Revolver are due in June 2009.

Borrowings under the 2003 Agreement are guaranteed by the Parent, are jointly and severally guaranteed by most of Domino's domestic subsidiaries and one foreign subsidiary, and substantially all of the assets of the Company are pledged as collateral.

The 2003 Agreement contains certain financial and non-financial covenants that, among other restrictions, require the maintenance of certain financial ratios related to interest coverage and leverage. The 2003 Agreement also restricts the Company's ability to incur additional indebtedness, make investments, use assets as security in other transactions and sell certain assets or merge with or into other companies. Additionally, upon a public offering of stock, the Company is required to pay down the Term Loan in an amount equal to 50% of the net proceeds of such offering.

2011 Notes

The 2011 Notes require semi-annual interest payments, beginning January 1, 2004. Before July 1, 2007, the Company may, at a price above par, redeem all, but not part, of the 2011 Notes if a change in control occurs, as defined in the 2011 Notes. Beginning July 1, 2007, the Company may redeem some or all of the 2011 Notes at fixed redemption prices, ranging from 104.125% of par in 2007 to 100% of par in 2009 through maturity. In the event of a change in control, as defined, the Company will be obligated to repurchase the 2011 Notes tendered at the option of the holders at a fixed price. Upon a public stock offering, the Company may use net proceeds from such offering to repurchase and retire up to 40% of the aggregate principal amount of the 2011 Notes, provided that at least 60% of the original principal amount of the 2011 Notes remains outstanding immediately following such repurchase. During 2004, the Company repaid $109.1 million of 2011 Notes principal amount using net proceeds from the IPO. The 2011 Notes are guaranteed by most of Domino's domestic subsidiaries and one foreign subsidiary and are subordinated in right of payment to all existing and future senior debt of the Company.

The indenture related to the 2011 Notes restricts the Company from, among other restrictions, incurring additional indebtedness or issuing preferred stock, with certain specified exceptions, unless a minimum fixed charge coverage ratio is met. The Company may pay dividends and make other restricted payments so long as such payments in total do not exceed 50% of the Parent's cumulative net income from December 30, 2002 to the payment date plus the net proceeds from any capital contributions or the sale of equity interests.

As of January 2, 2005, management estimates the fair value of the 2011 Notes to be approximately $304.0 million. The carrying amounts of the Company's other debt approximate fair value.

Other

As defined in the 2003 Agreement, an amount not to exceed $75.0 million was made available for the early retirement of 2011 Notes. The Company may also use this basket to repurchase and retire common stock in an amount not to exceed $32.5 million. As of January 2, 2005, $55.0 million of this basket remains for future repurchases of 2011 Notes or common stock. Certain amounts were also available for early retirement of senior subordinated notes under the Company's previous credit agreements. In 2002, 2003 and 2004, the Company retired $20.6 million, $20.5 million and $20.0 million, respectively, of its senior subordinated notes through open market transactions using funds generated from operations. These retirements resulted in losses of approximately $1.8 million, $2.3 million and $1.8 million in 2002, 2003 and 2004, respectively, due to purchase prices in excess of carrying value. Additionally, as part of the 2003 Recapitalization, the Company recorded a $20.4 million loss relating to the repurchase and retirement, at a premium, of $206.7 million principal amount of outstanding 10 3/8% senior subordinated notes. As part of the IPO, the Company also recorded a $9.0 million loss relating to the repurchase and retirement, at a premium, of $109.1 million principal amount of 2011 Notes. These amounts are included in other expense in the accompanying statements of income.

At January 2, 2005, maturities of long-term debt and capital lease obligation are as follows, which exclude the $1.6 million unamortized discount on the 2011 Notes and the $4.0 million asset related to fair value derivatives and classifies as current $25.0 million of voluntary term loan payments made in early 2005 (in thousands):

2005	$ 25,295
2006	5,130
2007	3,932
2008	5,154
2009	6,365
Thereafter	732,376
	$778,252

(3) COMMITMENTS AND CONTINGENCIES

Lease Commitments

As of January 2, 2005, the future minimum rental commitments for all non-cancelable leases, which include approximately $47.3 million in commitments to related parties, are as follows (in thousands):

	Operating Leases	Capital Lease	Total
2005	$ 35,837	$ 736	$ 36,573
2006	29,324	736	30,060
2007	24,860	736	25,596
2008	20,697	736	21,433
2009	16,171	736	16,907
Thereafter	52,530	6,322	58,852
Total future minimal rental commitments	$ 179,419	10,002	$189,421
Less – amounts representing interest		(4,073)	
Total principal payable on capital lease		$ 5,929	

Legal Proceedings and Related Matters

The Company is a party to lawsuits, revenue agent reviews by taxing authorities and legal proceedings, of which the majority involve workers' compensation, employment practices liability, general liability and automobile and franchisee claims arising in the ordinary course of business. In management's opinion, these matters, individually and in the aggregate, will not have a significant adverse effect on the financial condition of the Company, and the established reserves adequately provide for the estimated resolution of such claims.

(4) INCOME TAXES

The differences between the United States Federal statutory income tax provision (using the statutory rate of 35%) and the Company's consolidated provision for income taxes for 2002, 2003 and 2004 are summarized as follow (in thousands):

	2002	2003	2004
Federal income tax provision based on the statutory rate	$33,758	$21,742	$35,012
State and local income taxes, net of related Federal income taxes	1,908	1,211	2,602
Non-resident withholding and foreign income taxes	3,829	4,163	4,757
Foreign tax and other tax credits	(4,506)	(4,962)	(5,439)
Losses attributable to foreign subsidiaries	325	593	451
Utilization of foreign net operating loss carryovers	-	-	(238)
Non-deductible expenses	471	551	615
Other	4	(3)	13
	$35,789	$23,295	$37,773

The components of the 2002, 2003 and 2004 consolidated provision for income taxes are as follows (in thousands):

	2002	2003	2004
Provision for Federal income taxes-			
Current provision	$18,685	$ 9,705	$20,359
Deferred provision	10,015	6,971	8,441
Change in valuation allowance	325	593	213
Total provision for Federal income taxes	29,025	17,269	29,013
Provision for state and local income taxes-			
Current provision	1,004	1,731	3,896
Deferred provision	1,931	132	107
Total provision for state and local income taxes	2,935	1,863	4,003
Provision for non-resident withholding and foreign income taxes	3,829	4,163	4,757
	$35,789	$23,295	$37,773

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DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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As of December 28, 2003 and January 2, 2005, the significant components of net deferred income taxes are as follows (in thousands):

	2003	2004
Deferred Federal income tax assets-		
Depreciation, amortization and asset basis differences	$28,340	$20,675
Covenants not-to-compete	11,623	10,456
Insurance reserves	7,432	8,251
Other accruals and reserves	8,077	8,155
Bad debt reserves	1,806	1,816
Derivatives liability	1,297	-
Foreign net operating loss carryovers	2,534	2,543
Other	1,105	1,332
	62,214	53,228
Valuation allowance on foreign net operating loss carryovers	(2,534)	(2,543)
Total deferred Federal income tax assets	59,680	50,685
Deferred Federal income tax liabilities-		
Capitalized software	7,939	8,895
Derivatives asset	-	1,701
Total deferred Federal income tax liabilities	7,939	10,596
Net deferred Federal income tax asset	51,741	40,089
Net deferred state and local income tax asset	6,031	5,924
Net deferred income taxes	$57,772	$46,013

As of December 28, 2003, the classification of net deferred income taxes is summarized as follows (in thousands):

	Current	Long-term	Total
Deferred tax assets	$ 5,730	$ 59,981	$65,711
Deferred tax liabilities	-	(7,939)	(7,939)
Net deferred income taxes	$ 5,730	$ 52,042	$57,772

As of January 2, 2005, the classification of net deferred income taxes is summarized as follows (in thousands):

	Current	Long-term	Total
Deferred tax assets	$ 6,317	$ 50,292	$ 56,609
Deferred tax liabilities	-	(10,596)	(10,596)
Net deferred income taxes	$ 6,317	$ 39,696	$ 46,013

Realization of the Company's deferred tax assets is dependent upon many factors, including, but not limited to, the Company's ability to generate sufficient taxable income. Although realization of the Company's net deferred tax assets is not assured, management believes it is more likely than not that the net deferred tax assets will be realized. On an ongoing basis, management will assess whether it remains more likely than not that the net deferred tax assets will be realized. As of January 2, 2005, the Company has approximately $7.3 million of foreign net operating loss carryovers, a portion of which will expire between 2005 through 2007, for which a valuation allowance has been provided.

(5) EMPLOYEE BENEFITS

The Company has a retirement savings plan which qualifies under Internal Revenue Code Section 401(k). All employees of the Company who have completed 1,000 hours of service and are at least 21 years of age are eligible to participate in the plan. The plan requires the Company to match 50% of employee contributions per participant, with Company matching contributions limited to 3% of eligible participant compensation. These matching contributions vest immediately. The charges to operations for Company contributions to the plan were $2.4 million, $2.2 million and $2.3 million for 2002, 2003 and 2004, respectively.

The Company has established a nonqualified deferred compensation plan available for certain key employees. Under this self-funding plan, the participants may defer up to 40% of their annual compensation. The participants direct the investment of their deferred compensation within several investment funds. The Company is not required to contribute and did not contribute to this plan during 2002, 2003 or 2004.

In connection with the IPO, the Board of Directors of the Parent (the Board of Directors) approved two employee stock purchase plans, a market based plan and a discount plan. Under the market based plan, eligible employees may deduct up to 15% of their eligible wages to purchase Parent stock at the market price. Under the discount plan, eligible employees may deduct up to 15% of their eligible wages to purchase Parent stock at 85% of the market price of the stock at the purchase date. The discount plan requires employees to hold their purchased Parent stock for one year. There are 1,000,000 shares of Parent common stock authorized to be issued under the discount plan. There were 16,232 shares issued under the plan during 2004.

DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(6) FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company is a party to stand-by letters of credit and, to a lesser extent, financial guarantees with off-balance sheet risk. The Company's exposure to credit loss for stand-by letters of credit and financial guarantees is represented by the contractual amounts of these instruments. The Company uses the same credit policies in making conditional obligations as it does for on-balance sheet instruments. Total conditional commitments under letters of credit and financial guarantees as of January 2, 2005 are $26.3 million, and primarily relate to letters of credit for the Company's insurance programs and distribution center leases.

(7) RELATED PARTY TRANSACTIONS

Corporate Headquarters Lease

The Company leases its corporate headquarters under an operating lease agreement with a partnership owned by its founder and former majority Parent stockholder. The Company renewed this lease for a ten-year term, with two five year renewal options, beginning in December 2003. Total lease expense related to this lease was approximately $4.5 million in each of 2002 and 2003 and $4.9 million in 2004. Rent expense is recognized on a straight-line basis over the lease term, as defined in SFAS No. 13, "Accounting for Leases" and related guidance.

At January 2, 2005, aggregate future minimum lease commitments under this lease are as follows (in thousands):

2005	$ 5,261
2006	5,261
2007	5,261
2008	5,261
2009	5,261
Thereafter	21,042
	$47,347

Consulting Agreement

As part of a prior recapitalization in which the Company's founder sold a controlling interest in the Company (the 1998 Recapitalization), the Company entered into a $5.5 million, ten-year consulting agreement with its founder and former majority Parent stockholder. During 2002, the Company and its founder and former majority Parent stockholder mutually agreed to terminate the consulting agreement. The Company paid $2.9 million to effect such termination.

Management Agreement

As part of the 1998 Recapitalization, the Company entered into a management agreement with an affiliate of a Parent stockholder to provide the Company with certain management services. The Company was committed to pay an amount not to exceed $2.0 million per year on an ongoing basis for management services as defined in the management agreement. The Company incurred and paid $2.0 million for management services in each of 2002 and 2003. During 2004, the Company paid $10.0 million to terminate the management agreement. Total amounts expensed during 2004 were $11.0 million. These amounts are included in general and administrative expense.

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Financing Arrangements

As part of the 2002 Agreement, the Company paid approximately $2.3 million of financing costs to an affiliate of a Parent stockholder. As part of the 2003 Recapitalization, the Company paid approximately $7.9 million of financing costs to an affiliate of a Parent stockholder. During 2004, the Company paid an affiliate $1.1 million of financing costs relating to two separate amendments to the 2003 Agreement. A separate affiliate is counterparty to two interest rate derivative agreements with notional amounts totaling $400.0 million. In connection with the IPO, a separate affiliate was paid $7.0 million in underwriting fees.

At December 28, 2003, affiliates of Parent stockholders had term loan holdings of $36.2 million and senior subordinated note holdings of $15.0 million. At January 2, 2005, affiliates of Parent stockholders had term loan holdings of $28.5 million and senior subordinated note holdings of $10.9 million. Related interest expense to affiliates was approximately $2.0 million, $3.2 million and $2.6 million in 2002, 2003 and 2004, respectively.

(8) STOCK OPTIONS

The Company accounts for stock-based compensation using the intrinsic method prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair value of the stock at grant date over the amount an optionee must pay to acquire the stock.

The Parent has two stock option plans, both of which benefit certain of the Company's employees and directors: the TISM, Inc. Stock Option Plan (the TISM Stock Option Plan) and the Domino's Pizza, Inc. 2004 Equity Incentive Plan (the 2004 Stock Option Plan) (collectively, the Stock Options Plans). In connection with the IPO, the 2004 Stock Option Plan was adopted by the Board of Directors and the TISM Stock Option Plan was amended by the Board of Directors to prohibit the granting of additional stock options. As of January 2, 2005, the number of options granted and outstanding under the TISM Stock Option Plan was 5,520,540 shares of non-voting Common Stock. As of January 2, 2005, the maximum number of shares that may be granted under the 2004 Stock Option Plan is 5,600,000 shares of voting Common Stock.

Prior to the IPO, options granted under the TISM Stock Option Plan were generally granted at 100% of the Board of Directors' estimate of fair value of the underlying stock on the date of grant, expire ten years from the date of grant and vest within five years from the date of grant. Subsequent to the IPO, options granted under the Stock Option Plan were granted at the market price at the date of the grant, expire ten years from the date of grant and generally vest within five years from the date of grant.

During 2004, the Company recorded deferred stock compensation of $253,000 relating to Parent stock options granted to employees at less than the Board of Directors' estimate of fair value. These amounts are amortized using the straight-line method over the related vesting periods. During 2003, the Company recorded $1.9 million in non-cash compensation expense relating to Parent stock options granted to employees at less than the Board of Directors' estimate of fair value. Additionally, the Company recorded $1.5 million in non-cash compensation expense related to the acceleration of the vesting periods on certain Parent stock options in connection with the 2003 Recapitalization. The Company recorded non-cash compensation expense, including the aforementioned amounts, of $3.4 million and $51,000 in 2003 and 2004, respectively. All non-cash compensation expenses are recorded in general and administrative expense.

DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Activity related to the Stock Option Plans is summarized as follows:

	Common Stock Options			Class L Common Stock Options	
	Outstanding	Exercisable	Weighted Average Exercise Price	Outstanding and Exercisable	Weighted Average Exercise Price
Options at December 30, 2001	3,345,380	1,492,651		14,814	
Options granted	764,666		$ 5.25	-	
Options cancelled	(66,066)		$ 1.59	-	
Options exercised	(180,666)		$ 0.75	-	
Options at December 29, 2002	3,863,314	1,872,626		14,814	
Options granted	2,097,000		$ 8.75	-	
Options cancelled	(36,934)		$ 6.20	-	
Options exercised	(44,733)		$ 1.89	-	
Options at December 28, 2003	5,878,647	3,942,647		14,814	
Options granted	1,771,530		$ 13.87	-	
Options cancelled	(150,341)		$ 9.23	-	
Options exercised	(276,542)		$ 1.47	(14,814)	$ 60.75
Options at January 2, 2005	7,223,294	4,070,006		-	

Options outstanding and exercisable at January 2, 2005 are as follows:

	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
				(Years)
Non-Voting Common Stock	2,836,374	2,836,374	$ 0.75	4.9
Non-Voting Common Stock	724,439	724,439	$ 5.25	7.1
Non-Voting Common Stock	115,400	115,400	$ 10.05	8.0
Non-Voting Common Stock	1,791,667	393,793	$ 8.66	8.5
Non-Voting Common Stock	52,660	-	$ 9.75	9.0
Voting Common Stock	1,702,754	-	$ 14.00	9.5

For periods prior to the IPO, management has estimated the fair value of each option grant on the date of grant using the minimum value method and the following assumptions: risk free interest rates of 4.02%, 2.95% and 3.07% in 2002, 2003 and 2004, respectively; expected dividend yields of 0.0%; and expected lives of five years. For periods after the IPO, management has estimated the fair value of each option grant using the Black-Scholes option pricing method and the following assumptions: risk free interest rate of 3.66%, expected dividend yield of 1.86%; estimated volatility of 30.0%, and expected lives of five years. Approximate fair values per share of options granted are as follows:

	2002	2003	2004
Common Stock	$0.95	$1.19	$3.69

Option valuation models require the input of highly subjective assumptions. Because changes in subjective input assumptions can significantly affect the fair value estimate, in management's opinion, existing models do not necessarily provide a reliable single measure of the fair value of the Parent's stock options.

Had compensation cost for the Stock Option Plans been determined based on the fair value at the grant dates consistent with the method described in SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income would have decreased to the following pro forma amounts, which may not be representative of that to be expected in future years (in thousands):

	2002	2003	2004
Net income, as reported	$60,661	$38,824	$62,262
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	-	2,096	32
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(68)	(2,958)	(725)
Net income, pro forma	$60,593	$37,962	$61,569

(9) SEGMENT INFORMATION

The Company has three reportable segments as determined by management using the "management approach" as defined in SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information": (i) Domestic Stores, (ii) Domestic Distribution, and (iii) International. The Company's operations are organized by management on the combined bases of line of business and geography. The Domestic Stores segment includes operations with respect to all franchised and Company-owned stores throughout the contiguous United States. The Domestic Distribution segment primarily includes the distribution of food, equipment and supplies to the Domestic Stores segment from the Company's regional distribution centers. The International segment primarily includes operations related to the Company's franchising business in foreign and non-contiguous United States markets, its Company-owned store operations in the Netherlands and France and its distribution operations in Canada, France, the Netherlands, Alaska and Hawaii.

DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The accounting policies of the reportable segments are the same as those described in Note 1. The Company evaluates the performance of its segments and allocates resources to them based on earnings before interest, taxes, depreciation, amortization and other, referred to as Segment Income.

The tables below summarize the financial information concerning the Company's reportable segments for 2002, 2003 and 2004. Intersegment Revenues are comprised of sales of food, equipment and supplies from the Domestic Distribution segment to the Company-owned stores in the Domestic Stores segment. Intersegment sales prices are market based. The "Other" column as it relates to Segment Income and income from operations information below primarily includes corporate administrative costs. In 2003, the "Other" column as it relates to Segment Income excludes $15.7 million of general and administrative costs, comprised of cash and non-cash compensation expenses, that were incurred in connection with the 2003 Recapitalization. In 2004, the "Other" column as it relates to Segment Income excludes $10.0 million of general and administrative costs that were incurred in connection with the IPO relating to the fee paid to terminate the Company's management agreement with an affiliate. The "Other" column as it relates to capital expenditures primarily includes capitalized software and certain equipment and leasehold improvements. All amounts presented below are in thousands.

	Domestic Stores	Domestic Distribution	International	Intersegment Revenues	Other	Total
Revenues-						
2002	$517,200	$ 779,684	$ 81,762	$ (103,666)	$ -	$1,274,980
2003	519,879	821,695	96,386	(104,638)	-	1,333,322
2004	537,488	902,413	116,983	(110,387)	-	1,446,497
Segment Income-						
2002	$137,626	$ 49,953	$ 25,910	N/A	$(24,227)	$ 189,262
2003	140,073	54,556	29,126	N/A	(21,055)	202,700
2004	145,387	57,044	34,510	N/A	(22,612)	214,329
Income from Operations-						
2002	$126,714	$ 43,155	$ 25,141	N/A	$(36,940)	$ 158,070
2003	127,082	45,946	28,117	N/A	(41,987)	159,158
2004	131,518	46,110	34,079	N/A	(40,328)	171,379
Capital Expenditures-						
2002	$ 26,218	$ 7,690	$ 722	N/A	$ 19,301	$ 53,931
2003	9,445	7,966	1,094	N/A	10,656	29,161
2004	4,713	8,616	3,532	N/A	22,902	39,763

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DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The following table reconciles Total Segment Income to consolidated income before provision for income taxes:

	2002	2003	2004
Total Segment Income	$189,262	$202,700	$214,329
Depreciation and amortization	(28,273)	(29,822)	(31,705)
Gains (losses) on sale/disposal of assets	(2,919)	2,606	(1,194)
Other non-cash stock compensation expense	-	(592)	(51)
Termination of management agreement	-	-	(10,000)
2003 Recapitalization expenses	-	(15,734)	-
Income from operations	158,070	159,158	171,379
Interest income	537	386	556
Interest expense	(60,321)	(74,678)	(61,068)
Other	(1,836)	(22,747)	(10,832)
Income before provision for income taxes	$ 96,450	$ 62,119	$100,035

The following table summarizes the Company's identifiable asset information as of December 28, 2003 and January 2, 2005:

	2003	2004
Domestic Stores	$103,967	$ 93,742
Domestic Distribution	106,476	114,226
Total domestic assets	210,443	207,968
International	26,597	34,688
Unallocated	214,949	204,691
Total consolidated assets	$451,989	$447,347

Unallocated assets primarily include cash and cash equivalents, advertising fund assets, investments in marketable securities, deferred financing costs, certain long-lived assets, deferred income taxes and assets relating to the fair value of derivatives.

The following table summarizes the Company's goodwill balance as of December 28, 2003 and January 2, 2005:

	2003	2004
Domestic Stores	$21,197	$20,090
Domestic Distribution	1,067	1,067
International	1,168	1,798
Consolidated goodwill	$23,432	$22,955

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(10) PERIODIC FINANCIAL DATA (Unaudited; in thousands)

The Company's convention with respect to reporting periodic financial data is such that each of the first three fiscal quarters consists of twelve weeks while the last fiscal quarter consists of sixteen weeks or seventeen weeks. The fourth quarter of 2003 is comprised of sixteen weeks while the fourth quarter of 2004 is comprised of seventeen weeks.

	For the Fiscal Quarter Ended				For the Fiscal Year Ended
	March 23, 2003	June 15, 2003	September 7, 2003	December 28, 2003	December 28, 2003
Total revenues	$ 312,252	$295,216	$ 292,848	$ 433,006	$ 1,333,322
Income (loss) before provision for income taxes	29,117	28,298	(29,340)	34,044	62,119
Net income (loss)	18,344	17,541	(18,338)	21,277	38,824

	For the Fiscal Quarter Ended				For the Fiscal Year Ended
	March 21, 2004	June 13, 2004	September 5, 2004	January 2, 2005	January 2, 2005
Total revenues	$ 318,754	$324,236	$ 324,978	$ 478,529	$ 1,446,497
Income before provision for income taxes	29,572	25,513	1,548	43,402	100,035
Net income	18,408	15,882	954	27,018	62,262

DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

(11) SUPPLEMENTAL GUARANTOR CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

The tables below present condensed consolidating financial information for the applicable periods for: (i) Domino's, Inc.; (ii) on a combined basis, the guarantor subsidiaries of the 2011 Notes; and (iii) on a combined basis, the non-guarantor subsidiaries of the 2011 Notes. Each of the guarantor subsidiaries is jointly, severally, fully and unconditionally liable under the related guarantee.

DOMINO'S, INC.
SUPPLEMENTAL GUARANTOR CONDENSED CONSOLIDATING BALANCE SHEETS

	As of December 28, 2003				
	Domino's, Inc.	Guarantor Subsidiaries	Non - Guarantor Subsidiaries	Eliminations	Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$ -	$ 44,663	$ 1,603	$ -	$ 46,266
Accounts receivable	-	59,109	5,462	-	64,571
Advertising fund assets, restricted	-	-	30,544	-	30,544
Other current assets	7,664	35,243	2,128	-	45,035
Total current assets	7,664	139,015	39,737	-	186,416
PROPERTY, PLANT AND EQUIPMENT, NET	-	122,815	4,252	-	127,067
OTHER ASSETS	248,660	81,897	805	(192,856)	138,506
Total assets	$ 256,324	$ 343,727	$ 44,794	$ (192,856)	$ 451,989
CURRENT LIABILITIES:					
Current portion of long-term debt	$ 18,234	$ 221	$ 117	$ -	$ 18,572
Accounts payable	-	45,372	11,556	-	56,928
Advertising fund liabilities	-	-	30,544	-	30,544
Other current liabilities	20,944	59,721	1,094	-	81,759
Total current liabilities	39,178	105,314	43,311	-	187,803
LONG-TERM LIABILITIES:					
Long-term debt	934,914	5,931	320	-	941,165
Other long-term liabilities	321	40,521	268	-	41,110
Total long-term liabilities	935,235	46,452	588	-	982,275
TOTAL STOCKHOLDER'S EQUITY (DEFICIT)	(718,089)	191,961	895	(192,856)	(718,089)
Total liabilities and stockholder's equity (deficit)	$ 256,324	$ 343,727	$ 44,794	$ (192,856)	$ 451,989

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DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

	As of January 2, 2005				
	Domino's, Inc.	Guarantor Subsidiaries	Non - Guarantor Subsidiaries	Eliminations	Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$ 3,124	$ 36,331	$ 941	$ -	$ 40,396
Accounts receivable	-	65,404	7,734	-	73,138
Advertising fund assets, restricted	-	-	32,817	-	32,817
Other current assets	4,050	36,258	2,832	-	43,140
Total current assets	7,174	137,993	44,324	-	189,491
PROPERTY, PLANT AND EQUIPMENT, NET	-	130,853	6,030	-	136,883
OTHER ASSETS	227,984	71,578	1,481	(180,070)	120,973
Total assets	$ 235,158	$ 340,424	$ 51,835	$ (180,070)	$ 447,347
CURRENT LIABILITIES:					
Current portion of long-term debt	$ 25,000	$ 242	$ 53	$ -	$ 25,295
Accounts payable	-	40,417	14,933	-	55,350
Advertising fund liabilities	-	-	32,817	-	32,817
Other current liabilities	10,672	63,755	1,773	-	76,200
Total current liabilities	35,672	104,414	49,576	-	189,662
LONG-TERM LIABILITIES:					
Long-term debt	749,361	5,687	357	-	755,405
Other long-term liabilities	-	51,903	252	-	52,155
Total long-term liabilities	749,361	57,590	609	-	807,560
TOTAL STOCKHOLDER'S EQUITY (DEFICIT)	(549,875)	178,420	1,650	(180,070)	(549,875)
Total liabilities and stockholder's equity (deficit)	$ 235,158	$ 340,424	$ 51,835	$ (180,070)	$ 447,347

DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

DOMINO'S, INC.
SUPPLEMENTAL GUARANTOR CONDENSED CONSOLIDATING STATEMENTS OF INCOME

	For the Fiscal Year Ended December 29, 2002				
	Domino's, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ -	$ 1,258,400	$ 16,580	$ -	$ 1,274,980
OPERATING EXPENSES:					
Cost of sales	-	932,872	12,883	-	945,755
General and administrative	-	167,028	4,127	-	171,155
Total operating expenses	-	1,099,900	17,010	-	1,116,910
INCOME FROM OPERATIONS	-	158,500	(430)	-	158,070
EQUITY EARNINGS IN SUBSIDIARIES	101,935	-	-	(101,935)	-
INTEREST INCOME (EXPENSE), NET	(60,013)	338	(109)	-	(59,784)
OTHER	(1,836)	-	-	-	(1,836)
INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	40,086	158,838	(539)	(101,935)	96,450
PROVISION (BENEFIT) FOR INCOME TAXES	(20,575)	56,364	-	-	35,789
NET INCOME (LOSS)	$ 60,661	$ 102,474	$ (539)	$ (101,935)	$ 60,661

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DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

	For the Fiscal Year Ended December 28, 2003				
	Domino's, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ -	$ 1,310,965	$ 22,357	$ -	$ 1,333,322
OPERATING EXPENSES:					
Cost of sales	-	980,553	17,149	-	997,702
General and administrative	-	170,423	6,039	-	176,462
Total operating expenses	-	1,150,976	23,188	-	1,174,164
INCOME FROM OPERATIONS	-	159,989	(831)	-	159,158
EQUITY EARNINGS IN SUBSIDIARIES	99,839	-	-	(99,839)	-
INTEREST INCOME (EXPENSE), NET	(74,280)	300	(312)	-	(74,292)
OTHER	(22,747)	-	-	-	(22,747)
INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	2,812	160,289	(1,143)	(99,839)	62,119
PROVISION (BENEFIT) FOR INCOME TAXES	(36,012)	59,307	-	-	23,295
NET INCOME (LOSS)	$ 38,824	$ 100,982	$ (1,143)	$ (99,839)	$ 38,824

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DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

	For the Fiscal Year Ended January 2, 2005				
	Domino's, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ -	$ 1,416,728	$ 29,769	$ -	$ 1,446,497
OPERATING EXPENSES:					
Cost of sales	-	1,071,009	21,807	-	1,092,816
General and administrative	-	172,362	9,940	-	182,302
Total operating expenses	-	1,243,371	31,747	-	1,275,118
INCOME FROM OPERATIONS	-	173,357	(1,978)	-	171,379
EQUITY EARNINGS IN SUBSIDIARIES	105,672	-	-	(105,672)	-
INTEREST INCOME (EXPENSE), NET	(60,064)	(488)	40	-	(60,512)
OTHER	(10,832)	-	-	-	(10,832)
INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	34,776	172,869	(1,938)	(105,672)	100,035
PROVISION (BENEFIT) FOR INCOME TAXES	(27,486)	65,259	-	-	37,773
NET INCOME (LOSS)	$ 62,262	$ 107,610	$ (1,938)	$ (105,672)	$ 62,262

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DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

DOMINO'S, INC.
SUPPLEMENTAL GUARANTOR CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Fiscal year ended December 29, 2002				
	Domino's, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ (53,686)	$ 156,499	$ 1,254	$ -	$ 104,067
Capital expenditures	-	(53,059)	(872)	-	(53,931)
Other	-	(18,083)	-	-	(18,083)
Net cash used in investing activities	-	(71,142)	(872)	-	(72,014)
Proceeds from issuance of long-term debt	365,000	-	-	-	365,000
Repayments of long-term debt	(417,027)	-	(709)	-	(417,736)
Other	105,713	(118,742)	-	-	(13,029)
Net cash provided by (used in) financing activities	53,686	(118,742)	(709)	-	(65,765)
Effect of exchange rate changes on cash and cash equivalents	-	32	96	-	128
Decrease in cash and cash equivalents	-	(33,353)	(231)	-	(33,584)
Cash and cash equivalents, at beginning of period	-	57,730	1,181	-	58,911
Cash and cash equivalents, at end of period	$ -	$ 24,377	$ 950	$ -	$ 25,327

DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

	Fiscal year ended December 28, 2003				
	Domino's, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ (71,336)	$ 173,280	$ 1,264	$ -	$ 103,208
Capital expenditures	-	(28,461)	(700)	-	(29,161)
Other	-	9,597	-	-	9,597
Net cash used in investing activities	-	(18,864)	(700)	-	(19,564)
Proceeds from issuance of long-term debt	1,010,090	-	-	-	1,010,090
Repayments of long-term debt and capital lease obligation	(662,368)	(79)	(45)	-	(662,492)
Other	(276,386)	(134,095)	-	-	(410,481)
Net cash provided by (used in) financing activities	71,336	(134,174)	(45)	-	(62,883)
Effect of exchange rate changes on cash and cash equivalents	-	44	134	-	178
Increase in cash and cash equivalents	-	20,286	653	-	20,939
Cash and cash equivalents, at beginning of period	-	24,377	950	-	25,327
Cash and cash equivalents, at end of period	$ -	$ 44,663	$ 1,603	$ -	$ 46,266

DOMINO'S, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

	Fiscal year ended January 2, 2005				
	Domino's, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ (70,217)	$ 181,760	$ 1,888	$ -	$ 113,431
Capital expenditures	-	(36,735)	(3,028)	-	(39,763)
Other	-	3,493	-	-	3,493
Net cash used in investing activities	-	(33,242)	(3,028)	-	(36,270)
Proceeds from issuance of long-term debt	-	-	92	-	92
Repayments of long-term debt and capital lease obligation	(180,334)	(223)	(151)	-	(180,708)
Other	253,675	(156,806)	-	-	96,869
Net cash provided by (used in) financing activities	73,341	(157,029)	(59)	-	(83,747)
Effect of exchange rate changes on cash and cash equivalents	-	179	537	-	716
Increase (decrease) in cash and cash equivalents	3,124	(8,332)	(662)	-	(5,870)
Cash and cash equivalents, at beginning of period	-	44,663	1,603	-	46,266
Cash and cash equivalents, at end of period	$ 3,124	$ 36,331	$ 941	$ -	$ 40,396

Management's Statement of Responsibility for Financial Statements

To Our Shareholders:

Management is responsible for the preparation, integrity and fair presentation of the consolidated financial statements, related notes and other information included in this Form 10-K. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include management's reasonable estimates and judgments, where applicable. Other information contained in this Form 10-K is derived from the consolidated financial statements.

The Company maintains a system of internal controls over its accounting and financial reporting processes that are designed to provide reasonable assurance that assets are safeguarded, that transactions are executed as authorized and that transactions are recorded and properly reported. This system is supported by formal policies and procedures, an employee code of conduct, appropriate divisions of responsibility and authority and utilization of an internal audit function. Management continuously reviews and, if appropriate, revises its internal control systems to address deficiencies or otherwise improve the system. Additionally, management considers the recommendations of its independent auditors, PricewaterhouseCoopers LLP, concerning the Company's system of internal controls and responds to those recommendations as appropriate.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, who were given access to all of the Company's financial records. Their report is included in this Form 10-K.

The Board of Directors has an Audit Committee that meets periodically with management and representatives from our internal audit staff and PricewaterhouseCoopers LLP. The Audit Committee provides oversight to our financial reporting process and our system of internal controls.

While every internal control system, no matter how well designed, has inherent limitations, management believes that, as of January 2, 2005, the Company's system of internal controls was adequate to accomplish the objectives outlined above.

/s/ Harry J. Silverman

Harry J. Silverman
Chief Financial Officer

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

The Company's management is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934. An evaluation was performed, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of January 2, 2005 were effective in ensuring that information required to be disclosed in this annual report was recorded, processed, summarized, and reported within the time period required by the rules and regulations of the Securities and Exchange Commission.

There were no changes in the Company's internal controls over financial reporting for the quarter ended January 2, 2005 that have materially affected, or are reasonably likely to materially affect, such controls.

Item 9B. Other Information.

On March 15, 2005, the Board of Directors approved an amendment (the "Amended Grants") to two stock option grants, each for 504,172 shares, to David A. Brandon, our Chief Executive Officer, under the TISM, Inc. Fourth Amended and Restated Stock Option Plan (the "TISM Stock Plan") on March 23, 1999. The Amended Grants deleted Section 5 from the original grants that related to the Company's and Mr. Brandon's ability to purchase or sell the option shares. The general form of option agreement under the TISM Stock Plan contained a provision that terminated the effectiveness of Section 5 upon the Company's IPO, which occurred in July 2004. The Amended Grants conform Mr. Brandon's initial option grants to the general TISM Stock Plan option grants.

Part III

Item 10. Directors and Executive Officers of the Registrants.

The following table sets forth information about our executive officers and directors.

Name	Age	Position
David A. Brandon	52	Chairman, Chief Executive Officer and Director
Harry J. Silverman	46	Chief Financial Officer, Executive Vice President of Finance and Director
Michael D. Soignet	45	Executive Vice President of Maintain High Standards – Distribution
J. Patrick Doyle	41	Executive Vice President of Domino’s Pizza, Inc. and Leader of Team U.S.A.
James G. Stansik	49	Executive Vice President of Flawless Execution – Franchise Operations
Ken C. Calwell	42	Executive Vice President of Build the Brand
Michael T. Lawton	46	Executive Vice President of International
Patricia A. Wilmot	56	Executive Vice President of PeopleFirst
Elisa D. Garcia C.	47	Executive Vice President, General Counsel and Secretary
Lynn M. Liddle	48	Executive Vice President of Communications and Investor Relations
Timothy J. Monteith	52	Chief Information Officer
Andrew B. Balson	38	Director
Dennis F. Hightower	63	Director
Mark E. Nunnelly	46	Director
Robert M. Rosenberg	67	Director

David A. Brandon has served as our Chairman, Chief Executive Officer and as a Director since March 1999. Mr. Brandon has also served as Chairman, Chief Executive Officer and as a Manager of Domino’s Pizza LLC since March 1999. Mr. Brandon was President and Chief Executive Officer of Valassis, Inc., a company in the sales promotion and coupon industries, from 1989 to 1998 and Chairman of the Board of Directors of Valassis, Inc. from 1997 to 1998. Mr. Brandon serves on the Boards of Directors of The TJX Companies, Inc., Burger King Corporation and Kaydon Corporation. Mr. Brandon also serves on the Board of Regents for the University of Michigan.

Harry J. Silverman has served as our Chief Financial Officer, Executive Vice President of Finance since 1993 and as a Director since July 2004. Mr. Silverman has served as Vice President of Domino’s, Inc. since December 1998 and as Treasurer of Domino’s, Inc. from February 2000 to September 2001. Mr. Silverman joined Domino’s in 1985. On December 14, 2004, Mr. Silverman announced a two-year transition plan for his retirement. Mr. Silverman’s retirement will be effective December 31, 2005. Mr. Silverman has entered into a consulting agreement with the Company that has a term from January 1, 2006 through December 31, 2006. Mr. Silverman serves on the Board of Directors of Able Laboratories, Inc.

Michael D. Soignet has served as our Executive Vice President of Maintain High Standards – Distribution since 1993, overseeing global distribution center operations. Mr. Soignet joined Domino’s in 1981.

J. Patrick Doyle has served as our Executive Vice President of Domino’s Pizza, Inc. and Leader of Team U.S.A. since October 2004. Mr. Doyle served as our Executive Vice President of International from May 1999 to October 2004 and as interim Executive Vice President of Build the Brand from December 2000 to July 2001. Mr. Doyle served as Senior Vice President of Marketing from the time he joined Domino’s in 1997 until May 1999.

James G. Stansik has served as our Executive Vice President of Flawless Execution – Franchise Operations since December 2003. Mr. Stansik served as Special Assistant to the Chief Executive Officer from August 1999 through December 2003 and also served as interim Executive Vice President of Flawless Execution – Corporate Operations of Domino’s from July 2000 through January 2001. Mr. Stansik was Senior Vice President of Franchise Administration of Domino’s from 1994 through August 1999. Mr. Stansik joined Domino’s in 1985.

Ken C. Calwell has served as our Executive Vice President of Build the Brand since July 2001. Mr. Calwell served as vice president – new product marketing, research and testing for Wendy’s International Inc. from 1998 to June 2001.

Michael T. Lawton has served as our Executive Vice President of International since October 2004. Mr. Lawton served as Senior Vice President Finance and Administration of Domino’s Pizza International, Inc. from June 1999 to October 2004.

Patricia A. Wilmot has served as our Executive Vice President of PeopleFirst since July 2000. Ms. Wilmot was a human resources consultant from May 1999 to June 2000. Ms. Wilmot served as vice president, human resources for Brach & Brock Confections from January 1998 to May 1999.

Elisa D. Garcia C. has served as our Executive Vice President and General Counsel since April 2000. She has also served as our secretary since May 2000. Ms. Garcia was regional counsel for Philip Morris International Inc.'s northern Latin America region from 1998 to April 2000, prior to which she was assistant regional counsel for Latin America since 1994.

Lynn M. Liddle has served as Executive Vice President of Communications and Investor Relations since November 2002. Prior to joining Domino's, Ms. Liddle was vice president, investor relations and communications center, for Valassis, Inc. from 1992 to November 2002.

Timothy J. Monteith has served as our Chief Information Officer since October 1999. Mr. Monteith served as the Senior Vice President of Information Services and Administration of Domino's from 1992 to 1999.

Andrew B. Balson has served on our board of directors since March 1999. Mr. Balson also serves on the Audit Committee of the board of directors. Mr. Balson has been a Managing Director of Bain Capital, a global investment company, since January 2001. Mr. Balson became a Principal of Bain Capital in June 1998. Mr. Balson serves on the Boards of Directors of Burger King Corporation and UGS Corp. as well as a number of other private companies.

Dennis F. Hightower has served on our board of directors since February 2003, serves as the Chair of the Audit Committee of our board of directors and serves as the Chair of the Nominating and Corporate Governance Committee. Mr. Hightower served as chief executive officer of Europe Online Networks, S.A., a broadband interactive entertainment provider, from May 2000 to March 2001. He was Professor of Management at the Harvard Business School from July 1997 to May 2000. He was previously employed by The Walt Disney Company, serving as president of Walt Disney Television & Telecommunications, president of Disney Consumer Products (Europe, Middle East and Africa) and related service in executive positions in Europe. He serves on the Boards of Directors of Accenture, Ltd., The Gillette Company, Northwest Airlines, Inc. and The TJX Companies, Inc.

Mark E. Nunnelly has served on our board of directors since December 1998. Mr. Nunnelly is a Managing Director of Bain Capital, a global investment company. Mr. Nunnelly serves on the Boards of Directors of Houghton-Mifflin Company, Warner Music and DoubleClick, Inc., as well as a number of private companies and not-for-profit corporations.

Robert M. Rosenberg has served on our board of directors since April 1999 and serves as the Chair of the Compensation Committee. Mr. Rosenberg also serves on the Audit Committee of the board of directors. Mr. Rosenberg served as president and chief executive officer of Allied Domecq Retailing, USA from 1993 to August 1999 when he retired. Allied Domecq Retailing, USA is comprised of Dunkin' Donuts, Baskin-Robbins and Togo's Eateries. Mr. Rosenberg also serves on the Boards of Directors of Sonic Corp. and Buffets, Inc.

Robert Ruggiero, Jr. resigned as a member of the Board of Directors effective April 21, 2004. There were no disagreements with management.

Item 11. Executive Compensation.

Information regarding executive compensation is incorporated by reference from Domino's Pizza, Inc.'s definitive proxy statement which will be filed within 120 days of January 2, 2005. However, no information set forth in the proxy statement regarding the Audit Committee Report or the performance graph shall be deemed incorporated by reference into this Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters.

Information regarding security ownership of certain beneficial owners and management and related stockholders matters is incorporated by reference from Domino's Pizza, Inc.'s definitive proxy statement which will be filed within 120 days of January 2, 2005.

Item 13. Certain Relationships and Related Transactions.

Information regarding certain relationships and related transactions is incorporated by reference from Domino's Pizza, Inc.'s definitive proxy statement which will be filed within 120 days of January 2, 2005.

Item 14. Principal Accountant Fees and Services.

Information regarding principal accountant fees and services is incorporated by reference from Domino's Pizza, Inc.'s definitive proxy statement which will be filed within 120 days of January 2, 2005.

Part IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) 1. Financial Statements: The following financial statements for each of Domino's Pizza, Inc. and subsidiaries and Domino's, Inc. and subsidiaries are included in Item 8, "Financial Statements and Supplementary Data":

Report of Independent Accountants
Consolidated Balance Sheets as of December 28, 2003 and January 2, 2005
Consolidated Statements of Income for the Years Ended December 29, 2002, December 28, 2003 and January 2, 2005
Consolidated Statements of Comprehensive Income for the Years Ended December 29, 2002, December 28, 2003 and January 2, 2005
Consolidated Statements of Stockholders' Deficit for the Years Ended December 29, 2002, December 28, 2003 and January 2, 2005
Consolidated Statements of Cash Flows for the Years Ended December 29, 2002, December 28, 2003 and January 2, 2005
Notes to Consolidated Financial Statements
Management's Statement of Responsibility for Financial Statements

2. Financial Statement Schedules: The following financial statement schedule is attached to this report.

Schedule II – Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not required, or the information is included in the financial statements or the notes thereto.

3. Exhibits: Certain of the following Exhibits have been previously filed with the Securities and Exchange Commission pursuant to the requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934. Such exhibits are identified by the parenthetical references following the listing of each such exhibit and are incorporated herein by reference.

Exhibit Number	Description
3.1	Form of Second Restated Certificate of Incorporation of Domino's Pizza, Inc. (Incorporated by reference to Exhibit 3.1 to the Domino's Pizza, Inc. registration statement on Form S-1 filed with the Securities and Exchange Commission on April 13, 2004 (Reg. No. 333-114442), (the "S-1")).
3.2	Form of Amended and Restated By-Laws of Domino's Pizza, Inc. (Incorporated by reference to Exhibit 3.2 to the S-1.
3.3	Amended and Restated Certificate of Incorporation of Domino's, Inc. (Incorporated by reference to Exhibit 3.1 to the registrant's registration statement on Form S-4 filed with the Securities and Exchange Commission on March 22, 1999 (Reg. No. 333-74797), (the "1999 S-4")).
3.4	Amended and Restated By-Laws of Domino's, Inc. (Incorporated by reference to Exhibit 3.2 to the 1999 S-4).
3.5	Articles of Organization of Domino's Pizza LLC (Incorporated by reference to Exhibit 3.3 to the registrant's registration statement on Form S-4 filed with the Securities and Exchange Commission on December 5, 2003 (Reg. No. 333-107774), (the "2003 S-4")).
3.6	Certificate of Amendment to the Articles of Organization for Domino's Pizza LLC (Incorporated by reference to Exhibit 3.4 to the 2003 S-4).
3.7	By-laws of Domino's Pizza LLC (Incorporated by reference to Exhibit 3.5 to the 2003 S-4).
3.8	Articles of Incorporation of Domino's Franchise Holdings Co. (Incorporated by reference to Exhibit 3.7 to the 1999 S-4).

3.9	By-laws of Domino's Franchise Holding Co. (Incorporated by reference to Exhibit 3.8 to the 1999 S-4).
3.10	Amended and Restated Certificate of Incorporation of Domino's Pizza International, Inc. (Incorporated by reference to Exhibit 3.9 to the 1999 S-4).
3.11	Amended and Restated By-laws of Domino's Pizza International, Inc. (Incorporated by reference to Exhibit 3.10 to the 1999 S-4).
3.12	Amended and Restated Articles of Incorporation of Domino's Pizza International Payroll Services, Inc. (Incorporated by reference to Exhibit 3.11 to the 1999 S-4).
3.13	Amended and Restated By-laws of Domino's Pizza International Payroll Services, Inc. (Incorporated by reference to Exhibit 3.12 to the 1999 S-4).
3.14	Articles of Incorporation of Domino's Pizza—Government Services Division, Inc. (Incorporated by reference to Exhibit 3.13 to the 1999 S-4).
3.15	By-laws of Domino's Pizza—Government Services Division, Inc. (Incorporated by reference to Exhibit 3.14 to the 1999 S-4).
3.16	Articles of Incorporation of Domino's Pizza PMC, Inc. (Incorporated by reference to Exhibit 3.5 to Domino's, Inc.'s Annual Report on Form 10-K for the fiscal year ended January 2, 2000 (Reg. No. 333-74797) (the "1999 10-K").
3.17	By-laws of Domino's Pizza PMC, Inc. (Incorporated by reference to Exhibit 3.6 to the 1999 10-K).
3.18	Memorandum of Association of Domino's Pizza NS Co. (Incorporated by reference to Exhibit 3.16 to the 2003 S-4).
3.19	Articles of Association of Domino's Pizza NS Co. (Incorporated by reference to Exhibit 3.17 to the 2003 S-4).
4.1	Execution copy of Indenture dated June 25, 2003 by and among Domino's, Inc., Domino's Franchise Holding Co., Domino's Pizza LLC, Domino's Pizza PMC, Inc., Domino's Pizza International, Inc., Domino's Pizza International Payroll Services, Inc., Domino's Pizza—Government Services Division, Inc. and Domino's Pizza NS Co. and BNY Midwest Trust Company, as trustee (Incorporated by reference to Exhibit 4.4 to the 2003 S-4).
4.2	Registration Rights Agreement dated June 25, 2003 by and among Domino's, Inc., Domino's Franchise Holding Co., Domino's Pizza LLC, Domino's Pizza PMC, Inc., Domino's Pizza International, Inc., Domino's Pizza International Payroll Services, Inc., Domino's Pizza—Government Services Division, Inc. and Domino's Pizza NS Co. and J.P. Morgan Securities Inc., Banc of America Securities LLC, Banc One Capital Markets, Inc., Bear, Stearns & Co. Inc., Citigroup Global Markets Inc., Credit Suisse First Boston LLC, Goldman, Sachs & Co. and Lehman Brothers Inc. (Incorporated by reference to Exhibit 4.7 to the registrant's Current Report on Form 8-K filed with the Commission on June 26, 2003 (Reg. No. 333-74797) (the "June 26, 2003 8-K")).
4.3	Form of 8 1/4% Senior Subordinated Notes due 2011 (contained in Exhibit 4.1).
10.1	Lease Agreement dated as of December 21, 1998 by and between Domino's Farms Office Park Limited Partnership and Domino's, Inc. (Incorporated by reference to Exhibit 10.3 to the 1999 S-4).
10.2	Amendment, dated February 7, 2000, to Lease Agreement dated December 21, 1998 by and between Domino's Farms Office Park Limited Partnership and Domino's Pizza, Inc. (Incorporated by reference to Exhibit 10.32 of the registrant's annual report on Form 10-K for the year ended December 31, 2000 (Reg. No. 333-74797), (the "2000 10-K")).

10.3	First Amendment to a Lease Agreement between Domino’s Farms Office Park, L.L.C. and Domino’s Pizza LLC, dated as of August 8, 2002, by and between Domino’s Farms Office Park L.L.C. and Domino’s Pizza, LLC (Incorporated by reference to Exhibit 10.5 of the registrant’s annual report on Form 10-K for the year ended December 29, 2002 (Reg. No. 333-74797), (the “2002 10-K”)).
10.4	Second Amendment to a Lease Agreement between Domino’s Farms Office Park, L.L.C. and Domino’s Pizza LLC, dated as of May 5, 2004. (Incorporated by reference to Exhibit 10.34 to the S-1.)
10.5	Form of Amended and Restated Stockholders Agreement by and among Domino’s Pizza, Inc., Domino’s, Inc., Bain Capital Fund VI, L.P., Bain Capital VI Coinvestment Fund, L.P., BCIP, PEP Investments PTY Ltd., Sankaty High Yield Asset Partners, L.P., Brookside Capital Partners Fund, L.P., RGIP, LLC, DP Investors I, LLC, DP Investors II, LLC, J.P. Morgan Capital Corporation, Sixty Wall Street Fund, L.P., DP Transitory Corporation, Thomas S. Monaghan, individually and in his capacity as trustee, and Marjorie Monaghan, individually and in her capacity as trustee, Harry J. Silverman, Michael D. Soignet and David A. Brandon (Incorporated by reference to Exhibit 10.27 to the S-1).
10.6	Form of Amended and Restated Franchisee Stockholders Agreement by and among Domino’s Pizza, Inc., Bain Capital Fund VI, L.P., Bain Capital VI Coinvestment Fund, L.P., BCIP, PEP Investments PTY, Ltd., Sankaty High Yield Asset Partners, L.P., Brookside Capital Partners Fund, L.P. and certain franchisee stockholders of Domino’s Pizza, Inc. (Incorporated by reference to Exhibit 10.26 to the S-1).
10.7	Form of Amended and Restated Employee Stockholders Agreement by and among Domino’s Pizza, Inc., Bain Capital Fund VI, L.P., Bain Capital VI Coinvestment Fund, L.P., BCIP, PEP Investments PTY, Ltd., Sankaty High Yield Asset Partners, L.P., Brookside Capital Partners Fund, L.P. and the employee stockholders identified therein. (Incorporated by reference to Exhibit 10.27 to the S-1).
10.8	Senior Executive Deferred Bonus Plan of Domino’s, Inc. dated as of December 21, 1998 (Incorporated by reference to Exhibit 10.6 to the 1999 S-4).
10.9	Domino’s Pizza, Inc. Deferred Compensation Plan adopted effective January 4, 1999 (Incorporated by reference to Exhibit 10.7 to the 1999 S-4).
10.10	Amendment to the Domino’s Pizza, Inc. Deferred Compensation Plan (Incorporated by reference to Exhibit 10.8 to the 1999 10-K).
10.11	TISM, Inc. Fourth Amended and Restated Stock Option Plan (“TISM Option Plan”) (Incorporated by reference to Exhibit 10.6 to the June 26, 2003 8-K).
10.12	Form of Domino’s Pizza, Inc. Equity Incentive Plan (Incorporated by reference to Exhibit 10.30 to the S-1).
10.13	Form of Domino’s Pizza, Inc. 2004 Employee Stock Payroll Deduction Plan (Incorporated by reference to Exhibit 10.31 to the S-1).
10.14	Form of Domino’s Pizza, Inc. Dividend Reinvestment & Direct Stock Purchase and Sale Plan (Incorporated by reference to Exhibit 10.32 to the S-1).
10.15	Amended and Restated Employment Agreement dated as of December 14, 2004 between Domino’s Pizza LLC and Harry J. Silverman. (Incorporated by reference to Exhibit 10.01 to Domino’s, Pizza Inc.’s Current Report on Form 8-K filed on December 14, 2004, (the “December 2004 8-K”)).
10.16	Consulting Agreement dated as of December 14, 2004 between Domino’s Pizza LLC and Harry J. Silverman. (Incorporated by reference to Exhibit 10.01 to the December 2004 8-K).
10.17	Employment Agreement dated as of January 1, 2002 between Domino’s Pizza LLC and Michael D. Soignet (Incorporated by reference to Exhibit 10.38 to the 2001 10-K).

10.18	Employment agreement dated as of January 1, 2002 between Domino's Pizza LLC and J. Patrick Doyle (Incorporated by reference to Exhibit 10.39 to the 2001 10-K).
10.19	Amendment No. 1, dated October 4, 2004, to the Employment Agreement dated as of January 1, 2002 between Domino's Pizza LLC and J. Patrick Doyle.
10.20	Employment Agreement dated as of January 1, 2002 between Domino's Pizza LLC and James G. Stansik. (Incorporated by reference to Exhibit 10.16 of the registrant's annual report on Form 10-K for the year ended December 28, 2003 (Reg. No. 333-107774), (the "2003 10-K")).
10.21	Employment Agreement dated as of June 1, 2003 between David A. Brandon and TISM, Inc., Domino's, Inc. and Domino's Pizza LLC (Incorporated by reference to Exhibit 10.5 to the June 26, 2003 8-K).
10.22	Time Sharing Agreement dated as of December 2, 2002 between Domino's Pizza LLC and David A. Brandon (Incorporated by reference to Exhibit 10.27 to the 2002 10-K).
10.23	Form of Amended and Restated Stock Option Agreement of David A. Brandon under the TISM Option Plan.
10.24	Purchase Agreement dated as of June 18, 2003 by and among JP Morgan, as representative of itself and Banc of America Securities, Inc. Bear Stearns & Co., Inc., Citigroup, Credit Suisse First Boston, Goldman Sachs and Lehman Brothers, Domino's, Inc. Domino's Franchise Holding Co., Domino's Pizza LLC, Domino's Pizza PMC, Inc., Domino's Pizza International, Inc., Domino's Pizza International Payroll Services, Inc., Domino's Pizza—Government Services Division, Inc. and Domino's Pizza NS Co. (Incorporated by reference to Exhibit 10.1 to the June 26, 2003 8-K).
10.25	Credit Agreement, dated as of July 29, 2002, and amended and restated as of June 25, 2003, among Domino's, Inc., as borrower, TISM, Inc., as guarantor, the lenders listed therein, as lenders, JPMorgan Chase Bank, as administrative agent, Citicorp North America, Inc., as syndication agent, and Bank One, NA, as documentation agent (Incorporated by reference to Exhibit 10.2 to the June 26, 2003 8-K).
10.26	First Amendment to Credit Agreement, dated as of November 25, 2003, among Domino's, Inc., as borrower, TISM, Inc., JPMorgan Securities Inc., as sole lead arranger and book runner, the lenders listed therein, as lenders, JP Morgan Chase Bank, as administrative agent, Citicorp North America, Inc., as syndication agent, and Bank One, NA, as documentation agent (Incorporated by reference to Exhibit 10.21 to the 2003 10-K).
10.27	Second Amendment and Consent to Credit Agreement, dated as of May 6, 2004, among Domino's, Inc., as borrower, TISM, Inc., JPMorgan Securities Inc., as sole lead arranger and book runner, the lenders listed therein, as lenders, JP Morgan Chase Bank, as administrative agent, Citicorp North America, Inc., as syndication agent, and Bank One, NA, as documentation agent (Incorporated by reference to Exhibit 10.1 to the Domino's, Inc. Current Report on Form 8-K filed on May 7, 2004).
10.28	Third Amendment to Credit Agreement, dated as of November 30, 2004 among Domino's, Inc., as borrower, TISM, Inc., JPMorgan Securities Inc., as sole lead arranger and book runner, the lenders listed therein, as lenders, JP Morgan Chase Bank, as administrative agent, Citicorp North America, Inc., as syndication agent, and Bank One, NA, as documentation agent.
10.29	Pledge agreement, dated as of July 29, 2002, and amended and restated as of June 25, 2003, among Domino's, Inc., TISM, Inc. and certain other respective subsidiaries, and JPMorgan Chase Bank, as collateral agent (Incorporated by reference to Exhibit 10.4 to the June 26, 2003 8-K).
10.30	Security agreement, dated as of July 29, 2002, and amended and restated as of June 25, 2003, among Domino's, Inc., TISM, Inc. and JPMorgan Chase Bank, as collateral agent (Incorporated by reference to Exhibit 10.4 to the June 26, 2003 8-K).
10.31	Assumption Agreement, dated as of May 12, 2004, made by Domino's Pizza, Inc. as a New Credit Agreement Party (Incorporated by reference to Exhibit 10.36 to the S-1).

10.32	Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.33 to the S-1).
10.33	TISM, Inc. Class A-3 Stock Option Agreement with Dennis F. Hightower, dated as of February 25, 2003 (Incorporated by reference to Exhibit 10.1 of the registrant's quarterly report on Form 10-Q for the fiscal quarter ended March 23, 2003).
10.34	Board of Directors Compensation Schedule.
21.1	Subsidiaries of Domino's Pizza, Inc.
23.1	Consent of PricewaterhouseCoopers LLP.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, relating to Domino's Pizza, Inc.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, relating to Domino's Pizza, Inc.
31.3	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, relating to Domino's, Inc.
31.4	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, relating to Domino's, Inc.
32.1	Certification of Chief Executive Officer pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, relating to Domino's Pizza, Inc.
32.2	Certification of Chief Financial Officer pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, relating to Domino's Pizza, Inc.
32.3	Certification of Chief Executive Officer pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, relating to Domino's, Inc.
32.4	Certification of Chief Financial Officer pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, relating to Domino's, Inc.
99.1	Risk Factors

(b) **Reports on Form 8-K**

The following Current Reports on Form 8-K were filed with or furnished to the SEC during the period covered by this report:

Current Report on Form 8-K of Domino's Pizza, Inc. dated October 5, 2004, which included a press release announcing changes in management.

Current Report on Form 8-K of Domino's Pizza, Inc. and Domino's, Inc. dated October 19, 2004, which included a press release announcing the Company's third quarter 2004 financial results.

Current Report on Form 8-K of Domino's Pizza, Inc. dated December 3, 2004, which included a press release announcing an amendment to the Domino's, Inc. Credit Agreement.

Current Report on Form 8-K of Domino's Pizza, Inc. dated December 15, 2004, which included a press release announcing changes in directors and management.

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT.

No annual report has been sent to security holders covering the registrant's last fiscal year and no proxy materials have been sent to more than 10 of the registrant's security holders during the registrant's last fiscal year.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Domino's Pizza, Inc.

Our audits of the consolidated financial statements referred to in our report dated February 23, 2005 of Domino's Pizza, Inc. and subsidiaries (which report and consolidated financial statements are included in this Form 10-K) also included an audit of the financial statement schedule listed in Item 15 of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PRICEWATERHOUSECOOPERS LLP

Detroit, Michigan
February 23, 2005.

Report of Independent Registered Public Accounting Firm

To the Board of Directors
Domino's, Inc.

Our audits of the consolidated financial statements referred to in our report dated February 23, 2005 of Domino's, Inc. and subsidiaries (which report and consolidated financial statements are included in this Form 10-K) also included an audit of the financial statement schedule listed in Item 15 of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PRICEWATERHOUSECOOPERS LLP

Detroit, Michigan
February 23, 2005.

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SCHEDULE II – VALUATION and QUALIFYING ACCOUNTS

Domino's Pizza, Inc. and Subsidiaries
Domino's, Inc. and Subsidiaries

(in thousands)	Balance Beginning of Year	Provision (Benefit)	Additions / Deductions from Reserves *	Translation Adjustments	Balance End of Year
Allowance for doubtful accounts receivable:					
2004	$ 3,869	$ 1,259	$ (563)	$ 161	$4,726
2003	3,764	1,222	(1,242)	125	3,869
2002	6,071	650	(3,036)	79	3,764
Allowance for doubtful notes receivable:					
2004	$ 2,131	$ 181	$ (116)	$ (1)	$2,195
2003	3,684	(1,434)	(139)	20	2,131
2002	3,493	(1,091)	1,275	7	3,684

* Consists primarily of write-offs, recoveries of bad debt and certain reclassifications.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this annual report to be signed on their behalf by the undersigned, thereunto duly authorized, in the Township of Ann Arbor, State of Michigan on the 17th day of March, 2005.

DOMINO'S PIZZA, INC.
DOMINO'S, INC.

/s/ Harry J. Silverman

Harry J. Silverman
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrants and in the capacities indicated on March 17, 2005.

/s/ David A. Brandon	
David A. Brandon	Chairman, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Harry J. Silverman	
Harry J. Silverman	Chief Financial Officer and Director (Principal Financial and Accounting Officer)
/s/ Andrew B. Balson	
Andrew B. Balson	Director
/s/ Dennis F. Hightower	
Dennis F. Hightower	Director
/s/ Mark E. Nunnelly	
Mark E. Nunnelly	Director
/s/ Robert M. Rosenberg	
Robert M. Rosenberg	Director

EXHIBIT 10.19

AMENDMENT NO. 1

This Amendment No. 1 to that certain employment agreement dated as of January 1, 2002, by Domino’s Pizza LLC, a Michigan limited liability corporation (the “Company”) and J. Patrick Doyle (the “Executive”) (the “Agreement”) is dated as of October 4, 2004.

WHEREAS, the parties wish to amend the Agreement as set forth herein;

NOW THEREFORE, in consideration of the premises and mutual agreements set forth herein and in the Agreement, the parties here to agree as follows;

1. The second Recital and Section 3.1 shall be amended to delete references to “Executive Vice President of International” and replace it with “Executive Vice President, Domino’s Pizza Inc., Leader –Team USA.”

2. Section 4.1 of the Agreement is hereby deleted in its entirety and shall be replaced with the following:

   “<u>Base Salary</u>. The Company shall pay the Executive a base salary at the rate of Two Hundred Ninety Thousand Dollars ($290,000) per year, payable in accordance with the payroll practices of the Company for its executives and subject to such increases as the Board of Directors of the Company or the Compensation Committee (the “Board”) in its sole discretion may determine from time to time (the “Base Salary”).”

3. All capitalized terms used herein shall have the meaning ascribed to them in the Agreement.

4. Except as specifically amended by this Amendment, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed is Amendment as of the 4th day of October 2004.

THE COMPANY:	DOMINO’S PIZZA, LLC
	By: /s/ David A. Brandon
	Name: David A. Brandon Title: Chairman
THE EXECUTIVE:	By: /s/ J. Patrick Doyle
	Name: J. Patrick Doyle

FORM OF AMENDED STOCK OPTION GRANT
OF DAVID A. BRANDON

Optionee:	David A. Brandon
Grant Date:	
Number of Shares of Common Stock:	
Price Per Share:	$

This option and any securities issued upon exercise of this option are subject to restrictions on voting and transfer and requirements of sale and other provisions as set forth in a Stockholders Agreement (the "Stockholders Agreement") among the Company, the Optionee and certain other parties, dated as of December 21, 1998 (the "Commencement Date") and this option and any securities issued upon exercise of this option constitute Management Shares as defined therein. The Company will furnish a copy of such Stockholders Agreement to the holder of this option without charge upon written request.

TISM, INC.
STOCK OPTION

This option agreement (the "Agreement") is made as of the Grant Date by and between TISM, Inc., a Michigan corporation (the "Company"), and the Optionee, pursuant to the Company's Stock Option Plan (the "Plan"). The initially capitalized terms Optionee, Grant Date, Number of Shares and Price Per Share shall have the meanings set forth above; initially capitalized terms not otherwise defined herein shall have the meaning provided in the Plan. The Company and the Optionee hereby agree as follows:

1. GRANT OF OPTION.

A. This Agreement evidences the grant by the Company on the Grant Date to the Optionee of an option to purchase, in whole or in part, on the terms provided herein and in the Plan, the Number of Shares of Class A-3 Common Stock, par value $.001 per share, of the Company set forth above (the "Shares") at the Price Per Share. The price at which the Option may be exercised is the Price Per Share. The number of Shares for which the Option may be exercised is the Number of Shares set forth above.

B. This Option shall become exercisable as to 20% of the total Number of Shares on December 31 of each of 1999, 2000, 2001, 2002 and 2003 ; provided, however, that in the event of the termination of the employment of the Optionee with the Company and its subsidiaries prior to December 31, 2003 other than (x) by the Optionee other than pursuant to Section 5.5 of the Optionee's Employment Agreement or (y) by the Company and its subsidiaries for Cause, the applicable percentage set forth below of the portion of the total Number of Shares not otherwise exercisable as of the date of termination shall become exercisable as of the date of termination:

Date of Termination	Percentage
Calendar 1999	0%
Calendar 2000	50%
Calendar 2001	50%
Calendar 2002	75%
Calendar 2003	75%

The latest date on which this Option may be exercised (the "Final Exercise Date") is the earliest of (i) ten years following the Grant Date, or (ii) the termination hereof in accordance with this Agreement or the Plan.

C. As used herein, the following terms shall have the meanings set forth below:

"Affiliate" shall mean, with respect to any specified Person, (a) any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise).

"Board" shall mean the board of directors of the Company.

"Cause" shall mean, with respect to the Optionee, the following events or conditions: (i) the Optionee's willful failure to perform (other than by reason of disability), or gross negligence in the performance of, his duties to the Company or any of its Affiliates and the continuance of such failure or negligence for a period of ten (10) days after notice to the Optionee; (ii) the commission of fraud, embezzlement or theft by the Optionee with respect to the Company or any of its Affiliates; or (iii) the conviction of the Optionee of, or plea by the Optionee of nolo contendere to, any felony or any other crime involving dishonesty or moral turpitude.

"Change of Control" shall have the meaning of that term as defined in the Stockholders Agreement.

"Credit Agreement Rate" shall have the meaning of that term as defined in the Stockholders Agreement.

"Fair Market Value" shall mean, as of any date, as to any Share of Common Stock, the Board's good faith determination of the fair value of such Share as of the applicable reference date.

"Option" shall mean the option to purchase the Shares of Class A Common Stock granted to the Optionee pursuant to this Agreement.

"Person" shall mean any individual, partnership, corporation, company, association, trust, joint venture, unincorporated organization, entity, or any government, governmental department or agency or political subdivision thereof.

"Stockholders Agreement" shall mean the Stockholders Agreement dated as of December 21, 1998 among the Company, certain of its subsidiaries and certain of its shareholders.

2. EXERCISE OF OPTION. Any election to exercise this Option shall be in writing, signed by the Optionee or by such Person's executor or administrator (the "Legal Representative"), and received by the Company at its principal office, accompanied by payment in full and by such additional reasonable documentation evidencing the right to exercise (or, in the case of a Legal Representative, of the authority of such person) as the Company may require. The purchase price shall be paid by bank check or wire transfer of immediately available federal funds, or such other form of consideration as is designated by the Board.

3. OTHER AGREEMENTS. In addition to the terms and provisions of this Agreement and the Plan, this Option and any Shares received upon the exercise of this Option shall be subject to certain rights, restrictions and obligations set forth in the Stockholders Agreement and shall constitute "Management Shares" thereunder and the Optionee shall be party thereto and bound thereby as a "Manager" thereunder with respect to this Option and such Shares as fully as if he were an original signatory thereto; *provided*, *however*, that the provisions of Section 5 hereof shall control and apply in lieu of Section 9 of the Stockholders Agreement.

4. WITHHOLDING. No Shares will be transferred pursuant to the exercise of this Option unless and until the person exercising this Option shall have remitted to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements, or shall have made other arrangements reasonably satisfactory to the Company with respect to such taxes.

5. [RESERVED].

6. PREEMPTIVE RIGHT. The Option shall be subject to the rights, restrictions and obligations set forth in Section 10 of the Stockholders Agreement and shall constitute "Management Shares" thereunder for purposes of Section 10 of the Stockholders Agreement notwithstanding clause (i) in the definition of "Management Shares"in Section 16 of the Stockholders Agreement.

7. REPRESENTATIONS AND WARRANTIES. The Optionee represents and warrants to the Company as follows:

The Optionee has been advised that the Shares to be received upon the exercise of this Option have not been registered under the Securities Act or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Optionee is aware that the Company is under no obligation to effect any such registration with respect to the Shares or to file for or comply with any exemption from registration. Any election by the Optionee to exercise this Option to purchase the Shares will be made by the Optionee hereunder for its own account and not with a view to, or for resale in connection with, the distribution of the Shares in violation of the Securities Act. The Optionee has such knowledge and experience in financial and business matters that the Optionee is capable of evaluating the merits and risks of an investment in the Shares, is able to incur a complete loss of such investment and is able to bear the economic risk of such investment for an indefinite period of time. The Optionee is an accredited investor as that term is defined in Regulation D under the Securities Act.

8. EFFECT ON EMPLOYMENT. Neither the grant of this Option, nor the issuance of Shares upon exercise of this Option, shall give the Optionee any right to be retained in the employ of the Company, affect the right of the Company to discharge or discipline such Optionee at any time, or affect any right of such Optionee to terminate his or her employment at any time.

9. CHANGE OF CONTROL. Subject to any provisions of the Stockholders Agreement, upon a Change of Control, the Company may cancel the Option to the extent not previously exercised; provided, however, that the Board shall cause the Optionee to receive in lieu thereof cash, options, securities or other property of equal or greater value as determined by the Board in good faith which, to the extent of any unvested portion of the Option, may be subject to conditions as to vesting which are no more burdensome than those set forth herein; and provided, further, that nothing herein is intended to preclude the inclusion of the Options in any Tag-Along or Drag-Along Sale which constitutes a Change of Control as set forth in the Stockholders Agreement. The Company shall furnish to the Optionee five (5) days' prior written notice of such Change of Control.

10. NOTICES. Any notices or other communications required or permitted hereunder shall be effective if in writing and delivered in the manner required by the Optionee's employment agreement, in each case addressed as provided by the employment agreement.

11. PROVISIONS OF THE PLAN, ETC. This Option is subject in its entirety to the provisions of the Plan, a copy of which is furnished to the Optionee with this Option, *provided* that in the event of any conflict between the terms of this Option and the Plan, the terms of the Option shall control. The Option evidenced by this Agreement is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code (the "Code").

12. REMEDIES.

A. Generally. The Company and the Optionee shall have all remedies available at law, in equity or otherwise in the event of any breach or violation of this Agreement or any default hereunder by the Company or the Optionee. The parties acknowledge and agree that in the event of any breach of this Agreement, in addition to any other remedies which may be available, each of the parties hereto shall be entitled to specific performance of the obligations of the other parties hereto and, in addition, to such other equitable remedies (including without limitation preliminary or temporary relief) as may be appropriate in the circumstances.

B. Deposit. Without limiting the generality of Section 12(A), if any holder of shares of Common Stock fails to deliver to the Company the certificate or certificates evidencing shares of Common Stock to be sold to the Company pursuant to Section 5 hereof, the Company may, at its option, in addition to all other remedies it may have, deposit the purchase price (including any promissory note constituting all or any portion thereof) for such shares of Common Stock with any national bank or trust company having combined capital, surplus and undivided profits in excess of One Hundred Million Dollars ($100,000,000) (the "Escrow Agent") and the Company shall cancel on its books the certificate or certificates representing such shares of Common Stock and thereupon all of such holder's rights in and to such shares of Common Stock shall terminate. Thereafter, upon delivery to the Company by such holder of the certificate or certificates evidencing such shares of Common Stock (duly endorsed, or with stock powers duly endorsed, for transfer, with signature guaranteed, free and clear of any liens or encumbrances, and with any stock transfer tax stamps affixed), the Company shall instruct the Escrow Agent to deliver the purchase price (without any interest from the date of the closing to the date of such delivery, any such interest to accrue to the Company) to such holder.

13. MISCELLANEOUS.

A. Governing Law. This Agreement shall be governed and construed in accordance with the laws of Michigan.

B. Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect its subject matter. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

C. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

D. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

E. Consent to Jurisdiction. Each party to this Agreement, by its execution hereof, (x) hereby irrevocably submits to the jurisdiction of the state courts of the State of Michigan sitting in the County of Washtenaw or the United States District Court for the Eastern District of Michigan for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof and (y) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court. Each party hereto hereby consents to service of process in any such proceeding in any manner permitted by Michigan law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to the Stockholders Agreement is reasonably calculated to give actual notice.

F. Waiver of Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS SECTION 13(F) CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 13(F) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

G. Legends. In addition to the legends required by Section 14 of the Stockholders Agreement, all certificates representing Shares issued hereunder shall bear a legend in substantially the following form:

> “The securities represented by this certificate are subject to certain put and call rights and other provisions of the Brandon Basic Class A Option Agreement to which the issuer and the initial holder are party, a copy of which may be inspected at the principal offices of the issuer or obtained from the issuer without charge.”

Any person who requires Shares issued hereunder which are not subject to the terms of this Agreement shall have the right to have such legend removed from certificates representing such Shares.

H. Authority; Effect; etc. Each party hereto represents and warrants to and agrees with each other party that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized on behalf of such party and do not violate any agreement or other instrument applicable to such party or by which its assets are bound. This Agreement does not, and shall not be construed to, give rise to the creation of a partnership among any of the parties hereto, or to constitute any of such parties members of a joint venture or other association.

I. Assignment. This Agreement shall not be assignable by the Optionee and shall be assignable by the Company only with the consent of the Optionee, provided, however, that the Company shall require any successor to substantially all of the stock, assets or business of the Company to assume this Agreement.

J. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon the Optionee and the Company and their respective personal or legal representatives, executors, administrators, successors, including successors to all or substantially all of the stock, business and/or assets of the Company, heirs, distributees, devisees and legatees of the parties.

K. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

TISM, INC.

By: ______________________________

Name:
Title:

DAVID A. BRANDON

____

Name: David A. Brandon

THIRD AMENDMENT TO CREDIT AGREEMENT

THIRD AMENDMENT TO CREDIT AGREEMENT (this "Third Amendment"), dated as of November 30, 2004, among DOMINO'S, INC., a Delaware corporation ("Borrower"), DOMINO'S PIZZA, INC., a Delaware corporation (successor by merger to TISM, Inc.) ("Holdings"), various Subsidiaries of Borrower, the lenders from time to time party to the Credit Agreement referred to below (each a "Lender" and collectively, "Lenders"), J.P. MORGAN SECURITIES INC. ("JPMSI"), as sole lead arranger and book runner, JPMORGAN CHASE BANK ("JPMorgan Chase Bank"), as administrative agent for Lenders (in such capacity, "Administrative Agent"), CITICORP NORTH AMERICA, INC. ("Citicorp"), as syndication agent (in such capacity, "Syndication Agent"), and BANK ONE, NA ("Bank One"), as documentation agent (in such capacity, "Documentation Agent"). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined shall have the respective meanings provided such terms in the Credit Agreement referred to below.

W I T N E S S E T H :

WHEREAS, Borrower, Holdings, JPMSI, Citigroup Global Markets, Inc., Lenders, Administrative Agent, Syndication Agent and Documentation Agent are parties to a Credit Agreement, dated as of July 29, 2002 and amended and restated as of June 25, 2003 (as so amended and restated and as the same has been further amended through, but not including, the date hereof, the "Credit Agreement"); and

WHEREAS, subject to the terms and conditions of this Third Amendment, the Lenders wish to amend the Credit Agreement as herein provided;

NOW, THEREFORE, it is agreed:

I. Amendments to Credit Agreement.

1. The definition of "Class" appearing in subsection 1.1 of the Credit Agreement is hereby amended by deleting the text "2004 Term Loan" appearing in said definition and inserting the text "New 2004 Term Loan" in lieu thereof.

2. The definition of "Loan" appearing in subsection 1.1 of the Credit Agreement is hereby amended by inserting the text "New 2004 Term Loans," immediately following the text "2004 Term Loans," appearing in said definition.

3. The definition of "Notes" appearing in subsection 1.1 of the Credit Agreement is hereby amended by inserting the text "New 2004 Term Notes," immediately following the text "2004 Term Notes," appearing in said definition.

4. The definition of "Requisite Lenders" appearing in subsection 1.1 of the Credit Agreement is hereby amended by (i) deleting the text "(iv)" appearing in said definition and inserting the text "(v)" in lieu thereof and (ii) inserting the text ", (iv) the aggregate New

2004 Term Loan Exposure of all Lenders" immediately prior to the text "and (v)" appearing in said subsection (as modified pursuant to preceding subclause (i)).

5. The definition of "Shareholder Subordinated PIK Note" appearing in subsection 1.1 of the Credit Agreement is hereby amended by deleting the text "2004 Term Loans" appearing in said definition and inserting the text "New 2004 Term Loans" in lieu thereof.

6. Subsection 1.1 of the Credit Agreement is hereby further amended by (i) deleting the definitions of "Applicable Base Rate Margin", "Applicable Eurodollar Rate Margin", "Arrangers", "Existing Term Loan Borrowing" and "Pro Rata Share" in their entirety and (ii) inserting in appropriate alphabetical order the following new definitions:

"Additional New 2004 Term Loan" has the meaning assigned to that term in subsection 2.1A(i)(IV).

"Applicable Base Rate Margin" means (x) as to New 2004 Term Loans, 0.75% per annum and (y) as to Revolving Loans, (a) for the period from the Second Amendment Effective Date to (but excluding) the date of commencement of the first Pricing Period occurring after the Second Amendment Effective Date, the Level IV percentage set forth below and (b) for any date thereafter, a rate per annum equal to the percentage set forth below opposite the Applicable Leverage Ratio in effect as of such date of determination, any change in any such Applicable Base Rate Margin to be effective on the date of any corresponding change in the Applicable Leverage Ratio:

Level	Applicable Leverage Ratio	Applicable Revolving Loan Base Rate Margin
IV	Greater than or equal to 4.25x	2.00%
III	less than 4.25x and greater than or equal to 3.75x	1.75%
II	less than 3.75x and greater than or equal to 3.25x	1.50%
I	less than 3.25x	1.25%

; provided that notwithstanding anything to the contrary contained in this definition, at any time an Event of Default is then in existence, the Applicable Base Rate Margin for Revolving Loans shall be the Level IV percentage set forth above. It is understood and agreed that the "Applicable Base Rate Margin" applicable to Revolving Loans for periods on and after the First Amendment Effective Date and prior to the Second Amendment Effective Date shall be the "Applicable Base Rate Margin" as determined pursuant to the definitions "Applicable Base Rate Margin" and "Applicable Leverage Ratio", in each case as such definitions were in effect immediately prior to the Second Amendment Effective Date.

"Applicable Eurodollar Rate Margin" means (x) as to New 2004 Term Loans, 1.75% per annum and (y) as to Revolving Loans, (a) for the period from the Second

Amendment Effective Date to (but excluding) the date of commencement of the first Pricing Period occurring after the Second Amendment Effective Date, the Level IV percentage set forth below and (b) for any date thereafter, a rate per annum equal to the percentage set forth below opposite the Applicable Leverage Ratio in effect as of such date of determination, any change in any such Applicable Eurodollar Rate Margin to be effective on the date of any corresponding change in the Applicable Leverage Ratio:

Level	Applicable Leverage Ratio	Applicable Revolving Loan Eurodollar Rate Margin
IV	Greater than or equal to 4.25x	3.00%
III	less than 4.25x and greater than or equal to 3.75x	2.75%
II	less than 3.75x and greater than or equal to 3.25x	2.50%
I	less than 3.25x	2.25%

; provided that notwithstanding anything to the contrary contained in this definition, at any time an Event of Default is then in existence, the Applicable Eurodollar Rate Margin for Revolving Loans shall be the Level IV percentage set forth above. It is understood and agreed that the "Applicable Eurodollar Rate Margin" applicable to Revolving Loans for periods on and after the First Amendment Effective Date and prior to the Second Amendment Effective Date shall be the "Applicable Eurodollar Rate Margin" as determined pursuant to the definitions "Applicable Eurodollar Rate Margin" and "Applicable Leverage Ratio", in each case as such definitions were in effect immediately prior to the Second Amendment Effective Date.

"Arrangers" means, collectively, Initial Arrangers, First Amendment Arranger, Second Amendment Arranger and Third Amendment Arranger.

"Consenting 2004 Term Lender" means each Lender holding outstanding 2004 Term Loans that has theretofore executed and delivered a counterpart of the Third Amendment to the Administrative Agent on or prior to 5:00 P.M. (New York City time) on the later to occur of November 23, 2004 or the Third Amendment Effective Date.

"Converted New 2004 Term Loan" has the meaning assigned to that term in subsection 2.1A(i)(IV).

"Existing 2004 Term Loan Borrowing" has the meaning assigned to that term in subsection 2.2B(x).

"New 2004 Term Loan" has the meaning assigned to that term in subsection 2.1A(i)(IV).

"New 2004 Term Loan Commitment" means the commitment of a Lender to make Additional New 2004 Term Loans to Borrower pursuant to subsection 2.1A(i)(IV), and “New 2004 Term Loan Commitments” means such commitments of all Lenders in the aggregate.

“New 2004 Term Loan Exposure” means, with respect to any Lender as of any date of determination, the outstanding principal amount of the New 2004 Term Loans of that Lender.

“New 2004 Term Notes” means any promissory notes of Borrower issued pursuant to subsection 2.1E to evidence the New 2004 Term Loans of any Lenders, substantially in the form of Exhibit III-C annexed hereto, as they may be amended, supplemented or otherwise modified from time to time.

“Non-Consenting 2004 Term Lender” means each Lender holding 2004 Term Loans on the Third Amendment Effective Date (immediately prior to giving effect thereto) that is not a Consenting 2004 Term Lender.

“Pro Rata Share” means (i) with respect to all payments, computations and other matters relating to the Term Loan Commitment or the Term Loan of any Lender, the percentage obtained by dividing (x) the Term Loan Exposure of that Lender by (y) the aggregate Term Loan Exposure of all Lenders, (ii) with respect to all payments, computations and other matters relating to the New Term Loan Commitment or the New Term Loan of any Lender, the percentage obtained by dividing (x) the New Term Loan Exposure of that Lender by (y) the aggregate New Term Loan Exposure of all Lenders, (iii) with respect to all payments, computations and other matters relating to the 2004 Term Loan Commitment or the 2004 Term Loan of any Lender, the percentage obtained by dividing (x) the 2004 Term Loan Exposure of that Lender by (y) the aggregate 2004 Term Loan Exposure of all Lenders, (iv) with respect to all payments, computations and other matters relating to the New 2004 Term Loan Commitment or the New 2004 Term Loan of any Lender, the percentage obtained by dividing (x) the New 2004 Term Loan Exposure of that Lender by (y) the aggregate New 2004 Term Loan Exposure of all Lenders, (v) with respect to all payments, computations and other matters relating to the Revolving Loan Commitment or the Revolving Loans of any Lender or any Letters of Credit issued or participations therein purchased by any Lender or any participations in any Swing Line Loans purchased by any Lender, the percentage obtained by dividing (x) the Revolving Loan Exposure of that Lender by (y) the aggregate Revolving Loan Exposure of all Lenders, and (vi) for all other purposes with respect to each Lender, (A) prior to the occurrence of the Third Amendment Effective Date, the percentage obtained by dividing (x) the sum of the 2004 Term Loan Exposure of that Lender plus the Revolving Loan Exposure of that Lender by (y) the aggregate 2004 Term Loan Exposure of all Lenders plus the aggregate Revolving Loan Exposure of all Lenders or (B) on and after the occurrence of the Third Amendment Effective Date, the percentage obtained by dividing (x) the sum of the New 2004 Term Loan Exposure of that Lender plus the Revolving Loan Exposure of that Lender by (y) the aggregate New 2004 Term Loan Exposure of all Lenders plus the aggregate Revolving Loan Exposure of all Lenders, in any such case as the applicable percentage may be adjusted by assignments permitted pursuant to subsection 10.1. The Pro Rata Share of each Lender for purposes of each of clauses (i), (ii), (iii) and (iv) of the preceding sentence is set forth opposite the name of that Lender in Schedule 2.1 annexed hereto.

"Repricing Transaction" shall mean the incurrence by Borrower of a new tranche of replacement term loans under this Agreement (including by way of a conversion of New 2004 Term Loans into such replacement term loans) (i) having effective interest rate margins that are less than the Applicable Base Rate Margin and Applicable Eurodollar Rate Margin, as applicable, for New 2004 Term Loans on the Third Amendment Effective Date (immediately after giving effect thereto) (with the comparative determinations of such margins to be made by Administrative Agent and to be made after taking account of all upfront or similar fees or original issue discount (amortized over the life of such tranche of replacement term loans or New 2004 Term Loans, as the case may be) payable to all Lenders providing such replacement term loans or New 2004 Term Loans, as the case may be, but exclusive of any arrangement, structuring or other fees payable in connection therewith that are not shared with all Lenders providing such tranche of replacement term loans or New 2004 Term Loans, as the case may be) and (ii) except to the extent incurred by way of a conversion of New 2004 Term Loans, all or a portion of the proceeds of which are used to repay, in whole or in part, principal of outstanding New 2004 Term Loans. Any such determination by Administrative Agent as contemplated by preceding clause (i) shall be conclusive and binding on all Lenders holding New 2004 Term Loans.

"Third Amendment" means the Third Amendment to Credit Agreement, dated as of November 30, 2004.

"Third Amendment Arranger" means JPMSI, in its capacity as sole lead arranger and book runner pursuant to the Third Amendment.

"Third Amendment Effective Date" has the meaning assigned to that term in the Third Amendment.

"Third Amendment Mortgage Amendments" has the meaning assigned to that term in subsection 6.15.

"2004 Term Loan Conversion" has the meaning assigned to that term in subsection 2.1A(i)(IV).

7. Subsection 2.1A of the Credit Agreement is hereby amended by inserting the text ", 2.1A(i)(IV)" immediately following the text "2.1A(i)(III)" appearing in the first sentence of said subsection.

8. Subsection 2.1A(i) of the Credit Agreement is hereby amended by inserting the following new clause (IV) at the end of said subsection:

"(IV) New 2004 Term Loans. (x) Each Consenting 2004 Term Lender severally agrees to convert (the "2004 Term Loan Conversion"), on the Third Amendment Effective Date, all 2004 Term Loans of such Consenting 2004 Term Lender outstanding on the Third Amendment Effective Date (immediately prior to giving effect thereto) into new term loans hereunder (each such term loan, a "Converted New 2004 Term Loan" and, collectively, "Converted New 2004 Term Loans") and (ii) each Lender with a New 2004 Term Loan Commitment severally agrees to make, on the Third Amendment Effective Date, a term loan or term loans in an initial principal amount equal to such Lender's New 2004 Term Loan Commitment (each, an "Additional New 2004 Term Loan" and, collectively, "Additional New 2004 Term Loans", and, together with the Converted New 2004 Term Loans, "New 2004 Term Loans") to Borrower to be used for the purposes identified in subsection 2.5F. The amount of each Lender's New 2004 Term Loan Commitment and Converted New 2004 Term Loans (if any) is set forth opposite its name on Schedule 2.1 annexed hereto and the aggregate amount of (x) Additional New 2004 Term Loans and (y) Converted New 2004 Term Loans is $513,012,821.00. The New 2004 Term Loan Commitments of Lenders shall be adjusted to give effect to any assignments of the New 2004 Term Loan Commitments pursuant to subsection 10.1B. Each Lender's New 2004 Term Loan Commitment shall expire immediately and without further action on November 30, 2004 if the Additional New 2004 Term Loans are not made on or before that date. Borrower may make only one borrowing on the Third Amendment Effective Date under the New 2004 Term Loan Commitments. Amounts borrowed under this subsection 2.1A(i)(IV) or amounts borrowed as 2004 Term Loans under subsection 2.1(A)(i)(III) and continued as New 2004 Term Loans pursuant to this subsection 2.1(A)(i)(IV) and subsequently repaid or prepaid may not be reborrowed.".

9. Subsection 2.1B of the Credit Agreement is hereby amended by (i) deleting each instance of the text "2004 Term Loans" appearing in said subsection and inserting the text "New 2004 Term Loans" in lieu thereof and (ii) deleting the text "Second Amendment Effective Date" appearing in clause (y) of the proviso to the first sentence of said subsection and inserting the text "Third Amendment Effective Date" in lieu thereof.

10. Subsection 2.1C of the Credit Agreement is hereby amended by (i) deleting each instance of the text "2004 Term Loans" appearing in said subsection and inserting the text "New 2004 Term Loans" in lieu thereof, (ii) deleting each instance of the text "Second Amendment Effective Date" appearing in said subsection and inserting the text "Third Amendment Effective Date" in lieu thereof, (iii) deleting each instance of the text "2004 Term Loan Commitments" and "Additional 2004 Term Loan Commitment" appearing in said subsection and inserting the text "New 2004 Term Loan Commitments" or "Additional New 2004 Term Loan Commitment", as the case may be, in lieu thereof and (iv) inserting the text ", Part II, Section 5 of the Third Amendment (in the case of New 2004 Term Loans)" immediately prior to the text "and 4.2" appearing in subsection.

11. Subsection 2.1D of the Credit Agreement is hereby amended by (i) deleting each instance of the text "2004 Term Loan" appearing in said subsection and inserting the text "New 2004 Term Loan" in lieu thereof and (ii) deleting each instance of the text "2004 Term Loans" appearing in said subsection and inserting the text "New 2004 Term Loans" in lieu thereof.

12. Subsection 2.1E of the Credit Agreement is hereby amended by (i) inserting the text "New 2004 Term Loan," immediately after the text "2004 Term Loan," appearing in said subsection, (ii) inserting the text "Exhibit III-C," immediately after the text

"Exhibit III-B," appearing in said subsection and (iii) deleting the last sentence appearing in said subsection in its entirety and inserting the following new text in lieu thereof:

> "Without limiting the foregoing, on and after the Third Amendment Effective Date, each Consenting 2004 Term Lender which holds a 2004 Term Note shall be entitled to surrender such 2004 Term Note to Borrower against delivery of a New 2004 Term Note completed in conformity with this subsection 2.1E, substantially in the form of Exhibit III-C annexed hereto, with appropriate insertions; provided that if any such 2004 Term Note is not so surrendered, then from and after the Third Amendment Effective Date such 2004 Term Note shall be deemed to evidence the Converted New 2004 Term Loans into which the 2004 Term Loans theretofore evidenced by such 2004 Term Note have been converted.".

13. Subsection 2.2 of the Credit Agreement is hereby amended by (i) deleting each instance of the text "2004 Term Loan" appearing in said subsection and inserting the text "New 2004 Term Loan" in lieu thereof and (ii) deleting each instance of the text "2004 Term Loans" appearing in said subsection and inserting the text "New 2004 Term Loans" in lieu thereof.

14. Subsection 2.2 of the Credit Agreement is hereby further amended by deleting the text "Second Amendment Effective Date" appearing in the third sentence of subsection 2.2A of the Credit Agreement and inserting the text "Third Amendment Effective Date" in lieu thereof.

15. Subsection 2.2B of the Credit Agreement is hereby amended by deleting clause (x) of said subsection and inserting the following new clause (x) in lieu thereof:

> "(x) in connection with the 2004 Term Loan Conversion and the incurrence of Additional New 2004 Term Loans pursuant to subsection 2.1A(i)(IV), (A) each borrowing of 2004 Term Loans existing on the Third Amendment Effective Date immediately prior to the 2004 Term Loan Conversion and maintained as Eurodollar Rate Loans subject to a given Interest Period (each, an "Existing 2004 Term Loan Borrowing") shall, upon the occurrence of the 2004 Term Loan Conversion, be deemed to be a new borrowing of New 2004 Term Loans for all purposes of this Agreement (including subsection 2.2F), (B) each such newly-deemed borrowing of New 2004 Term Loans shall be subject to the same Interest Period (and Adjusted Eurodollar Rate) as the Existing 2004 Term Loan Borrowing to which it relates, (C) Additional New 2004 Term Loans shall be initially incurred pursuant to a single borrowing of Eurodollar Rate Loans which shall be added to (and thereafter be deemed to constitute a part of) each such newly-deemed borrowing of New 2004 Term Loans on a pro rata basis (based on the relative sizes of the various such newly-deemed borrowings of New 2004 Term Loans) and (D) Administrative Agent shall (and is hereby authorized to) take all appropriate actions to ensure that all Lenders with outstanding New 2004 Term Loans (after giving effect to the 2004 Term Loan Conversion and the incurrence of Additional New 2004 Term Loans pursuant to subsection 2.1A(i)(IV)) participate in each newly-deemed borrowing of New 2004 Term Loans on a pro rata basis (based upon the sum of such Lender's (x) New 2004 Term Loan Commitment as in effect on the Third Amendment

Effective Date (prior to the making of New 2004 Term Loans on such date) and (y) and Converted New 2004 Term Loans).".

16. Subsection 2.3 of the Credit Agreement is hereby amended by inserting the following new subsection 2.3C at the end of said subsection:

"C. Prepayment Fees. All prepayments of principal (whether voluntary or mandatory) and/or conversions of New 2004 Term Loans made in connection with a Repricing Transaction, in each case prior to the first anniversary of the Third Amendment Effective Date, will be subject to payment to Administrative Agent, for the ratable account of each Lender with outstanding New 2004 Term Loans, of a fee in an amount equal to 1.0% of the aggregate principal amount of New 2004 Term Loans so repaid or converted. The foregoing fees shall be due and payable upon the date of any such prepayment or conversion.

17. Subsection 2.4A of the Credit Agreement is hereby amended by deleting said subsection in its entirety and inserting the following new subsection 2.4A in lieu thereof:

"A. Scheduled Payments of New 2004 Term Loans. Borrower shall make principal payments on the New 2004 Term Loans in installments on the dates and in the amounts set forth below:

DATE	SCHEDULED REPAYMENT OF NEW 2004 TERM LOANS
September 30, 2005	$274,646.00
December 31, 2005	$1,294,761.00
March 31, 2006	$1,294,761.00
June 30, 2006	$1,294,761.00
September 30, 2006	$1,294,761.00
December 31, 2006	$1,294,761.00
March 31, 2007	$1,294,761.00
June 30, 2007	$1,294,761.00
September 30, 2007	$1,294,761.00
December 31, 2007	$1,294,761.00
March 31, 2008	$1,294,761.00
June 30, 2008	$1,294,761.00
September 30, 2008	$1,294,761.00

DATE	SCHEDULED REPAYMENT OF NEW 2004 TERM LOANS
December 31, 2008	$1,294,761.00
March 31, 2009	$1,294,761.00
June 30, 2009	$1,294,761.00
September 30, 2009	$1,294,761.00
December 31, 2009	$1,294,761.00
March 31, 2010	$245,363,617.00
June 25, 2010	$245,363,621.00

; provided that the scheduled installments of principal of the New 2004 Term Loans set forth above shall be reduced in connection with any voluntary or mandatory prepayments of the New 2004 Term Loans in accordance with subsection 2.4B(iv); and provided further, that the New 2004 Term Loans and all other amounts owed hereunder with respect to the New 2004 Term Loans shall be paid in full no later than June 25, 2010 and the final installment payable by Borrower in respect of the New 2004 Term Loans on such date shall be in an amount, if such amount is different from that specified above, sufficient to repay all amounts owing by Borrower under this Agreement with respect to the New 2004 Term Loans.".

18. Subsection 2.4B of the Credit Agreement is hereby amended by deleting each instance of the text "2004 Term Loans" appearing in said subsection and inserting the text "New 2004 Term Loans" in lieu thereof.

19. Subsection 2.4B(i) of the Credit Agreement is hereby amended by inserting the following text at the end of said subsection:

"Each prepayment of New 2004 Term Loans made pursuant to this subsection 2.4B(i) prior to the first anniversary of the Third Amendment Effective Date shall be subject to the payment of the fee described in subsection 2.3(C).".

20. Subsection 2.4C of the Credit Agreement is hereby amended by deleting the text "2004 Term Loans" appearing in clause (iii) of said subsection and inserting the text "New 2004 Term Loans" in lieu thereof.

21. Subsection 2.5 of the Credit Agreement is hereby amended by inserting the following new subsection 2.5G at the end of said subsection:

"G. Additional New 2004 Term Loans. The Additional New 2004 Term Loans incurred on the Third Amendment Effective Date shall be used on the Third Amendment Effective Date to repay outstanding 2004 Term Loans of Non-Consenting 2004 Term Lenders (if any).".

22. Subsection 2.6D is hereby amended by inserting the following text at the end of said subsection:

"In connection with the 2004 Term Loan Conversion and the incurrence of Additional New 2004 Term Loans pursuant to subsection 2.1A(i)(IV), Lenders and Borrower hereby agree that, notwithstanding anything to the contrary contained in this Agreement, (A) if requested by any Lender making Additional New 2004 Term Loans which actually "match funds" in the manner described in subsection 2.6F below, Borrower shall pay to such Lender such amounts necessary, as reasonably determined by such Lender, to compensate such Lender for making such New 2004 Term Loans in the middle of an existing Interest Period (rather than at the beginning of the respective Interest Period, based upon the rates then applicable thereto) and (B) Borrower shall be obligated to pay to Non-Consenting 2004 Term Lenders breakage or other costs of the type referred to above in this subsection 2.6D (if any) incurred in connection with the repayment of outstanding 2004 Term Loans of such Non-Consenting 2004 Term Lenders (if any) on the Third Amendment Effective Date.".

23. Subsection 2.6F of the Credit Agreement is hereby amended by deleting the last sentence of said subsection in its entirety and inserting the following new sentence in lieu thereof:

"Notwithstanding the foregoing, the assumptions concerning the funding of Eurodollar Rate Loans set forth above in this subsection 2.6F shall not apply in connection with any determination made pursuant to subclause (A) of each of the last three sentences of subsection 2.6D."

24. Section 6 of the Credit Agreement is hereby amended by inserting the following new subsection 6.15 at the end of said Section:

"6.15 <u>Third Amendment Mortgage Amendments</u>. Within 60 days following the Third Amendment Effective Date (unless otherwise agreed by the Collateral Agent), Borrower shall have delivered to the Collateral Agent, or caused to be delivered to the Collateral Agent, fully executed counterparts of amendments (the "<u>Third Amendment Mortgage Amendments</u>"), in form and substance reasonably satisfactory to the Administrative Agent, to each of the Mortgages covering a Mortgaged Property, together with evidence that counterparts of each of the Third Amendment Mortgage Amendments have been delivered to the title company insuring the Lien on the Mortgages for recording in all places to the extent necessary or desirable, in the judgment of the Collateral Agent, effectively to maintain a valid and enforceable first priority mortgage lien on the Mortgaged Properties in favor of the Collateral Agent for the benefit of the Secured Creditors securing all of the Obligations (including the Additional New 2004 Term Loans); <u>provided</u> that the actions required to be taken by Borrower pursuant to this subsection 6.15 shall not be required to be so taken in the event that no Additional New 2004 Term Loans are made available to Borrower on the Third Amendment Effective Date.

25. Subsection 7.5(xv) of the Credit Agreement is hereby amended by (i) deleting the text "$75,000,000 in the aggregate" appearing in said subsection and inserting the text "in the aggregate an amount equal to the remainder of (x) $75,000,000 minus (y) the aggregate amount of all Restricted Junior Payments made by Borrower pursuant to subsection 7.5(xvii)" in lieu thereof, (ii) deleting the text "2004 Term Loans" appearing in said subsection and inserting the text "New 2004 Term Loans" in lieu thereof and (iii) deleting the word "and" appearing at the end of said Section.

26. Subsection 7.5 of the Credit Agreement is hereby further amended by (i) deleting the period appearing at the end of subclause (xvi) of said subsection and inserting the text "; and" in lieu thereof and (ii) inserting the following new subclause (xvii) at the end of said subsection:

"(xvii) so long as no Potential Event of Default or Event of Default then exists or would result therefrom, Borrower may make Restricted Junior Payments to Holdings to the extent required for Holdings to make, and Holdings may make, Restricted Junior Payments to the extent necessary to make repurchases of capital stock (and options or warrants to purchase such capital stock) of Holdings held by any shareholder of Holdings, provided that, in each case, (I) the aggregate amount of all such Restricted Junior Payments made pursuant to this subclause (xvii) shall not exceed an amount (if positive) equal to the remainder of (x) $32,500,000 minus (y) the aggregate amount (if any) of all Cash expended by Borrower to effect any Restricted Junior Payments (and to pay all premiums payable in connection therewith) made pursuant to subsection 7.5(xv) in excess of $42,500,000, (II) concurrently with any such Restricted Junior Payment, Borrower shall have made a voluntary prepayment of New 2004 Term Loans in accordance with subsection 2.4B(i) in an aggregate principal amount equal to the amount of such Restricted Junior Payment and (III) concurrently with any such Restricted Junior Payment, Borrower shall execute and deliver to Administrative Agent an officer's certificate, in form and substance reasonably satisfactory to Administrative Agent, pursuant to which Borrower shall agree, represent and warrant that (x) such Restricted Junior Payment is being made pursuant to this subsection 7.5(xvii) and (y) Borrower is not entitled to (and shall not) subsequently take the position (for any purpose) that such Restricted Junior Payment was made pursuant to (or in reliance on) any subclause of this subsection 7.5 other than this subclause (xvii).".

27. Subsection 9.1A of the Credit Agreement is hereby amended by (i) deleting the text "(x)" appearing in the first sentence of said subsection and inserting the text "(w)" in lieu thereof, (ii) deleting the text "(y)" appearing in the first sentence of said subsection and inserting the text "(x)" in lieu thereof, (iii) deleting the text "and (z)" appearing in the first sentence of said subsection and inserting the text ", (y)" in lieu thereof, (iv) inserting the text "and (z) JPMSI is hereby appointed Third Amendment Arranger hereunder as of the Third Amendment Effective Date" immediately following the text "Second Amendment Effective Date" appearing in clause (y) of the first sentence of said subsection (as modified pursuant to preceding subclause (iii)), (v) deleting the text "Initial Arrangers, First Amendment Arranger and Second Amendment Arranger" appearing in the first sentence of said subsection and inserting the text "Initial Arrangers, First Amendment Arranger, Second Amendment Arranger and Third Amendment Arranger" in lieu thereof and (vi) inserting the sentence "Concurrently with the

occurrence of the Third Amendment Effective Date, all obligations of JPMSI, in its capacity as Third Amendment Arranger hereunder, shall terminate." immediately prior to the last sentence appearing in said subsection.

28. Subsection 10.1B of the Credit Agreement is hereby amended by deleting the text "2004 Term Loans" appearing in clause (ii) of said subsection and inserting the text "New 2004 Term Loans" in lieu thereof.

29. Schedule 2.1 to the Credit Agreement is hereby amended by deleting same in its entirety and inserting in lieu thereof a new Schedule 2.1 in the form of Schedule 2.1 attached hereto.

30. The Credit Agreement is hereby further amended by adding Exhibit III-C thereto in the form of Exhibit III-C attached hereto.

31. Exhibits IV and VII to the Credit Agreement are hereby amended by deleting each instance of the text "2004 Term Loans" appearing in said Exhibits and inserting the text "New 2004 Term Loans" in lieu thereof.

II. Miscellaneous Provisions.

1. In order to induce Lenders to enter into this Third Amendment, each of Borrower and Holdings hereby represents and warrants that (i) no Potential Event of Default or Event of Default exists as of the Third Amendment Effective Date after giving effect to this Third Amendment, (ii) all of the representations and warranties contained in the Credit Agreement or the other Loan Documents are true and correct in all material respects on the Third Amendment Effective Date after giving effect to this Third Amendment, with the same effect as though such representations and warranties had been made on and as of the Third Amendment Effective Date (it being understood that any representation or warranty made as of a specific date shall be true and correct in all material respects as of such specific date) and (iii) concurrently with the effectiveness of this Third Amendment, the proceeds of the Additional New 2004 Term Loans shall be immediately applied by Borrower to repay all outstanding 2004 Term Loans of Non-Consenting 2004 Term Lenders (if any).

2. This Third Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Credit Agreement, the Subsidiaries Guaranty or any other Loan Document.

3. This Third Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with Borrower and Administrative Agent.

4. **THIS THIRD AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.**

5. This Third Amendment shall become effective on the date (the "Third Amendment Effective Date") when each of the following conditions shall have been satisfied (it being understood that the condition set forth in clause (iv) below may be satisfied concurrently with the occurrence of the Third Amendment Effective Date):

(i) Borrower, Holdings, each other Loan Party, Lenders constituting the Requisite Lenders (determined prior to giving effect to this Third Amendment) and each Lender with a New 2004 Term Loan Commitment and/or converting 2004 Term Loans into Converted New 2004 Term Loans pursuant to the 2004 Term Loan Conversion shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of facsimile or other electronic transmission) the same to White & Case LLP, 1155 Avenue of the Americas, New York, NY 10036 Attention: May Yip (facsimile number 212-354-8113 / email address: myip@whitecase.com);

(ii) there shall have been delivered to Administrative Agent for the account of each Consenting 2004 Term Lender and each Lender with a New 2004 Term Loan Commitment which has requested same, an appropriate New 2004 Term Note executed by Borrower in each case in the amount, maturity and otherwise as provided in the Credit Agreement;

(iii) there shall have been delivered to Administrative Agent copies of resolutions of the Board of Directors of each Loan Party approving and authorizing the execution, delivery and performance of this Third Amendment and the Loan Documents as amended by this Third Amendment, certified as of the Third Amendment Effective Date by the corporate secretary or an assistant secretary of such Loan Party as being in full force and effect without modification or amendment; and

(iv) (x) all accrued and unpaid interest on all 2004 Term Loans shall have been paid in full (regardless of whether payment of such interest would otherwise have been required pursuant to subsection 2.2C of the Credit Agreement) and (y) the principal of all outstanding 2004 Term Loans of Non-Consenting 2004 Term Lenders shall have been repaid in full.

6. By executing and delivering a copy hereof, each Loan Party hereby agrees that all Obligations of the Loan Parties (including, without limitation, the New 2004 Term Loans) are fully guaranteed pursuant to the Holdings Guaranty and the Subsidiaries Guaranty in accordance with the terms and provisions thereof and are fully secured pursuant to the Collateral Documents.

7. From and after the Third Amendment Effective Date, all references in the Credit Agreement and each of the other Loan Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement as modified hereby.

* * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Third Amendment as of the date first above written.

DOMINO'S PIZZA, INC.

By: /s/ Joseph P. Donovan

Name: Joseph P. Donovan
Title: VP and Treasurer

DOMINO'S, INC.

By: /s/ Joseph P. Donovan

Name: Joseph P. Donovan
Title: VP and Treasurer

JPMORGAN CHASE BANK, individually and as Administrative Agent

By: /s/ Teri Streusand

Name: Teri Struesand
Title: Vice President

SIGNATURE PAGE TO THE THIRD AMENDMENT TO CREDIT AGREEMENT, DATED AS OF NOVEMBER 30, 2004, AMONG DOMINO'S, INC., DOMINO'S PIZZA, INC., J.P. MORGAN SECURITIES INC., AS SOLE LEAD ARRANGER AND BOOK RUNNER, THE LENDERS PARTY HERETO AND JPMORGAN CHASE BANK, AS ADMINISTRATIVE AGENT FOR THE LENDERS

NAME OF INSTITUTION:

____

By: ______________________________

Name:
Title:

Each of the undersigned, each being a Subsidiary Guarantor under, and as defined in, the Credit Agreement referenced in the foregoing Third Amendment, hereby consents to the entering into of the Third Amendment and agrees to the provisions thereof (including, without limitation, Part II, Section 6 thereof).

DOMINO'S PIZZA LLC
DOMINO'S PIZZA INTERNATIONAL
PAYROLL SERVICES, INC.
DOMINO'S PIZZA PMC, INC.
DOMINO'S FRANCHISE HOLDING CO.

By: /s/ Joseph P. Donovan

Name: Joseph P. Donovan
Title: VP and Treasurer

DOMINO'S PIZZA INTERNATIONAL, INC.

By: /s/ Michael T. Lawton

Name: Michael T. Lawton
Title: Executive Vice President

DOMINO'S PIZZA GOVERNMENT SERVICES DIVISION, INC.

By: /s/ Joseph P. Donovan

Name: Joseph P. Donovan
Title: VP and Treasurer

SCHEDULE 2.1

Lender Commitments

Lender	Initial Term Loan Commitment	Tranche B Term Loans	New 2004 Term Loan Commitments	Converted New 2004 Term Loans	Revolving Loan Commitment
JPMorgan Chase Bank	$290,108,311.11	$13,229,823.46	$7,126,296.72	$7,126,296.72	$45,000,000.00
Citicorp North America, Inc.	$275,108,311.11	$3,763,976.45	$0.00	$0.00	$25,000,000.00
Bank of America	$0.00	$0.00	$0.00	$0.00	$7,000,000.00
Bear Stearns Corporate Lending Inc.	$0.00	$0.00	$0.00	$0.00	$0.00
Credit Industriel Et Commerical	$6,000,000.00	$5,291,929.39	$0.00	$5,046,027.74	$6,000,000.00
Credit Suisse First Boston	$0.00	$0.00	$0.00	$0.00	$7,000,000.00
Fifth Third Bank, Eastern Michigan	$0.00	$0.00	$0.00	$0.00	$5,000,000.00
General Electric Capital Corporation	$9,000,000.00	$7,937,894.07	$0.00	$12,569,041.61	$0.00
Goldentree Credit Opportunities Financing I, Ltd.	$0.00	$0.00	$0.00	$0.00	$7,000,000.00
Goldman Sachs Credit Partners L.P.	$0.00	$0.00	$0.00	$0.00	$4,000,000.00
Hamilton Floating Rate Fund, LLC	$2,000,000.00	$2,204,970.58	$0.00	$2,102,511.58	$0.00
JPMorgan Chase Warehouse	$0.00	$0.00	$0.00	$7,195,262.78	$1,296,296.30
Jupiter Loan Funding LLC	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Winged Foot Funding Trust	$0.00	$5,291,929.39	$0.00	$5,046,027.74	$0.00
Landmark III CDO Limited	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Pacifica CDO II, Ltd.	$0.00	$2,645,964.69	$0.00	$0.00	$0.00
New Alliance Global CDO, Ltd.	$0.00	$881,988.23	$0.00	$0.00	$0.00
Monument Capital Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
AIMCO CDO Series 2000-A	$0.00	$1,322,982.34	$0.00	$1,261,506.94	$0.00
AIMCO CLO Series 2001-A	$0.00	$881,988.23	$0.00	$ 841,004.63	$0.00
Allstate Life Insurance Co.	$0.00	$3,086,958.81	$0.00	$5,466,530.07	$0.00
American Express Certificate Company	$0.00	$440,994.12	$0.00	$ 420,502.31	$0.00
Centurion CDO II, Ltd.	$0.00	$1,102,485.29	$0.00	$1,051,255.79	$0.00
Centurion CDO VI	$0.00	$881,988.23	$0.00	$ 841,004.63	$0.00
Centurion CDO VII, Limited	$0.00	$0.00	$0.00	$2,418,655.13	$0.00
IDS Life Insurance Company	$0.00	$440,994.12	$0.00	$ 420,502.31	$0.00
SEQUILS-Centurion V, Ltd.	$0.00	$1,102,485.29	$0.00	$1,051,255.79	$0.00
KZH CypressTree-1 LLC	$4,000,000.00	$3,527,952.92	$0.00	$3,364,018.49	$0.00
KZH Sterling LLC	$2,500,000.00	$2,204,970.58	$0.00	$2,102,511.58	$0.00
KZH ING-2 LLC	$4,000,000.00	$3,527,952.92	$0.00	$0.00	$0.00
AMMC CDO I, Limited	$0.00	$881,988.23	$0.00	$ 841,004.63	$0.00
AMMC CDO II, Limited	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
AMMC CLO III, Limited	$0.00	$0.00	$0.00	$2,913,085.04	$0.00
KZH Riverside LLC	$610,000.00	$538,012.82	$0.00	$0.00	$0.00
Lehman Commercial Paper, Inc.	$0.00	$0.00	$0.00	$0.00	$7,000,000.00
Standard Federal Bank National Association	$4,000,000.00	$3,364,018.49	$0.00	$3,364,018.49	$6,000,000.00
Mariner CDO 2002, Ltd.	$0.00	$3,968,947.04	$0.00	$3,784,520.81	$0.00
Navigator CDO (fka Lasalle Bank N.A.)	$0.00	$2,968,947.04	$0.00	$2,830,988.11	$0.00
Ares VIII CLO LTD	$0.00	$2,645,964.69	$0.00	$0.00	$0.00
Ares IV CLO Ltd.	$0.00	$2,425,467.64	$0.00	$0.00	$0.00
Ares VI CLO LTD	$0.00	$2,425,467.64	$0.00	$0.00	$0.00
Ares VII CLO Ltd.	$0.00	$3,086,958.81	$0.00	$0.00	$0.00
Avery Point CLO, Ltd.	$0.00	$6,173,917.61	$0.00	$5,008,495.52	$0.00

Lender	Initial Term Loan Commitment	Tranche B Term Loans	New 2004 Term Loan Commitments	Converted New 2004 Term Loans	Revolving Loan Commitment
Castle Hill I-Ingots, Ltd.	$0.00	$5,291,929.39	$0.00	$4,292,996.19	$0.00
Castle Hill II-Ingots, Ltd.	$0.00	$7,055,905.86	$0.00	$5,723,994.90	$0.00
Harbour Town Funding LLC	$0.00	$5,291,929.39	$0.00	$4,292,996.19	$0.00
Race Point CLO, Limited	$0.00	$6,173,917.61	$0.00	$5,008,495.52	$0.00
Race Point II CLO, Limited	$0.00	$6,173,917.61	$0.00	$5,008,495.52	$0.00
Braymoor & Co.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Gallatin Funding I Ltd.	$0.00	$4,409,941.15	$0.00	$4,205,023.12	$0.00
Grayston CLO 2001-01 Ltd.	$0.00	$3,527,952.92	$0.00	$3,364,018.49	$0.00
Long Lane Master Trust IV	$0.00	$7,937,894.07	$0.00	$3,577,496.75	$0.00
Magnetite Asset Investors	$0.00	$881,988.23	$0.00	$ 841,004.63	$0.00
Magnetite Asset Investors III LLC	$0.00	$881,988.23	$0.00	$ 841,004.63	$0.00
Magnetite IV CLO, Limited	$0.00	$881,988.23	$0.00	$0.00	$0.00
Magnetite V CLO, Limited	$0.00	$1,763,976.46	$0.00	$0.00	$0.00
Hanover Square CLO Ltd.	$0.00	$2,645,964.69	$0.00	$0.00	$0.00
Loan Funding VI LLC	$0.00	$0.00	$0.00	$2,898,307.54	$0.00
Union Square CDO Ltd.	$0.00	$1,499,379.99	$0.00	$5,268,978.30	$0.00
Callidus Debt Partners CLO Fund II, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Callidus Debt Partners CLO Fund III, Ltd.	$0.00	$0.00	$0.00	$ 980,880.01	$0.00
Carlyle High Yield Partners II, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Carlyle High Yield Partners III, Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Carlyle High Yield Partners IV, Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Carlyle High Yield Partners VI, Ltd.	$0.00	$1,763,976.46	$0.00	$2,000,000.00	$0.00
Carlyle Loan Opportunity Fund	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Olympic CLO I, Ltd.	$0.00	$0.00	$0.00	$1,682,009.24	$0.00
Sierra CLO I Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Citadel Hill 2000 Ltd.	$0.00	$8,819,882.31	$0.00	$8,410,046.24	$0.00
CSAM Funding I	$0.00	$1,763,976.46	$0.00	$0.00	$0.00
CSAM Funding III	$0.00	$3,527,952.92	$0.00	$0.00	$0.00
First Dominion Funding I	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Apex (IDM) CDO I, Ltd.	$0.00	$4,703,937.24	$0.00	$4,485,357.99	$0.00
Babson CLO Ltd. 2003-1	$0.00	$1,987,269.81	$0.00	$1,894,926.76	$0.00
Babson CLO Ltd. 2004-I	$0.00	$0.00	$0.00	$2,945,391.54	$0.00
ELC (Cayman) LTD.	$0.00	$740,452.36	$0.00	$0.00	$0.00
ELC (Cayman) Ltd. 1999-II	$0.00	$740,452.36	$0.00	$ 706,045.54	$0.00
ELC (Cayman) Ltd. 1999-III	$0.00	$987,269.81	$0.00	$ 941,394.06	$0.00
ELC (Cayman) Ltd. 2000-1	$0.00	$2,395,914.00	$0.00	$2,284,582.35	$0.00
ELC (Cayman) Ltd. CDO Series 1999-I	$0.00	$1,281,265.87	$0.00	$1,221,728.92	$0.00
MapleWood (Cayman) Limited	$0.00	$1,511,422.79	$0.00	$1,441,191.06	$0.00
Massachusetts Mutual Life Insurance Co.	$0.00	$2,282,393.27	$0.00	$2,176,336.62	$0.00
Newton CDO Ltd.	$0.00	$740,452.36	$0.00	$ 706,045.54	$0.00
Suffield CLO, Limited	$0.00	$2,082,754.44	$0.00	$1,985,974.47	$0.00
Tryon CLO Ltd. 2000-1	$0.00	$2,688,933.62	$0.00	$2,563,986.15	$0.00
Bryn Mawr CLO, Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Forest Creek CLO, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Long Grove CLO, Limited	$0.00	$0.00	$0.00	$2,523,013.87	$0.00

Lender	Initial Term Loan Commitment	Tranche B Term Loans	New 2004 Term Loan Commitments	Converted New 2004 Term Loans	Revolving Loan Commitment
Muirfield Trading LLC	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Olympic Funding Trust Series 1999-1	$0.00	$2,645,964.69	$0.00	$0.00	$0.00
Rosemont CLO, Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
SEQUILS-Cumberland I, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Denali Capital CLO I, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Denali Capital CLO II, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Denali Capital CLO III, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Blue Square Funding Ltd. Series 3	$0.00	$881,988.23	$0.00	$0.00	$0.00
TRS Eclipse LLC	$0.00	$5,291,929.39	$0.00	$5,046,027.74	$0.00
Big Sky III Senior Loan Trust	$0.00	$0.00	$0.00	$2,398,420.60	$0.00
Big Sky Senior Loan Fund, Ltd.	$0.00	$691,025.64	$0.00	$5,489,428.10	$0.00
Costantinus Eaton Vance CDO V, Ltd	$0.00	$2,645,964.69	$0.00	$3,476,546.59	$0.00
Eaton Vance CDO III, Ltd.	$0.00	$1,984,473.52	$0.00	$2,369,026.77	$0.00
Eaton Vance CDO IV, Ltd.	$0.00	$1,322,982.34	$0.00	$0.00	$0.00
Eaton Vance CDO VI, Limited	$0.00	$1,940,374.11	$0.00	$1,850,210.18	$0.00
Eaton Vance Floating Rate Income Trust	$0.00	$0.00	$0.00	$7,640,158.49	
Eaton Vance Institutional Senior Loan Fund	$0.00	$2,645,964.69	$0.00	$5,772,206.77	$0.00
Eaton Vance Limited Duration Inc. Fund	$0.00	$7,937,894.07	$0.00	$7,569,041.61	$0.00
Eaton Vance Senior Floating Rate Trust	$0.00	$0.00	$0.00	$6,915,683.83	$0.00
Eaton Vance Senior Income Trust	$0.00	$3,567,327.40	$0.00	$3,401,563.35	$0.00
Eaton Vance VT Floating-Rate Inc. Fund	$0.00	$308,695.88	$0.00	$ 294,351.63	$0.00
Grayson and Co.	$0.00	$13,381,411.56	$0.00	$31,943,783.88	$592,592.59
Oxford Strategic Income Fund	$0.00	$440,994.12	$0.00	$0.00	$0.00
Senior Debt Portfolio	$0.00	$18,698,150.49	$0.00	$22,806,021.52	$0.00
Tolli & Co.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Ballyrock CDO I Limited	$0.00	$3,527,952.92	$0.00	$3,364,018.49	$0.00
Ballyrock CLO II Limited	$0.00	$3,527,952.92	$0.00	$3,364,018.49	$0.00
Fidelity II: Advantage Floating Rate High Income Fund	$0.00	$4,409,941.15	$0.00	$4,205,023.12	$0.00
Flagship CLO 2001-1	$0.00	$3,527,952.92	$0.00	$3,364,018.49	$0.00
Flagship CLO II	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Flagship CLO III			$0.00	$1,681,656.45	
Franklin CLO I, Limited	$0.00	$881,988.23	$0.00	$ 841,004.63	$0.00
Franklin CLO II, Limited	$0.00	$1,763,976.46	$0.00	1,682,009.24	$0.00
Franklin CLO III, Ltd.	$0.00	$881,988.23	$0.00	$ 841,004.63	$0.00
Franklin CLO IV, Limited	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Franklin Floating Rate Daily Access Fund	$0.00	$881,988.23	$0.00	$3,334,408.48	$0.00
Franklin Floating Rate Master Series	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Franklin Floating Rate Trust	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Gulf Stream - Compass CLO 2003-1, Ltd.	$0.00	$2,204,970.58	$0.00	$0.00	$0.00
Gulf Stream Compass CLO 2002-1	$0.00	$3,204,970.58	$0.00	$2,075,164.25	$0.00
Emerald Orchard Limited	$0.00	$881,988.23	$0.00	$0.00	$0.00
Highland Legacy Limited	$0.00	$881,988.23	$0.00	$0.00	$0.00
Restoration Funding CLO, Ltd.	$0.00	$881,988.23	$0.00	$0.00	$0.00
Highland Floating Rate Advantage Fund (f.k.a. Columbia Floating Rate Advantage Fund)	$0.00	$1,322,982.34	$0.00	$4,102,864.35	$0.00

Lender	Initial Term Loan Commitment	Tranche B Term Loans	New 2004 Term Loan Commitments	Converted New 2004 Term Loans	Revolving Loan Commitment
Highland Floating Rate LLC f.k.a. Columbia Floating Rate LLC)	$0.00	$1,322,982.34	$0.00	$2,617,204.33	$0.00
KZH Highland-2 LLC	$1,000,000.00	$0.00	$0.00	$0.00	$0.00
IKB Capital Corporation	$0.00	$8,819,882.32	$0.00	$6,136,618.15	$0.00
Indosuez Capital Funding VI, Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Riviera Funding LLC	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Archimedes Funding IV, Ltd.	$0.00	$2,469,567.04	$0.00	$2,354,812.94	$0.00
Balanced High Yield Fund II Ltd.	$0.00	$2,028,572.93	$0.00	$1,934,310.63	$0.00
Endurance CLO 1 Ltd.	$0.00	$1,852,175.29	$0.00	$1,766,109.72	$0.00
ING-ORYX CLO, Ltd.	$0.00	$2,469,567.04	$0.00	$2,354,812.94	$0.00
Nemean CLO, Ltd.	$0.00	$0.00	$0.00	$1,907,065.42	$0.00
ING Prime Rate Trust	$0.00	$6,173,917.61	$0.00	$7,819,237.39	$0.00
ING Senior Income Fund	$0.00	$2,645,964.69	$0.00	$5,669,744.93	$0.00
AIM Floating Rate Fund	$0.00	$396,894.70	$0.00	$0.00	$0.00
Avalon Capital Ltd.	$0.00	$1,256,833.23	$0.00	$0.00	$0.00
Avalon Capital Ltd. II	$0.00	$1,512,609.82	$0.00	$0.00	$0.00
Charter View Portfolio	$0.00	$1,234,783.52	$0.00	$0.00	$0.00
Diversified Credit Portfolio Ltd.	$0.00	$132,298.24	$0.00	$0.00	$0.00
INVESCO European CDO I S.A.	$0.00	$440,994.12	$0.00	$0.00	$0.00
SEQUILS-Liberty, Ltd.	$0.00	$617,391.77	$0.00	$0.00	$0.00
Sagamore CLO Ltd.	$0.00	$1,985,355.50	$0.00	$0.00	$0.00
Saratoga CLO I, Limited	$0.00	$528,310.95	$0.00	$0.00	$0.00
Katonah I, Ltd.	$0.00	$2,645,964.69	$0.00	2,523,013.87	$0.00
Katonah II, Ltd.	$0.00	$2,645,964.69	$0.00	2,523,013.87	$0.00
Katonah III, Ltd.	$0.00	$2,645,964.69	$0.00	2,523,013.87	$0.00
Katonah IV, Ltd.	$0.00	$1,322,982.34	$0.00	1,261,506.94	$0.00
Katonah V, Ltd.	$0.00	$2,204,970.58	$0.00	$2,102,511.58	$0.00
Continental Assurance Co.	$0.00	$2,204,970.58	$0.00	$0.00	$0.00
Continental Casualty Company	$0.00	$4,614,911.73	$0.00	$2,102,511.58	$0.00
KZH CNC LLC	$2,851,851.85	$0.00	$0.00	$0.00	$0.00
Wind River CLO I Ltd.	$0.00	$0.00	$0.00	$ 706,045.54	$0.00
Master Senior Floating Rate Trust	$0.00	$3,532,362.86	$0.00	$3,368,223.51	$0.00
Longhorn CDO (Cayman) Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Longhorn CDO II, Ltd.	$0.00	$881,988.23	$0.00	$ 841,004.63	$0.00
Longhorn CDO III, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Venture CDO 2002, Limited	$0.00	$1,322,982.34	$0.00	$1,261,506.94	$0.00
Venture II CDO 2002, Limited	$0.00	$1,322,982.34	$0.00	$1,261,506.94	$0.00
Morgan Stanley Senior Funding, Inc.			$0.00	$1,765,584.03	
Mountain Capital CLO 1 Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Mountain Capital CLO 11 Ltd.	$0.00	$2,645,964.69	$0.00	$0.00	$0.00
Norinchukin Bank	$0.00	$0.00	$0.00	$2,452,200.03	$0.00
Clydesdale CLO 2001-1, Ltd.	$0.00	$1,322,982.34	$0.00	$0.00	$0.00
Clydesdale CLO 2003, Ltd.	$0.00	$2,645,964.69	$0.00	$0.00	$0.00
Nomura Bond & Loan Fund	$0.00	$881,988.23	$0.00	$0.00	$0.00
Oak Hill Credit Partners I, Limited	$0.00	$3,527,952.92	$0.00	$3,364,018.49	$0.00
Oak Hill Credit Partners II, Limited	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00

Lender	Initial Term Loan Commitment	Tranche B Term Loans	New 2004 Term Loan Commitments	Converted New 2004 Term Loans	Revolving Loan Commitment
Oak Hill Credit Partners III, Limited (fka Dolphin Investment Co., Ltd.)	$0.00	$2,527,952.92	$0.00	$2,410,485.77	$0.00
Oak Hill Securities Fund II, L.P.	$0.00	$3,968,947.04	$0.00	$3,784,520.81	$0.00
Oak Hill Securities Fund, L.P.	$0.00	$2,204,970.58	$0.00	$2,102,511.58	$0.00
Octagon Investment Partners II, LLC	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Octagon Investment Partners III, Ltd.	$0.00	$3,527,952.92	$0.00	$1,431,813.46	$0.00
Octagon Investment Partners IV, Ltd.	$0.00	$1,763,976.46	$0.00	$ 715,906.75	$0.00
Octagon Investment Partners V, Ltd.	$0.00	$1,763,976.46	$0.00	$0.00	$0.00
HarbourView CLO V, Ltd.	$0.00	$1,470,274.38	$0.00	$0.00	$0.00
Harbourview CLO IV, Ltd.	$0.00	$1,175,690.31	$0.00	$0.00	$0.00
Oppenheimer Senior Floating Rate Fund	$0.00	$3,527,952.91	$0.00	$0.00	$0.00
Addison CDO, Limited	$0.00	$2,204,970.58	$0.00	$2,102,511.58	$0.00
Athena CDO, Limited	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Bedford CDO, Limited	$0.00	$1,322,982.34	$0.00	$1,261,506.94	$0.00
Captiva IV Finance Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Jissekikun Funding, Ltd.	$0.00	$1,322,982.34	$0.00	$1,261,506.94	$0.00
Loan Funding III LLC	$0.00	$0.00	$0.00	$1,932,205.03	$0.00
SEQUILS-Magnum, Ltd.	$0.00	$2,204,970.58	$0.00	$2,102,511.58	$0.00
Waveland-Ingots, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Wrigley CDO, Ltd	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Aeries II Finance Ltd.	$0.00	$440,994.12	$0.00	$ 420,502.31	$0.00
Amara-1 Finance Ltd.	$0.00	$246,956.70	$0.00	$0.00	$0.00
Amara-2 Finance Ltd.	$0.00	$432,174.24	$0.00	$0.00	$0.00
Oasis Collateral High Income Port.-1	$0.00	$476,273.64	$0.00	$0.00	$0.00
PPM Shadow Creek Funding LLC	$0.00	$1,322,982.34	$0.00	$1,261,506.94	$0.00
PPM Spyglass Funding Trust	$0.00	$1,322,982.34	$0.00	$1,261,506.94	$0.00
Laguna Funding LLC	$0.00	$881,988.23	$0.00	$ 841,004.63	$0.00
Seminole Funding LLC	$0.00	$1,763,976.46	$0.00	$0.00	$0.00
Dryden IV Leveraged Loan CDO 2003	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Dryden Leveraged Loan CDO 2002-II	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Loan Funding V, LLC	$0.00	$0.00	$0.00	$4,207,906.11	$0.00
Boston Harbor CLO 2004-1, Ltd	$0.00	$0.00	$0.00	$1,932,205.03	$0.00
Putnam Floating Rate Income Fund	$0.00	$0.00	$0.00	$ 490,440.00	$0.00
Robeco CDO II Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Veritas CLO I Ltd. (fka Chiron CDO I, Ltd.)	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Stanfield Arbitrage CDO, Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Stanfield Carrera CLO, Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
SunAmerica Sr. Floating Rate Fund Inc.	$0.00	$881,988.24	$0.00	$ 841,004.64	$0.00
Windsor Loan Funding, Limited	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
SRF 2000, Inc.	$0.00	$1,058,385.88	$0.00	$1,681,656.45	$0.00
SRF Trading, Inc.	$0.00	$1,058,385.88	$0.00	$0.00	$0.00
Stein Roe & Farnham CLO I Ltd.	$0.00	$1,587,578.81	$0.00	$0.00	$0.00
SPS High Yield Loan Trading	$0.00	$0.00	$0.00	$1,871,150.92	$0.00
Stone Tower CLO II, Ltd.	$0.00	$0.00	$0.00	$2,857,594.27	$0.00
Stone Tower CLO Ltd.	$0.00	$2,645,964.69	$0.00	$2,523,013.87	$0.00
Galaxy CLO 1999-1, Ltd.	$0.00	$1,390,719.04	$0.00	$0.00	$0.00

Lender	Initial Term Loan Commitment	Tranche B Term Loans	New 2004 Term Loan Commitments	Converted New 2004 Term Loans	Revolving Loan Commitment
Galaxy CLO 2003-1, Ltd.	$0.00	$1,162,107.69	$0.00	$0.00	$0.00
SunAmerica Life Insurance Co.	$0.00	$1,763,976.46	$0.00	$0.00	$0.00
KZH Soleil LLC	$632,000.00	$557,416.56	$0.00	$0.00	$0.00
KZH Soleil-2 LLC	$1,263,600.00	$1,114,480.33	$0.00	$0.00	$0.00
Nuveen Senior Income Fund	$0.00	$4,409,941.15	$0.00	$0.00	$0.00
Nuveen Diversified Dividend and Income Fund	$0.00	$0.00	$0.00	$0.00	$0.00
ELT Ltd.	$0.00	$1,763,976.46	$0.00	$1,682,009.24	$0.00
Long Lane Master Trust II	$0.00	$877,578.29	$0.00	$ 836,799.61	$0.00
The Travelers Insurance Company	$0.00	$6,967,707.02	$0.00	$6,643,936.52	$0.00
Citicorp Insurance and Investment Trust	$0.00	$970,187.06	$0.00	$ 925,105.09	$0.00
APEX (Trimaran) CDO I, Ltd.	$0.00	$1,322,982.34	$0.00	$1,261,506.94	$0.00
Sawgrass Trading LLC	$0.00	$1,322,982.34	$0.00	$1,261,506.94	$0.00
C-Squared CDO Ltd.	$0.00	$2,874,628.31	$0.00	$2,741,052.11	$0.00
Celerity CLO Ltd (fka Lightspeed CLO Limited)	$0.00	$1,796,642.70	$0.00	$2,666,690.28	$0.00
Loan Funding I LLC	$0.00	$1,763,976.45	$0.00	$1,682,009.23	$4,111,111.11
SEQUILS I, Ltd.	$0.00	$7,545,899.30	$0.00	$0.00	$0.00
TCW Select Loan Fund, Limited	$0.00	$2,874,628.31	$0.00	$3,694,584.81	$0.00
KZH Crescent LLC	$2,037,037.04	$0.00	$0.00	$0.00	$0.00
KZH Crescent 2 LLC	$2,851,851.85	$2,515,299.77	$0.00	$0.00	$0.00
KZH Crescent 3 LLC	$2,037,037.04	$1,796,642.70	$0.00	$1,713,157.58	$0.00
Van Kampen CLO II, Limited	$0.00	$1,637,978.15	$0.00	$0.00	$0.00
Van Kampen Senior Income Trust	$0.00	$3,590,952.08	$0.00	$0.00	$0.00
Lyon Capital Management	$0.00	$1,763,976.46	$0.00	$0.00	$0.00
Aurum CLO 2002-1 Ltd.	$0.00	$1,587,578.81	$0.00	$0.00	$0.00
Total	$610,000,000.00	$538,012,820.59	$7,126,296.72	$513,012,820.61	$125,000,000.00

<u>EXHIBIT III-C</u>

[FORM OF NEW 2004 TERM NOTE]

<u>PROMISSORY NOTE DUE JUNE 25, 2010</u>

$[1] New York, New York
[Date]

FOR VALUE RECEIVED, DOMINO'S, INC., a Delaware corporation ("<u>Borrower</u>") hereby promises to pay to [2] ("<u>Payee</u>") or its registered assigns the principal amount of [3] ($[l]) in the installments referred to below.

Borrower promises to pay interest on the unpaid principal amount hereof, from the date hereof until paid in full, at the rates and at the times which shall be determined in accordance with the provisions of that certain Credit Agreement, dated as of July 29, 2002 and amended and restated as of June 25, 2003, by and among Borrower, DOMINO'S PIZZA, INC., a Delaware corporation (successor by merger to TISM, Inc.), the financial institutions from time to time party thereto (each individually referred to therein as a "<u>Lender</u>" and collectively as "<u>Lenders</u>"), J.P. MORGAN SECURITIES INC. and CITIGROUP GLOBAL MARKETS INC., as joint lead arrangers, JPMORGAN CHASE BANK, as administrative agent for Lenders (in such capacity, "<u>Administrative Agent</u>"), CITICORP NORTH AMERICA, INC., as syndication agent, and BANK ONE, NA, as documentation agent (as so amended and restated and as the same may be further amended, supplemented, restated and/or otherwise modified from time to time, the "<u>Credit Agreement</u>", with the terms defined therein and not otherwise defined herein being used herein as therein defined).

Borrower shall make principal payments on this Note in consecutive quarterly installments, commencing on March 31, 2005 and ending on June 25, 2010. Each such installment shall be due on the date specified in the Credit Agreement and in an amount determined in accordance with the provisions thereof; <u>provided</u> that the last such installment shall be in an amount sufficient to repay the entire unpaid principal balance of this Note, together with all accrued and unpaid interest thereon.

This Note is one of Borrower's "New 2004 Term Notes" in the aggregate principal amount of $513,012,821.00 and is issued pursuant to and entitled to the benefits of the Credit Agreement, to which reference is hereby made for a more complete statement of the terms and conditions under which the New 2004 Term Loan evidenced hereby was made and is to be repaid, and the other Loan Documents.

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[1] Insert amount of Lender's New 2004 Term Loan in numbers.

[2] Insert Lender's name in capital letters.

[3] Insert amount of Lender's New 2004 Term Loan in words.

All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at the Funding and Payment Office or at such other place as shall be designated in writing for such purpose in accordance with the terms of the Credit Agreement. Unless and until an Assignment Agreement effecting the assignment or transfer of this Note shall have been accepted by Administrative Agent and recorded in the Register as provided in subsection 10.1B(iv) of the Credit Agreement, Borrower and Administrative Agent shall be entitled to deem and treat Payee as the owner and holder of this Note and the Loan evidenced hereby. Payee hereby agrees, by its acceptance hereof, that before disposing of this Note or any part hereof it will make a notation hereon of all principal payments previously made hereunder and of the date to which interest hereon has been paid; provided, however, that the failure to make a notation of any payment made on this Note shall not limit or otherwise affect the obligations of Borrower hereunder with respect to payments of principal of or interest on this Note.

Whenever any payment on this Note shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest on this Note.

This Note is subject to mandatory prepayment as provided in subsection 2.4B(iii) of the Credit Agreement and to prepayment at the option of Borrower as provided in subsection 2.4B(i) of the Credit Agreement.

THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF BORROWER AND PAYEE HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING WITHOUT LIMITATION SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

Upon the occurrence of an Event of Default, the unpaid balance of the principal amount of this Note, together with all accrued and unpaid interest thereon, may become, or may be declared to be, due and payable in the manner, upon the conditions and with the effect provided in the Credit Agreement.

The terms of this Note are subject to amendment only in the manner provided in the Credit Agreement.

This Note is subject to restrictions on transfer or assignment as provided in subsection 10.1 of the Credit Agreement.

No reference herein to the Credit Agreement and no provision of this Note or the Credit Agreement shall alter or impair the obligations of Borrower, which are absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

After the occurrence of an Event of Default, Borrower promises to pay all costs and expenses, including reasonable attorneys' fees, all as provided in subsection 10.2 of the Credit Agreement, incurred in the collection and enforcement of this Note. Borrower hereby consents to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waives diligence, presentment, protest, demand and notice of every kind and, to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder.

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed and delivered by its officer thereunto duly authorized as of the date and at the place first written above.

DOMINO'S, INC.

By: ______________________________

Name:
Title:

SIGNIFICANT SUBSIDIARIES OF DOMINO’S PIZZA, INC.

Domino’s, Inc.	Delaware
Domino’s Pizza LLC	Michigan
Domino’s Franchise Holding Co.	Michigan
Domino’s Pizza PMC, Inc.	Michigan
Domino’s Pizza International, Inc.	Delaware
Domino’s Pizza International Payroll Services, Inc.	Florida
Domino’s Pizza NS Co.	Canada
Domino’s Pizza of France S.A.S.	France
Dutch Pizza Beheer B.V.	Netherlands

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No.333-118486, 333-121830 and 333-121923) of Domino's Pizza, Inc. of our reports dated February 23, 2005 relating to the financial statements and financial statement schedules, which appear in this Form 10-K.

/S/ PricewaterhouseCoopers LLP

Detroit, Michigan
March 16, 2005

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER, DOMINO'S PIZZA, INC.

I, David A. Brandon, Chief Executive Officer, Domino's Pizza, Inc., certify that:

1. I have reviewed this annual Report on Form 10-K of Domino's Pizza, Inc.
2. Based on my knowledge, this annual Report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual Report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual Report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual Report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual Report (the "Evaluation Date"); and
   c) presented in this annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

March 10, 2005	/s/ David A. Brandon
Date	David A. Brandon Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER, DOMINO'S PIZZA, INC.

I, Harry Silverman, Chief Financial Officer, Domino's Pizza, Inc., certify that:

1. I have reviewed this annual Report on Form 10-K of Domino's Pizza, Inc.
2. Based on my knowledge, this annual Report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual Report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual Report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual Report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual Report (the "Evaluation Date"); and
   c) presented in this annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

March 10, 2005	/s/ Harry Silverman
Date	Harry Silverman Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER, DOMINO'S, INC.

I, David A. Brandon, Chief Executive Officer, Domino's, Inc., certify that:

1. I have reviewed this annual Report on Form 10-K of Domino's, Inc.
2. Based on my knowledge, this annual Report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual Report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual Report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual Report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual Report (the "Evaluation Date"); and
   c) presented in this annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

March 10, 2005	/s/ David A. Brandon
Date	David A. Brandon Chief Executive Officer

EXHIBIT 31.4

CERTIFICATION OF CHIEF FINANCIAL OFFICER, DOMINO'S, INC.

I, Harry Silverman, Chief Financial Officer, Domino's, Inc., certify that:

1. I have reviewed this annual Report on Form 10-K of Domino's, Inc.
2. Based on my knowledge, this annual Report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual Report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual Report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual Report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual Report (the "Evaluation Date"); and
   c) presented in this annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

March 10, 2005	/s/ Harry Silverman
Date	Harry Silverman Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Domino’s Pizza, Inc. (the “Company”) on Form 10-K for the fiscal year ended January 2, 2005, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David A. Brandon, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C.§ 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David A. Brandon

David A. Brandon
Chief Executive Officer

Dated: March 10, 2005

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Domino’s Pizza, Inc. (the “Company”) on Form 10-K for the fiscal year ended January 2, 2005, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Harry J. Silverman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C.§ 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Harry J. Silverman

Harry J. Silverman
Chief Financial Officer

Dated: March 10, 2005

EXHIBIT 32.3

CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Domino’s, Inc. (the “Company”) on Form 10-K for the fiscal year ended January 2, 2005, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David A. Brandon, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C.§ 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David A. Brandon

David A. Brandon
Chief Executive Officer

Dated: March 10, 2005

**CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Domino's, Inc. (the "Company") on Form 10-K for the fiscal year ended January 2, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harry J. Silverman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C.§ 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Harry J. Silverman

Harry J. Silverman
Chief Financial Officer

Dated: March 10, 2005

RISK FACTORS

This Annual Report on Form 10-K includes various forward-looking statements about the Company that are subject to risks and uncertainties. Forward-looking statements include information concerning future results of operations, and business strategy. Also, statements that contain words such as “believes,” “expects,” “anticipates,” “intends,” “estimated” or similar expressions are forward-looking statements. We have based these forward looking statements on our current expectations and projections about future events. While we believe these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about us, including the following factors. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Annual Report on Form 10-K might not occur.

Risks relating to our business and industry

The pizza category is highly competitive, and such competition could adversely affect our operating results.

We compete in the United States against two national chains, as well as many regional and local businesses. We could experience increased competition from existing or new companies in the pizza category, which could create increasing pressures to grow our business in order to maintain our market share. If we are unable to maintain our competitive position, we could experience downward pressure on prices, lower demand for our products, reduced margins, the inability to take advantage of new business opportunities and the loss of market share, all of which would have an adverse effect on our operating results.

We also compete on a broader scale with quick service and other international, national, regional and local restaurants. The overall food service market and the quick service restaurant sector are intensely competitive with respect to food quality, price, service, convenience and concept, and are often affected by changes in:

- consumer tastes;
- national, regional or local economic conditions;
- disposable purchasing power;
- demographic trends; and
- currency fluctuations to the extent international operations are involved.

We compete within the food service market and the quick service restaurant sector not only for customers, but also for management and hourly employees, suitable real estate sites and qualified franchisees. Our domestic distribution segment is also subject to competition from outside suppliers. If other suppliers, who meet our qualification standards, were to offer lower prices or better service to our franchisees for their ingredients and supplies and, as a result, our franchisees chose not to purchase from our domestic distribution centers, our financial condition, business and results of operations would be adversely affected.

If we fail to successfully implement our growth strategy, which includes opening new domestic and international stores, our ability to increase our revenues and operating profits could be adversely affected.

A significant component of our growth strategy is opening new domestic and international franchise stores. We and our franchisees face many challenges in opening new stores, including, among others:

- selection and availability of suitable store locations;
- negotiation of acceptable lease or financing terms;
- securing required domestic or foreign governmental permits and approvals; and
- employment and training of qualified personnel.

The opening of additional franchise stores also depends, in part, upon the availability of prospective franchisees who meet our criteria. Our failure to add a significant number of new stores would adversely affect our ability to increase revenues and operating income.

We are currently planning to expand our international operations in markets where we currently operate and in selected new markets. This may require considerable management time as well as start-up expenses for market development before any significant revenues and earnings are generated. Operations in new foreign markets may achieve low margins or may be unprofitable, and expansion in existing markets may by affected by local economic and market conditions. Therefore, as we expand internationally, we may not experience the operating margins we expect, our results of operations may be negatively impacted and our common stock price may decline.

We may also pursue strategic acquisitions as part of our business. If we are able to identify acquisition candidates, such acquisitions may be financed, to the extent permitted under our debt agreements, with substantial debt or with potentially dilutive issuances of equity securities.

The food service market is affected by consumer preferences and perceptions. Changes in these preferences and perceptions may lessen the demand for our products, which would reduce sales and harm our business.

Food service businesses are affected by changes in consumer tastes, national, regional and local economic conditions, and demographic trends. For instance, if prevailing health or dietary preferences cause consumers to avoid pizza and other products we offer in favor of foods that are perceived as more healthy, our business and operating results would be harmed. Moreover, because we are primarily dependent on a single product, if consumer demand for pizza should decrease, our business would suffer more than if we had a more diversified menu, as many other food service businesses do.

Increases in food, labor and other costs could adversely affect our profitability and operating results.

An increase in our operating costs could adversely affect our profitability. Factors such as inflation, increased food costs, increased labor and employee benefit costs and increased energy costs may adversely affect our operating costs. Most of the factors affecting costs are beyond our control and, in many cases, we may not be able to pass along these increased costs to our customers or franchisees. Most ingredients used in our pizza, particularly cheese, are subject to significant price fluctuations as a result of seasonality, weather, demand and other factors. The cheese block price per pound averaged $1.64 in 2004 and the estimated increase in company-owned store food costs from a hypothetical $0.25 adverse change in the average cheese block price per pound would have been approximately $3.8 million in 2004. Labor costs are largely a function of the minimum wage for a majority of our store and distribution center personnel and, generally, are a function of the availability of labor. Food, including cheese costs, and labor represent approximately 45% to 60% of a typical company-owned store’s cost of sales.

Our substantial indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business.

In connection with our 1998 and 2003 recapitalizations, we incurred a significant amount of indebtedness and we are currently highly leveraged. As of January 2, 2005, our consolidated long-term indebtedness was $780.7 million. Our substantial indebtedness and the fact that a large portion of our cash flow from operations must be used to make principal and interest payments on our indebtedness could have important consequences to you. For example, they could:

- make it more difficult for us to satisfy our obligations with respect to our debt agreements;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate thereby placing us at a competitive disadvantage compared to our competitors that may have less debt;
- limit, by the financial and other restrictive covenants in our debt agreements, our ability to borrow additional funds; and
- have a material adverse effect on us if we fail to comply with the covenants in our debt agreements, because such failure could result in an event of default which, if not cured or waived, could result in a substantial amount of our indebtedness becoming immediately due and payable.

In addition, our senior secured credit facility and the indenture governing Domino's, Inc.'s senior subordinated notes permit us to incur substantial additional indebtedness in the future, including up to an additional $125.0 million under our revolving credit facility. As of January 2, 2005, we had $125.0 million available to us for additional borrowing under the revolving credit facility portion of our senior secured credit facility (excluding outstanding letters of credit of $25.5 million). If new indebtedness is added to our and our subsidiaries' current debt levels, the risks described above would intensify.

We may be unable to generate sufficient cash flow to satisfy our significant debt service obligations, which would adversely affect our financial condition and results of operations.

Our ability to make principal and interest payments on and to refinance our indebtedness will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If our business does not generate sufficient cash flow from operations, if currently anticipated cost savings and operating improvements are not realized on schedule, in the amounts projected or at all, or if future borrowings are not available to us under our senior secured credit facility in amounts sufficient to enable us to pay our indebtedness or to fund our other liquidity needs, our financial condition and results of operations may be adversely affected. If we cannot generate sufficient cash flow from operations to make scheduled principal and interest payments on our debt obligations in the future, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets, delay capital expenditures or seek additional equity. If we are unable to refinance any of our indebtedness on commercially reasonable terms or at all or to effect any other action relating to our indebtedness on satisfactory terms or at all, our business may be harmed.

We may be unable to generate sufficient cash flow to pay quarterly dividends on our common stock.

Our ability to pay a quarterly dividend on our common stock will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If our business does not generate sufficient cash flow from operations, or if currently anticipated cost savings and operating improvements are not realized on schedule, in the amounts projected or at all, or if we are not in compliance with the terms of our debt agreements we may be unable to pay a quarterly dividend on our common stock.

The terms of the Domino's, Inc. senior secured credit facility and senior subordinated notes have restrictive terms and our failure to comply with any of these terms could put us in default, which would have an adverse effect on our business and prospects.

The senior secured credit facility and the indenture governing the senior subordinated notes, in each case where our wholly-owned subsidiary Domino's, Inc. is the borrower, contain a number of significant covenants. These covenants limit Domino's, Inc.'s ability and the ability of Domino's, Inc.'s restricted subsidiaries to, among other things:

- incur additional indebtedness and issue restricted subsidiary preferred stock;
- make capital expenditures and other investments;
- merge, consolidate or dispose of our assets or the capital stock or assets of any restricted subsidiary;
- pay dividends, make distributions or redeem capital stock;
- change our line of business;
- enter into transactions with our affiliates; and
- grant liens on our assets or the assets of our restricted subsidiaries.

The senior secured credit facility also requires us to maintain specified financial ratios and satisfy financial condition tests at the end of each fiscal quarter. These restrictions could affect our ability to pay dividends. Our ability to meet these financial ratios and tests can be affected by events beyond our control, and we may not meet those tests. A breach of any of these covenants could result in a default under the senior secured credit facility. If the banks accelerate amounts owing under the senior secured credit facility because of a default under the senior secured credit facility and we are unable to pay such amounts, the banks have the right to foreclose on substantially all of our assets.

Upon the occurrence of specific kinds of change of control events, Domino’s, Inc. must offer to repurchase all of its outstanding senior subordinated notes. It is possible, however, that we will not have sufficient funds at the time of the change of control to make the required repurchase of the senior subordinated notes or that restrictions in the senior secured credit facility will not allow such repurchase. The occurrence of some of the events that would constitute a change of control under the indenture would also constitute a default under the senior secured credit facility. Moreover, the exercise by the holders of the senior subordinated notes of their right to require Domino’s, Inc. to repurchase the senior subordinated notes could cause a default under such senior indebtedness, even if the change of control itself does not, due to the financial effect on us of such repurchase. A default under the indenture or the senior secured credit facility may have a material adverse effect on our business, financial condition and results of operations.

We do not have long-term contracts with many of our suppliers, and as a result they could seek to significantly increase prices or fail to deliver.

We typically do not have written contracts or long-term arrangements with our suppliers. Although in the past we have not experienced significant problems with our suppliers, our suppliers may implement significant price increases or may not meet our requirements in a timely fashion, if at all. The occurrence of any of the foregoing could have a material adverse effect on our results of operations.

Shortages or interruptions in the supply or delivery of fresh food products could adversely affect our operating results.

We and our franchisees are dependent on frequent deliveries of fresh food products that meet our specifications. Shortages or interruptions in the supply of fresh food products caused by unanticipated demand, problems in production or distribution, inclement weather or other conditions could adversely affect the availability, quality and cost of ingredients, which would adversely affect our operating results.

Any prolonged disruption in the operations of any of our dough manufacturing and distribution centers could harm our business.

We operate 18 regional dough manufacturing and distribution centers in the contiguous United States and dough manufacturing and distribution centers in Alaska, Hawaii, Canada, the Netherlands and France. Our domestic dough manufacturing and distribution centers service all of our company-owned stores and approximately 98% of our domestic franchise stores. As a result, any prolonged disruption in the operations of any of these facilities, whether due to technical or labor difficulties, destruction or damage to the facility, real estate issues or other reasons, could adversely affect our business and operating results.

We face risks of litigation from customers, franchisees, employees and others in the ordinary course of business, which diverts our financial and management resources. Any adverse litigation or publicity may negatively impact our financial condition and results of operations.

Claims of illness or injury relating to food quality or food handling are common in the food service industry. In addition, class action lawsuits have been filed, and may continue to be filed, against various quick service restaurants alleging, among other things, that quick service restaurants have failed to disclose the health risks associated with high-fat foods and that quick service restaurant marketing practices have encouraged obesity. In addition to decreasing our sales and profitability and diverting our management resources, adverse publicity or a substantial judgment against us could negatively impact our financial condition, results of operations and brand reputation, hindering our ability to attract and retain franchisees and grow our business.

Further, we may be subject to employee, franchisee and other claims in the future based on, among other things, discrimination, harassment, wrongful termination and wage, rest break and meal break issues, including those relating to overtime compensation. We have been subject to these types of claims in the past, and we are currently subject to a purported class action claim of this type in California relating to rest break and meal break compensation, and if one or more of these claims were to be successful or if there is a significant increase in the number of these claims, our business, financial condition and operating results could be harmed.

Loss of key personnel or our inability to attract and retain new qualified personnel could hurt our business and inhibit our ability to operate and grow successfully.

Our success in the highly competitive business of pizza delivery will continue to depend to a significant extent on our leadership team and other key management personnel. Other than with our chairman and chief executive officer, David A. Brandon, we do not have long-term employment agreements with any of our executive officers. As a result, we may not be able to retain our executive officers and key personnel or attract additional qualified management. Our success also will continue to depend on our ability to attract and retain qualified personnel to operate our stores, dough manufacturing and distribution centers and international operations. The loss of these employees or our inability to recruit and retain qualified personnel could have a material adverse effect on our operating results.

Our international operations subject us to additional risks, which risks and costs may differ in each country in which we do business, and may cause our profitability to decline due to increased costs.

We conduct a portion of our business outside the United States. Our financial condition and results of operations may be adversely affected if global markets in which our company-owned and franchise stores compete are affected by changes in political, economic or other factors. These factors, over which neither we nor our franchisees have control, may include:

- recessionary or expansive trends in international markets;
- changing labor conditions and difficulties in staffing and managing our foreign operations;
- increases in the taxes we pay and other changes in applicable tax laws;
- legal and regulatory changes and the burdens and costs of our compliance with a variety of foreign laws;
- changes in inflation rates;
- changes in exchange rates and the imposition of restrictions on currency conversion or the transfer of funds;
- difficulty in collecting our royalties and longer payment cycles;
- expropriation of private enterprises;
- political and economic instability; and
- other external factors.

Fluctuations in the value of the U.S. dollar in relation to other currencies may lead to lower revenues and earnings.

Exchange rate fluctuations could have an adverse effect on our results of operations. Approximately 6.4% in 2002, 7.2% in 2003 and 8.1% in 2004 were derived from our international segment, a majority of which were denominated in foreign currencies. Sales made by our stores outside the United States are denominated in the currency of the country in which the store is located, and this currency could become less valuable prior to conversion to U.S. dollars as a result of exchange rate fluctuations. Unfavorable currency fluctuations could lead to increased prices to customers outside the United States or lower profitability to our franchisees outside the United States, or could result in lower revenues for us, on a U.S. dollar basis, from such customers and franchisees.

We may not be able to adequately protect our intellectual property, which could harm the value of our brand and branded products and adversely affect our business.

We depend in large part on our brand and branded products and believe that they are very important to our business. We rely on a combination of trademarks, copyrights, service marks, trade secrets and similar intellectual property rights to protect our brand and branded products. The success of our business depends on our continued ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our branded products in both domestic and international markets. We have registered certain trademarks and have other trademark registrations pending in the United States and foreign jurisdictions. Not all of the trademarks that we currently use have been registered in all of the countries in which we do business, and they may never be registered in all of these countries. We may not be able to adequately protect our trademarks, and our use of these trademarks may result in liability for trademark infringement, trademark dilution or unfair competition. All of the steps we have taken to protect our intellectual property in the United States and in foreign countries may not be adequate. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States. Further, through acquisitions of third parties, we may acquire brands and related trademarks that are subject to the same risks as the brands and trademarks we currently own.

We may from time to time be required to institute litigation to enforce our trademarks or other intellectual property rights, or to protect our trade secrets. Such litigation could result in substantial costs and diversion of resources and could negatively affect our sales, profitability and prospects regardless of whether we are able to successfully enforce our rights.

Our earnings and business growth strategy depends on the success of our franchisees, and we may be harmed by actions taken by our franchisees that are outside of our control.

A significant portion of our earnings comes from royalties generated by our franchise stores. Franchisees are independent operators, and their employees are not our employees. We provide limited training and support to franchisees, but the quality of franchise store operations may be diminished by any number of factors beyond our control. Consequently, franchisees may not successfully operate stores in a manner consistent with our standards and requirements, or may not hire and train qualified managers and other store personnel. If they do not, our image and reputation may suffer, and revenues could decline. While we try to ensure that our franchisees maintain the quality of our brand and branded products, our franchisees may take actions that adversely affect the value of our intellectual property or reputation. As of January 2, 2005, we had 1,300 domestic franchisees operating over 4,400 domestic stores. Four of these franchisees each operate over 50 domestic stores, including our largest domestic franchisee who operates 153 stores, and the average franchisee operates three stores. In addition, our international master franchisees are generally responsible for the development of significantly more stores than our domestic franchisees. As a result, our international operations are more closely tied to the success of a smaller number of franchisees than our domestic operations. Our largest international master franchisee operates 526 stores, which accounts for approximately 19% of our total international store count. Our domestic and international franchisees may not operate their franchises successfully. If one or more of our key franchisees were to become insolvent or otherwise were unable or unwilling to pay us our royalties, our business and results of operations would be adversely affected.

We are subject to extensive government regulation, and our failure to comply with existing or increased regulations could adversely affect our business and operating results.

We are subject to numerous federal, state, local and foreign laws and regulations, including those relating to:

- the preparation and sale of food;
- building and zoning requirements;
- environmental protection;
- minimum wage, overtime and other labor requirements;
- compliance with the Americans with Disabilities Act; and
- working and safety conditions.

We may become subject to legislation or regulation seeking to tax and/or regulate high-fat foods. If we fail to comply with existing or future laws and regulations, we may be subject to governmental or judicial fines or sanctions. In addition, our capital expenditures could increase due to remediation measures that may be required if we are found to be noncompliant with any of these laws or regulations.

We are also subject to a Federal Trade Commission rule and to various state and foreign laws that govern the offer and sale of franchises. Additionally, these laws regulate various aspects of the franchise relationship, including terminations and the refusal to renew franchises. The failure to comply with these laws and regulations in any jurisdiction or to obtain required government approvals could result in a ban or temporary suspension on future franchise sales, fines or other penalties or require us to make offers of rescission or restitution, any of which could adversely affect our business and operating results.

Our current insurance coverage may not be adequate, and insurance premiums for such coverage may increase and we may not be able to obtain insurance at acceptable rates, or at all.

We are partially self-insured for workers' compensation, general liability and owned and non-owned automobile liabilities. We are generally responsible for up to $1.0 million per occurrence under these retention programs for workers' compensation and general liability. We are also generally responsible for between $500,000 and $3.0 million per occurrence under these retention programs for owned and non-owned automobile liabilities. Total insurance limits under these retention programs vary depending upon the period covered and range up to $108.0 million per occurrence for general liability and owned and non-owned automobile liabilities and up to the applicable statutory limits for workers' compensation. These insurance policies may not be adequate to protect us from liabilities that we incur in our business. In addition, in the future our insurance premiums may increase and we may not be able to obtain similar levels of insurance on reasonable terms, or at all. Any such inadequacy of, or inability to obtain, insurance coverage could have a material adverse effect on our business, financial condition and results of operations. We are not required to, and do not, specifically set aside funds for our self-insurance programs.

Our annual and quarterly financial results are subject to significant fluctuations depending on various factors, many of which are beyond our control, and if we fail to meet the expectations of securities analysts or investors, our share price may decline significantly.

Our sales and operating results can vary significantly from quarter to quarter and year to year depending on various factors, many of which are beyond our control. These factors include:

- variations in the timing and volume of our sales and our franchisees' sales;
- the timing of expenditures in anticipation of future sales;
- sales promotions by us and our competitors;
- changes in competitive and economic conditions generally;
- changes in the cost or availability of our ingredients or labor; and
- foreign currency exposure.

As a result, our results of operations may decline quickly and significantly in response to changes in order patterns or rapid decreases in demand for our products. We anticipate that fluctuations in operating results will continue in the future.

Our current principal stockholders have significant influence over us, and they could delay, deter or prevent a change of control or other business combination or otherwise cause us to take action with which you may disagree.

Investment funds affiliated with Bain Capital, LLC together beneficially own approximately 45% of our outstanding common stock. In addition, two of our directors are representatives of investment funds affiliated with Bain Capital, LLC. As a result, these investment funds affiliated with Bain Capital, LLC have significant influence over our decision to enter into any corporate transaction and may have the ability to prevent any transaction that requires the approval of stockholders regardless of whether or not other stockholders believe that such transaction is in their own best interests. Such concentration of voting power could have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders.

Our common stock price could be subject to significant fluctuations and/or may decline.

The market price of our common stock could be subject to significant fluctuations. Among the factors that could affect our stock price are:

- variations in our operating results;
- changes in revenues or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as sales promotions, acquisitions or restructurings;
- actions by institutional and other stockholders;
- changes in our dividend policy;
- changes in the market values of public companies that operate in our business segments;
- general market conditions; and
- domestic and international economic factors unrelated to our performance.

The stock markets in general have recently experienced volatility that has sometimes been unrelated to the operating performance of particular companies. These broad market fluctuations may cause the trading price of our common stock to decline.