

DOMINOS PIZZA INC  
Form S-1/A  
June 14, 2004  
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As filed with the Securities and Exchange Commission on June 14, 2004

Registration No. 333-114442-01

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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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## AMENDMENT No. 2 to FORM S-1 REGISTRATION STATEMENT

*Under*

*Securities Act of 1933*

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## **DOMINO S PIZZA, INC.**

(Exact name of registrant as specified in its charter)

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

**5812**  
(Primary Standard Industrial  
Classification Code Number)

**38-2511577**  
(I.R.S. Employer  
Identification No.)

30 Frank Lloyd Wright Drive, Ann Arbor, Michigan 48106

(734) 930-3030

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**David A. Brandon**

**Chairman and Chief Executive Officer**

**30 Frank Lloyd Wright Drive**

**Ann Arbor, Michigan 48106**

**(734) 930-3030**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated June 14, 2004

Prospectus

**24,062,500 shares**

**Domino s Pizza, Inc.**

***Common stock***

Domino s Pizza, Inc., the parent company of Domino s, Inc., is selling 9,375,000 shares of common stock, and the selling stockholders identified in this prospectus are selling an additional 14,687,500 shares. We will not receive any of the proceeds from the sale of the shares by the selling stockholders. This is the initial public offering of our common stock. The estimated initial public offering price is between \$15.00 and \$17.00 per share.

Prior to this offering, there has been no public market for our common stock. We have applied to have our common stock listed on the New York Stock Exchange under the symbol DPZ.

|   | Per share | Total |
|---|-----------|-------|
| Initial public offering price                     | \$        | \$    |
| Underwriting discount                             | \$        | \$    |
| Proceeds to Domino s Pizza, Inc., before expenses | \$        | \$    |
| Proceeds to selling stockholders, before expenses | \$        | \$    |

The selling stockholders have granted the underwriters an option for a period of 30 days to purchase up to 3,609,375 additional shares of our common stock on the same terms and conditions set forth above to cover overallocments, if any.

**Investing in our common stock involves a high degree of risk. See Risk factors beginning on page 9.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The offering is being made on a firm commitment basis, and the underwriters expect to deliver the shares of common stock to investors on \_\_\_\_\_, 2004.

**JPMorgan**

**Citigroup**

**Bear, Stearns & Co. Inc.**

**Credit Suisse First Boston**

**Lehman Brothers**

, 2004

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**Inside Front Cover:**

[Picture of Domino's storefront]

[Picture of Domino's Pizza delivery truck]

[Picture of Domino's HeatWave® hot bag]

44 Years of Pizza Delivery

[Picture of Domino's delivery person]

[Picture of Domino's Pizza go-cart]

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## Summary

*This summary highlights information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all the information that may be important to you. You should read the entire prospectus carefully, especially Risk factors beginning on page 9 and our consolidated financial statements and related notes, before deciding to invest in our common stock. Except as otherwise noted, all information in this prospectus assumes no exercise of the underwriters' option to purchase additional shares of our common stock, assumes an initial public offering price of \$16.00 per share, which is the mid-point of the range set forth on the front cover of this prospectus, and reflects an amendment to our Delaware certificate of incorporation and the reclassification of all of our classes of common stock into one new class of common stock, all of which have occurred in connection with this offering. In this prospectus, we use the terms Domino's Pizza, Domino's, we, us and our to refer to Domino's Pizza, Inc. and its subsidiaries.*

*In this prospectus, we rely on and refer to information regarding the U.S. quick service restaurant sector, the U.S. quick service restaurant 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 U.S. quick service restaurant sector, the U.S. quick service restaurant pizza category and U.S. pizza delivery and carry-out represent reported consumer spending by Crest. Unless otherwise indicated, all U.S. industry data included in this prospectus is based on reported consumer spending by Crest.*

### **Domino's Pizza, Inc.**

We are the number one pizza delivery company in the United States, based on reported consumer spending, with 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. We operate through a network of more than 7,450 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 nearly 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.

In the last three years, we outperformed our two national competitors in domestic same store sales growth. Same store sales at our international stores increased 4.0% and 6.4% in 2003 and the quarter ended March 21, 2004, respectively. The first quarter of 2004 marked our 41st



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consecutive quarter of international same store sales growth. We believe that strong sales volume, combined with our efficient store and business models, generates attractive franchisee and company-level returns.

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

*Domestic stores.* The domestic stores segment, comprised of 4,344 franchise stores and 576 company-owned stores, generated revenues of \$519.9 million and \$122.6 million and income from operations of \$127.1 million and \$31.8 million during 2003 and the quarter ended March 21, 2004, respectively.

*Domestic distribution.* Our domestic distribution segment, which distributes food, equipment and supplies to all of our domestic company-owned stores and approximately 98% of our domestic franchise stores, generated revenues of \$717.1 million and \$170.9 million and income from operations of \$45.9 million and \$10.9 million during 2003 and the quarter ended March 21, 2004, respectively.

*International.* Our international segment, which oversees 2,534 franchise stores and operates 19 company-owned stores outside the contiguous United States and also distributes food and supplies in a limited number of these markets, generated revenues of \$96.4 million and \$25.3 million and income from operations of \$28.1 million and \$7.5 million during fiscal 2003 and the quarter ended March 21, 2004, respectively.

On a consolidated basis, we generated revenues of \$1.3 billion and \$318.8 million and income from operations, after deducting \$41.7 million and \$6.7 million of unallocated corporate and other expenses, of \$159.5 million and \$43.5 million in 2003 and the quarter ended March 21, 2004, respectively. Net income was \$39.0 million and \$18.4 million in 2003 and the quarter ended March 21, 2004, respectively. As of March 21, 2004, our total outstanding long-term debt was \$942.3 million. 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 more than 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 is derived from retail sales by our franchisees.

## **Industry overview**

The U.S. quick service restaurant pizza category is large, growing and highly fragmented. With sales of \$32.3 billion in the twelve months ended November 2003, the U.S. quick service restaurant pizza category is the second largest category within the \$180.2 billion U.S. quick service restaurant sector. The U.S. quick service restaurant pizza category is comprised of delivery, dine-in, carry-out and drive-through. We operate primarily within U.S. pizza delivery, which with \$11.7 billion of sales accounted for 36% of total U.S. quick service restaurant pizza category sales in the twelve months ended November 2003. Total U.S. pizza delivery sales grew by 0.4% 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

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competitors account for approximately 47% of U.S. pizza delivery, based on reported consumer spending, with the remaining 53% attributable to small regional chains and individual establishments.

We also compete in carry-out, which together with pizza delivery are the largest and fastest-growing components of the U.S. quick service restaurant pizza category. U.S. carry-out pizza had \$12.4 billion of sales in the twelve months ended November 2003 and grew by 2.4% during that period. 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 anchored by store-level economics, which provide an entrepreneurial incentive for our franchisees, generate demand for new franchises and are the foundation for the strength of our system.

***#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 19.8% share based on reported consumer spending, and we have a leading presence in the key international markets in which we compete.

***Strong brand awareness.*** We believe our Domino's Pizza® brand is one of the most widely-recognized consumer brands in the world and that consumers associate our brand name with quality pizza delivered in a timely manner.

***Our internal distribution system.*** Our profitable, vertically-integrated 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.

***Strong leadership team with significant ownership.*** We have a strong, knowledgeable leadership team with significant industry expertise and meaningful equity ownership in our company.

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**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, and we implement this mission statement by focusing on four strategic initiatives: PeopleFirst, Build the Brand, Maintain High Standards and Flawless Execution.

***Grow our leading position in an attractive industry.*** 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.

***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, and we intend to continue to promote our brand name and enhance our reputation as the leader in 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 and to strategically acquire franchise stores and rebrand company-owned stores.

***Continue to grow our international business.*** We believe we will achieve continued growth internationally as a result of the store-level economics of our business model, the growing international demand for delivered pizza and strong global recognition of the Domino's Pizza® brand.

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## The offering

***Common stock offered:***

|  |                   |
|--|-------------------|
| By us  | 9,375,000 shares  |
| By the selling stockholders                                    | 14,687,500 shares |
| Total offered hereby   | 24,062,500 shares |
| Common stock to be outstanding immediately after this offering | 65,722,516 shares |

The common stock to be outstanding after this offering is based on the number of shares outstanding after our reclassification and excludes 5,670,766 shares of our non-voting common stock issuable upon the exercise of outstanding options at a weighted average exercise price equal to \$4.31 per share, of which options to purchase 3,688,838 shares were exercisable as of March 21, 2004, 5,600,000 shares of our common stock issuable under our 2004 Equity Incentive Plan and 1,000,000 shares of our common stock issuable under our 2004 Employee Stock Purchase Plan.

***Use of proceeds***

We intend to use the approximately \$136.7 million of net proceeds to us from this offering to redeem, at 108.25% of the principal amount thereof plus accrued and unpaid interest, approximately \$125.5 million aggregate principal amount of Domino's, Inc.'s outstanding 8¼% senior subordinated notes.

We will not receive any of the net proceeds from the sale of shares of common stock by the selling stockholders.

***Proposed New York Stock Exchange symbol:*** DPZ

***Dividend policy***

Our board of directors currently intends to pay regular quarterly dividends on our common stock at an initial annual rate of \$0.26 per share. The first dividend is expected to be paid during the fourth quarter of 2004. The declaration of dividends is subject to the discretion of our board of directors and will depend upon various factors, including our net earnings, financial condition, cash requirements, restrictions in our debt agreements and other factors deemed relevant by our board of directors.

***Risk factors***

See "Risk factors" and the other information included in this prospectus for a discussion of the factors you should consider carefully before deciding to invest in shares of our common stock.

## **Our corporate information**

Our company was founded in 1960. TISM, Inc., a Michigan corporation and our predecessor, operated through its wholly-owned subsidiary, Domino's Pizza LLC, a Michigan limited liability company. In connection with this offering, we reincorporated in Delaware under the name Domino's Pizza, Inc. See The reclassification. Our principal executive office is located at 30 Frank Lloyd Wright Drive, Ann Arbor, Michigan 48106, and our telephone number at that address is (734) 930-3030. We maintain a website on the Internet at [www.dominos.com](http://www.dominos.com). Our website, and the information contained therein, is not a part of this prospectus.

Table of Contents**Summary consolidated financial data**

The summary consolidated financial data set forth below should be read in conjunction with Management's discussion and analysis of financial condition and results of operations and the consolidated financial statements and related notes included elsewhere in this prospectus. The summary consolidated income statement data for each of the years in the three-year period ended December 28, 2003, other than the pro forma data, have been derived from our audited consolidated financial statements included elsewhere herein. The summary consolidated balance sheet data as of March 21, 2004 and the summary consolidated income statement data for the fiscal quarters ended March 23, 2003 and March 21, 2004, other than the pro forma data, have been derived from our unaudited consolidated financial statements included elsewhere herein. The historical data are not necessarily indicative of results to be expected for any future period.

| (in millions, except share and per share amounts)     | Fiscal year |            |                     | Fiscal quarter ended |                |
|---|-------------|------------|---------------------|----------------------|----------------|
|   | 2001        | 2002       | 2003 <sup>(2)</sup> | March 23, 2003       | March 21, 2004 |
| <b>Income statement data:</b>                         |             |            |                     |                      |                |
| Revenues  | \$ 1,258.3  | \$ 1,275.0 | \$ 1,333.3          | \$ 312.3             | \$ 318.8       |
| Income from operations                                | 127.1       | 157.8      | 159.5               | 43.0                 | 43.5           |
| Interest expense, net                                 | 66.6        | 59.8       | 74.3                | 12.2                 | 13.9           |
| Net income  | 36.8        | 60.5       | 39.0                | 18.3                 | 18.4           |
| <b>Pro forma income statement data<sup>(1)</sup>:</b> |             |            |                     |                      |                |
| Pro forma net income                                  |             |            | \$ 47.2             |                      | \$ 20.3        |
| Pro forma net income available to common stockholders |             |            | \$ 4.2              |                      | \$ 20.3        |
| Pro forma net income per share:                       |             |            |                     |                      |                |
| Basic   |             |            | \$ 0.06             |                      | \$ 0.31        |
| Diluted   |             |            | \$ 0.06             |                      | \$ 0.29        |
| Pro forma weighted average shares outstanding:        |             |            |                     |                      |                |
| Basic   |             |            | 65,374,537          |                      | 64,592,498     |
| Diluted   |             |            | 69,762,147          |                      | 68,981,530     |

**Other financial data:**

|                      |         |         |         |        |        |
|----------------------|---------|---------|---------|--------|--------|
| Capital expenditures | \$ 40.6 | \$ 53.9 | \$ 29.2 | \$ 5.2 | \$ 6.8 |
|----------------------|---------|---------|---------|--------|--------|

**As of March 21, 2004**

| (in millions)                        | Actual  | As adjusted <sup>(3)</sup> |
|--------------------------------------|---------|----------------------------|
| <b>Balance sheet data:</b>           |         |                            |
| Cash and cash equivalents            | \$ 36.7 | \$ 7.0                     |
| Working capital                      | 23.4    | 5.5                        |
| Total assets                         | 425.1   | 391.7                      |
| Long-term debt, less current portion | 942.0   | 817.3                      |
| Total debt                           | 942.3   | 817.6                      |
| Total stockholders' deficit          | (699.4) | (595.3)                    |

(1) The pro forma income statement data give effect to: (i) the reclassification of our Class A common stock and Class L common stock into our common stock; (ii) the issuance by us of 9,375,000 shares of our common stock in this offering and the application of the net proceeds therefrom to redeem \$125.5 million aggregate principal amount of Domino's, Inc.'s outstanding 8 1/4% senior subordinated notes, resulting in a reduction of annual interest expense of approximately \$11.0 million (\$6.9 million after-tax); and (iii) the termination of our management agreement with Bain Capital Partners VI, L.P., an affiliate of our principal stockholder, resulting in the elimination of annual expenses of \$2.0 million (\$1.3 million after-tax).

(2) In connection with our recapitalization in 2003, we expensed \$16.4 million of related general and administrative expenses, primarily 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.

(3) As adjusted gives effect to this offering and the application of the net proceeds to us therefrom to redeem \$125.5 million aggregate principal amount of Domino's, Inc.'s outstanding 8 1/4% senior subordinated notes, at 108.25% of the principal amount thereof plus accrued interest. It

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also gives effect to: (i) the use of approximately \$16.8 million of general funds to prepay in full contingent notes held by our former majority stockholder and his spouse; (ii) the payment of approximately \$10.0 million out of general funds to Bain Capital Partners VI, L.P. in connection with the termination of its management agreement with us; and (iii) the payment of \$500,000 out of general funds to each of two executive officers under the terms of our senior executive deferred bonus plan.

**Table of Contents****Summary segment data**

The following table presents segment financial and other data for fiscal 2001, 2002, 2003 and the fiscal quarters ended March 23, 2003 and March 21, 2004. Revenues and income from operations are derived from our audited and unaudited consolidated financial statements included elsewhere herein.

| (dollars in millions)                         | Fiscal year       |                   |                   | Fiscal quarter ended |                   |
|---|-------------------|-------------------|-------------------|----------------------|-------------------|
|   | 2001              | 2002              | 2003              | March 23,<br>2003    | March 21,<br>2004 |
| <b>Revenues:</b>                              |                   |                   |                   |                      |                   |
| Domestic stores                               | \$ 496.4          | \$ 517.2          | \$ 519.9          | \$ 124.3             | \$ 122.6          |
| Domestic distribution                         | 691.9             | 676.0             | 717.1             | 167.4                | 170.9             |
| International                                 | 70.0              | 81.8              | 96.4              | 20.5                 | 25.3              |
| <b>Total revenues</b>                         | <b>\$ 1,258.3</b> | <b>\$ 1,275.0</b> | <b>\$ 1,333.3</b> | <b>\$ 312.3</b>      | <b>\$ 318.8</b>   |
| <b>Income from operations:</b>                |                   |                   |                   |                      |                   |
| Domestic stores                               | \$ 114.3          | \$ 126.7          | \$ 127.1          | \$ 31.6              | \$ 31.8           |
| Domestic distribution                         | 38.1              | 43.2              | 45.9              | 11.9                 | 10.9              |
| International                                 | 15.2              | 25.1              | 28.1              | 5.7                  | 7.5               |
| Other <sup>(1)</sup>                          | (40.4)            | (37.2)            | (41.7)            | (6.3)                | (6.7)             |
| <b>Consolidated income from operations</b>    | <b>\$ 127.1</b>   | <b>\$ 157.8</b>   | <b>\$ 159.5</b>   | <b>\$ 43.0</b>       | <b>\$ 43.5</b>    |
| <b>Same store sales growth<sup>(2)</sup>:</b> |                   |                   |                   |                      |                   |
| Domestic company-owned stores                 | 7.3%              | 0.0%              | (1.7%)            | (5.6%)               | (1.6%)            |
| Domestic franchise stores                     | 3.6%              | 3.0%              | 1.7%              | (0.4%)               | (0.8%)            |
| Domestic stores                               | 4.0%              | 2.6%              | 1.3%              | (1.1%)               | (0.9%)            |
| International stores                          | 6.4%              | 4.1%              | 4.0%              | 4.4%                 | 6.4%              |
| <b>Store counts (at end of period):</b>       |                   |                   |                   |                      |                   |
| Domestic company-owned stores                 | 519               | 577               | 577               | 578                  | 576               |
| Domestic franchise stores                     | 4,294             | 4,271             | 4,327             | 4,274                | 4,344             |
| Domestic stores                               | 4,813             | 4,848             | 4,904             | 4,852                |                   |