

EXHIBIT 7 Continued

	2011	2012
LONG-TERM LIABILITIES:		
Long-term debt, less current portion	\$ 1,450,369	\$ 1,536,443
Insurance Reserves	21,334	24,195
Deferred income taxes	5,021	7,001
Other accrued liabilities	16,383	16,583
Total long-term liabilities	1,493,107	1,584,222
Total liabilities	1,690,282	1,813,720
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT:		
Common stock, par value \$0.01 per share; 170,000,000 shares authorized; 57,741,208 in 2011 and 56,313,249 in 2012 issued and outstanding	577	563
Preferred stock, par value \$0.01 per share; 5,000,000 shares authorized, none issued	—	—
Additional paid-in capital	—	1,664
Retained deficit	(1,207,915)	(1,335,364)
Accumulated other comprehensive loss	(2,401)	(2,386)
Total stockholders' deficit	(1,209,739)	(1,335,523)
Total liabilities and stockholders' deficit	\$ 480,543	\$ 478,197

Source: 2012 Form 10K, pp 48-49.

Competitors

Competition in both the USA and international pizza-delivery and carry-out business is extremely intense, with Pizza Hut (owned by Yum Brands) being the largest competitor in the industry. Pizza Hut's revenues are more than 60 percent greater than Domino's. Papa John's and Little Caesars are also fierce rivals in the industry. In fact, Little Caesars was listed as the fastest-growing pizza chain in 2010, with revenues up 13.6 percent over 2009, followed by Pizza Hut's 8 percent increase and Domino's 7.2 percent increase. In addition to the three main rivals, Domino's faces intense competition from many local mom-and-pop pizza stores, frozen pizzas from the grocery store, as well as hundreds of non-pizza fast-food options. Pizza Hut, Domino's, and Papa John's account for 51 percent of all consumer spending on pizza delivery stores in the USA, with the other 49 percent coming from regional or mom-and-pop establishments.

Internationally, Pizza Hut and Domino's are the main players in the industry, but various countries have numerous national companies and thousands of mom-and-pop pizza and Italian restaurants vie for business as well. As with the domestic market, some customers consider local pizza stores to offer better quality products than large chains and are willing to pay marginally higher prices for this perceived quality.

Another competitor is Pizza Inn Holdings, Inc., based in The Colony, Texas. Pizza Inn owns 10 stores and franchises out 300 more stores.

Pizza Hut

A division of Yum Brands, Pizza Hut is based in Plano, Texas, and operates more than 7,200 restaurants in the USA and more than 5,600 restaurants internationally in more than 90 countries. In contrast to Domino's, almost all Pizza Huts are dine-in restaurants. Pizza Huts serve pan pizza, as well as its thin n' crispy, stuffed crust, hand tossed, and sicilian. Other menu items include pasta, salads, and sandwiches. Pizza Huts offer dine-in service at its famous red-roofed restaurants, as well as carryout and delivery service. About 15 percent of all Pizza Huts are company-operated, whereas the remaining stores are franchised. The world's largest fast food company, YUM Brands also owns and operates Kentucky Fried Chicken (KFC), Long John Silvers, and Taco Bell. Pizza Hut is Domino's major pizza rival outside of the USA.

Papa John's International, Inc.

Headquartered in Louisville, Kentucky, and founded in 1985, Papa John's operates 3,883 pizza restaurants with 3,255 of these being franchisee-owned and 628 being company-owned stores. Papa John's has restaurants in all 50 U.S. states and 32 foreign markets. The company currently has 16,500 full-time employees and markets its pizza under the slogan "better ingredients, better pizza." Between 2001 and 2012, Papa John's was ranked number one (by the American Customer Satisfaction Index) among national pizza chains for 10 of the 11 years during this period. The company reported revenue of more than \$1.2 billion for year-end 2011, and consistent with the industry, it shows no revenue allocated to research and development. Papa John's carries \$75 million in goodwill on its balance sheet; founder and CEO John Schnatter owns more than 20 percent of the chain. Papa John's offers several different pizza styles and topping choices, as well as a few specialty pies such as The Works and The Meats. Papa John's stores typically offer delivery and carryout service only.

Exhibit 8 provides a comparison between Domino's and Papa John's. Note that Domino's appears to generate more revenue with less employees, but that is not true because employees at franchised stores are not Domino's employees. Pizza Inn's 57 employees work at company-owned restaurants, not franchised stores.

Pizza Inn Holdings, Inc.

Pizza Inn is a relatively small chain of franchised quick-service pizza restaurants, with more than 300 locations in the USA and the Middle East. Pizza Inns offer pizzas, pastas, and sandwiches, along with salads and desserts. Most locations offer buffet-style and table service, whereas other units are strictly delivery and carryout units. The chain also has limited-menu express carryout units in convenience stores and airport terminals, and on college campuses. Pizza Inn's domestic locations are concentrated in more than 15 southern states, with about half located in Texas and North Carolina.

Little Caesars

Headquartered in Detroit, Michigan, and privately held, Little Caesars is famous for its advertising slogan, "Pizza! Pizza!" which was introduced in 1979. The phrase refers to two pizzas being offered for the comparable price of a single pizza from competitors. In November 2010, Little Caesars introduced Pizza! Pizza! Pantastic, denying that the return of "Pizza! Pizza!" had any relationship to the recent success of Domino's. Little Caesars operates under its parent Little Caesars Enterprises and is estimated to be the fourth largest pizza chain in the USA. Little Caesars operates in 30 foreign countries.

External Issues

Domino's competes in the Quick Service Restaurant (QSR) pizza category, which consists of two categories: 1) delivery and 2) carry-out. Delivery revenues for the industry in 2012 were \$9.6 billion, up only slightly the last few years. The delivery portion accounts for 30 percent

EXHIBIT 8 A Comparison Between Domino's and Papa John's

	Domino's	Papa John's	Pizza Inn Holdings
Revenue	1.65B	1.24B	43.5M
Market Capitalization	1.76B	1.16B	20.1M
Gross Margin	0.29	0.31	0.12
Net Income	98.99M	55.97M	888K
EPS	1.63	2.24	0.10
Price/Earnings Ratio	18.67	21.69	24.51
Number of Employees	10K	16.5K	57

EPS, earnings per share.

Source: Company documents.