SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: June 20, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from: ___________ to ___________

Commission file number: 333-74797

Domino's, Inc.
(Exact name of registrant as specified in its charter)

Delaware	38-3025165
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

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

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

Indicate by check mark whether registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [ ] No [X]

The number of shares outstanding of the registrant's common stock as of August 4, 1999 was 10 shares.

Domino's, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

(In thousands)	June 20, 1999 (Unaudited)	January 3, 1999 (Note)
Assets		
Current assets:		
Cash	$ 19,489	$ 115
Accounts receivable	41,856	48,858
Inventories	17,587	20,134
Deferred tax assets	9,811	9,811
Other	17,718	17,927
Total current assets	106,461	96,845
Property, plant and equipment:		
Land and buildings	14,246	14,605
Leasehold and other improvements	54,168	52,248
Equipment	112,280	109,517
Construction in progress	3,504	5,486
	184,198	181,856
Accumulated depreciation and amortization	117,592	116,890

Total property, plant and equipment	66,606	64,966
Other assets:		
Deferred tax assets	72,758	71,776
Deferred financing costs	40,489	43,046
Goodwill	14,221	14,179
Covenants not-to-compete	34,249	50,058
Capitalized software	24,763	22,593
Other	24,314	24,428
Total other assets	210,794	226,080
Total assets	$ 383,861	$ 387,891
Liabilities and stockholder's deficit		
Current liabilities:		
Current portion of long-term debt	$ 10,187	$ 7,646
Accounts payable	31,843	44,596
Insurance reserves	9,681	9,633
Accrued income taxes	1,670	6,501
Other accrued liabilities	58,712	46,693
Total current liabilities	112,093	115,069
Long-term liabilities:		
Long-term debt, less current portion	714,595	720,480
Insurance reserves	12,337	15,132
Other accrued liabilities	22,482	20,985
Total long-term liabilities	749,414	756,597
Stockholder's deficit:		
Common stock	--	--
Additional paid-in capital	116,202	114,737
Retained deficit	(593,633)	(598,209)
Accumulated other comprehensive income	(215)	(303)
Total stockholder's deficit	(477,646)	(483,775)
Total liabilities and stockholder's deficit	$ 383,861	$ 387,891

Note: The balance sheet at January 3, 1999 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See accompanying notes.

Domino's, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Unaudited)

(In thousands)	Fiscal Quarter Ended June 20, 1999	Fiscal Quarter Ended June 14, 1998	Two Fiscal Quarters Ended June 20, 1999	Two Fiscal Quarters Ended June 14, 1998
Revenues:				
Corporate stores	$ 83,802	$ 94,452	$ 170,362	$ 186,770
Domestic franchise royalties	26,543	24,659	53,159	48,947
Domestic distribution	132,785	130,911	267,512	257,986
International	12,982	12,280	25,847	24,459
Total revenues	256,112	262,302	516,880	518,162
Operating expenses:				
Cost of sales	181,089	190,046	366,697	379,171
General and administrative	55,471	55,896	113,112	108,424
Total operating expenses	236,560	245,942	479,809	487,595

Income from operations	19,552	16,360	37,071	30,567
Interest income	216	204	329	594
Interest expense	16,911	1,047	34,162	1,843
Income before provision (benefit) for income taxes	2,857	15,517	3,238	29,318
Provision (benefit) for income taxes	(1,490)	1,136	(1,338)	2,285
Net income	$ 4,347	$ 14,381	$ 4,576	$ 27,033

See accompanying notes.

Domino's, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Two Fiscal Quarters Ended	
	June 20, 1999	June 14, 1998
(In thousands)		
Cash flows from operating activities:		
Net cash provided by operating activities	$ 33,001	$ 33,580
Cash flows from investing activities:		
Purchases of plant and equipment	(12,156)	(19,901)
Other	668	(1,831)
Net cash used in investing activities	(11,488)	(21,732)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	--	28,200
Repayments of long-term debt	(3,685)	(5,362)
Capital contribution from Parent	1,465	--
Distributions to Parent	--	(29,663)
Net cash used in financing activities	(2,220)	(6,825)
Effect of exchange rate changes on cash	81	(53)
Increase in cash	19,374	4,970
Cash, at beginning of period	115	105
Cash, at end of period	$ 19,489	$ 5,075

See accompanying notes.

Domino's, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements
(Unaudited)

June 20, 1999

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the fiscal quarter and two fiscal quarters ended June 20, 1999 are not necessarily indicative of the results that may be expected for the year ended January 2, 2000. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended January 3, 1999 included in the Domino's, Inc. Form S-4 Registration Statement No. 333-74797.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Domino's, Inc., formerly known as Domino's Pizza International Payroll Services, Inc., a Delaware corporation, and its wholly-owned subsidiaries (collectively, Domino's). All significant intercompany accounts and transactions have been eliminated. Domino's, Inc. is a wholly owned subsidiary of TISM, Inc. (TISM).

TISM's Recapitalization

On December 21, 1998, TISM effected a merger with TM Transitory Merger Corporation (TMTMC) in a leveraged recapitalization transaction whereby TMTMC was merged with and into TISM with TISM being the surviving entity. TMTMC had no operations and was formed solely for the purpose of effecting the recapitalization. As part of the recapitalization, Domino's incurred significant debt and distributed significantly all of the proceeds to TISM, which used those proceeds, along with proceeds from the issuance of two classes of common stock and one class of preferred stock, to fund the purchase of 93% of the outstanding common stock of TISM from one of TISM's directors and certain members of his family.

Prior to December 1998, Domino's, Inc. was an indirectly wholly-owned subsidiary of Domino's Pizza, Inc. During December 1998 and before the recapitalization, Domino's Pizza, Inc. distributed its ownership interest in Domino's, Inc. to TISM. TISM then contributed its ownership interest in Domino's Pizza, Inc., which had been a wholly-owned subsidiary of TISM, to Domino's, Inc., effectively converting Domino's, Inc. from a subsidiary of Domino's Pizza, Inc. into Domino's Pizza, Inc.'s parent.

The accompanying condensed consolidated financial statements and these Notes to Condensed Consolidated Financial Statements include the results of operations of Domino's Pizza, Inc. and its wholly-owned subsidiaries (including Domino's, Inc.) for the periods prior to the recapitalization.

Fiscal Year and Fiscal Quarters

Domino's fiscal year ends on the Sunday closest to December 31 and generally consists of fifty-two weeks. The 1998 fiscal year, however, which ended January 3, 1999, consisted of fifty-three weeks.

Domino's first three fiscal quarters of a fiscal year each consist of twelve weeks and the fourth quarter of a fiscal year consists of either sixteen or seventeen weeks depending upon whether the fiscal year consists of fifty-two weeks or fifty-three weeks, respectively. The second fiscal quarters of 1999 and 1998 consisted of the twelve week periods ended June 20, 1999 and June 14, 1998, respectively.

3. Accounting Pronouncements

The American Institute of Certified Public Accountants has issued Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-up Activities," which requires entities to expense the costs of start-up activities, including organizational costs, when incurred. We adopted this SOP in the first quarter of fiscal year 1999. The adoption of this SOP did not have a material impact on our financial statements or our operations.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," which requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. In June 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133". The Company will be required to adopt these Statements beginning with the first fiscal quarter of fiscal year 2001. We have not determined the reporting impact, if any, of the adoption of these Statements.

4. Change in Accounting Estimates

During the first quarter of 1999, we initiated a review of the estimated useful lives we use for depreciating or amortizing our plant and equipment and goodwill assets. The review included consideration of the estimated life of our stores as determined through quantitative analysis performed in late 1998 and analysis of the historical longevity of operating assets used in our operations. We concluded the review late in the first quarter of 1999.

Based on this review, we modified the useful lives for several asset categories. For equipment, estimated useful lives were extended for certain assets from seven years to either ten or twelve years and were shortened for other assets, primarily computer equipment, from either five or seven years to three years. For leasehold improvements, estimated useful lives were extended from five years to ten years, which generally will result in amortization of these assets over the term of the respective leases plus one renewal option period. For furniture and fixtures, estimated useful lives were extended for certain assets from seven years to ten years. For goodwill, which primarily arises from purchases of stores from franchisees, estimated useful lives were shortened in certain circumstances to ten years from the beginning of fiscal 1999. In accordance with generally accepted accounting principles, these changes in useful lives are being applied on a prospective basis to existing assets and will be applied to assets acquired in the future. These changes in accounting estimates have been effected as of the beginning of fiscal 1999, resulting in increases in income from operations and net income as follows (in thousands):

	Fiscal Quarter Ended June 20, 1999	Two Fiscal Quarters Ended June 20, 1999
Net impact of changes in useful lives	$ 1,350	$ 2,775
Non-recurring charge to eliminate assets which had no remaining useful lives	--	(1,025)
Increase in income from operations	1,350	1,750
Income tax effect	540	700
Increase in net income	$ 810	$ 1,050

5. Comprehensive Income

The Financial Accounting Standards Board has issued SFAS No. 130, "Reporting Comprehensive Income," which establishes standards for reporting comprehensive income and its components in a full set of financial statements. Comprehensive income is defined as the total of net income and all other non-owner changes in equity. We adopted this Statement in 1997. Our total comprehensive income was as follows (in thousands):

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	June 20, 1999	June 14, 1998	June 20, 1999	June 14, 1998

Net income	$ 4,347	$ 14,381	$ 4,576	$ 27,033
Currency translation adjustment	14	(52)	57	(39)
Unrealized gain (loss) on investments, net of tax	36	(94)	31	53
Total comprehensive income	$ 4,397	$ 14,235	$ 4,664	$ 27,047

6. Segment Data

The Financial Accounting Standards Board has issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," which supercedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," replacing the "industry segment" approach of reporting segment information with the "management" approach. The "management" approach designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the reportable segments. We adopted this Statement in 1998. Adoption of this Statement only affects the presentation of the notes to the financial statements.

We have three reportable segments as determined by management using the "management" approach as defined in SFAS No. 131: (1) Domestic Stores, (2) Domestic Distribution and (3) International. Our 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 corporate-owned stores throughout the contiguous United States. The Domestic Distribution segment includes the distribution of food, equipment and supplies to franchised and corporate-owned stores throughout the contiguous United States. The International segment includes operations related to our franchising business in foreign and non-contiguous United States markets and our food distribution business in Canada, Alaska, Hawaii, France and, in 1998, Puerto Rico. In December 1998, we sold our Puerto Rico food distribution business to our master franchisee in that market.

The accounting policies of the reportable segments are the same as those we use on a consolidated basis. We evaluate the performance of our segments and allocate resources to them based on earnings before interest, taxes, depreciation and amortization ("EBITDA").

The tables below summarize the financial information concerning our reportable segments for the fiscal quarter and two fiscal quarters ended June 20, 1999 and June 14, 1998. Intersegment revenues are comprised of sales of food, equipment and supplies from the Domestic Distribution segment to the Domestic Stores segment. Intersegment sales prices are market based. In 1998, the "Other" column as it relates to EBITDA information below includes charitable contributions, salary of a TISM Director and former majority TISM stockholder and other corporate headquarters costs that we do not allocate to any of the reportable segments. In 1999, such column includes only corporate headquarters costs that we do not allocate to any of the reportable segments. All amounts presented below are in thousands.

Fiscal quarter ended June 20, 1999 and June 14, 1998

	Domestic Stores	Domestic Distribution	International	Intersegment Revenues	Other	Total
Revenues -						
1999	$110,345	$154,677	$ 12,982	$(21,892)	$ --	$256,112
1998	119,111	157,387	12,280	(26,476)	--	262,302
EBITDA -						
1999	30,905	7,063	2,234	--	(8,737)	31,465
1998	27,256	4,047	1,985	--	(11,830)	21,458

Two fiscal quarters ended June 20, 1999 and June 14, 1998

	Domestic Stores	Domestic Distribution	International	Intersegment Revenues	Other	Total

Revenues -						
1999	$223,521	$311,594	$ 25,847	$(44,082)	$ --	$516,880
1998	235,717	311,576	24,459	(53,590)	--	518,162
EBITDA -						
1999	61,408	12,452	4,334	--	(16,504)	61,690
1998	52,337	8,061	3,899	--	(23,982)	40,315

The following table reconciles total EBITDA above to consolidated income before provision for income taxes:

	Fiscal quarter ended		Two fiscal quarters ended	
	June 20, 1999	June 14, 1998	June 20, 1999	June 14, 1998
Total EBITDA	$ 31,465	$ 21,458	$ 61,690	$ 40,315
Depreciation and amortization	(11,882)	(4,950)	(24,692)	(9,580)
Interest expense	(16,911)	(1,047)	(34,162)	(1,843)
Interest income	216	204	329	594
Gain (loss) on sale of plant and equipment	(31)	(148)	73	(168)
Income before provision (benefit) for income taxes	$ 2,857	$ 15,517	$ 3,238	$ 29,318

No customer accounted for more than 10% of total consolidated revenues in the fiscal quarter or two fiscal quarters ended June 20, 1999 and June 14, 1998.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The 1999 and 1998 second fiscal quarters referenced herein represent the twelve-week periods ended June 20, 1999 and June 14, 1998, respectively. The 1999 and 1998 half years or two fiscal quarter periods referenced herein represent the twenty four-week periods ended June 20, 1999 and June 14, 1998, respectively.

Results of Operations

Revenues

General. Revenues include sales by corporate-owned stores, royalty fees from domestic and international franchises and sales by our distribution commissaries to domestic and international franchises. Total revenues decreased $6.2 million, or 2.4%, to $256.1 million for the second quarter of 1999 from $262.3 million for the second quarter of 1998. Total revenues decreased $1.3 million, or 0.2%, to $516.9 million for the first half of 1999 from $518.2 million in the same period in 1998. These decreases resulted primarily from reductions in corporate stores revenues, partially offset by increased revenues from domestic distribution and domestic franchise royalties.

Domestic Stores

Corporate Stores. Revenues from Corporate Stores decreased 11.3% to $83.8 million for the second quarter of 1999 from $94.5 million for the same period in 1998. Corporate Stores revenues decreased 8.8% to $170.4 million for the first half of 1999 from $186.8 million for the same period in 1998. These decreases were due primarily to a reduction in the number of corporate stores resulting from our store rationalization program, under which we closed or sold to franchisees 142 stores, primarily in the fourth quarter of 1998. These decreases were partially offset by increases of 5.8% and 8.9% in average corporate store sales for the second quarter and first half of 1999, respectively, over the same periods in 1998. Same store sales for corporate stores decreased 1.6% for the second quarter of 1999 and increased 2.2% for the first half of 1999 as compared to the same periods in 1998. Same store sales during the second quarter of 1999 were negatively impacted by aggressive pricing promotions by competitors. Ending corporate stores decreased by 123, to 645 as of June 20, 1999 from 768 as of June 14, 1998, due mainly to the store rationalization program completed in

December 1998.

Domestic Franchise. Revenues from Domestic Franchise operations are derived primarily from royalty income. Revenues from Domestic Franchise operations increased 7.3% to $26.5 million for the second quarter of 1999 from $24.7 million for the same period in 1998. Domestic Franchise operations revenues increased 8.8% to $53.2 million for the first half of 1999 from $48.9 million for the same period in 1998. These increases are attributable primarily to 1.4% and 2.9% increases in average store sales for the second quarter and first half of 1999, respectively, as compared to the same periods in 1998, and an increase in the average number of domestic franchise stores, due mainly to sales of corporate stores to franchisees in the store rationalization program and additional franchise store openings. Same store sales for domestic franchises increased 1.8% and 4.1% for the second quarter and first half of 1999, respectively, as compared to the same periods in 1998. Similarly to corporate stores, domestic franchise stores same store sales trends were negatively impacted by aggressive price discounting by competitors during the second fiscal quarter of 1999. Ending domestic franchise stores increased by 173 to 3,880 as of June 20, 1999 from 3,707 as of June 14, 1998.

Domestic Distribution. Revenues from Domestic Distribution operations are derived primarily from the sale of food, equipment and supplies to domestic franchise stores and, to a lesser extent, the sale of equipment to international stores, and exclude sales to corporate-owned stores. Revenues from Distribution operations increased 1.4% to $132.8 million for the second quarter of 1999 from $130.9 million for the same period in 1998. Revenues from distribution increased 3.6% to $267.5 million for the first half of 1999 from $258 million for the same period in 1998. The increase was mainly due to an increase in food sales to franchisees, primarily relating to the increases in Domestic Franchise store sales and number of stores discussed above, partially offset by decreased equipment sales during the first half of 1999 and a shift in dough product mix from par-baked deep dish and thin crust shells toward lower-priced fresh dough. During the first half of 1998, equipment sales were at high levels resulting from the roll-out of our HeatWave(R) hot bag systems.

International. International revenues, which are derived mainly from food sales to international franchisees, master franchise agreement royalties and, to a lesser extent, franchise and development fees and corporate owned international stores, increased 5.6% to $13 million for the second quarter of 1999 from $12.3 million for the same period in 1998. International revenues for the first half of 1999 increased 5.7% to $25.8 million from $24.5 million for the same period in 1998. The increases in international revenues during 1999 were primarily due to increases in royalty income, the addition of three international corporate stores and international commissary product sales. International franchise royalty revenues increased by 9.7% to $4.7 million and 10.5% to $9.4 million for the second quarter and first half of 1999, respectively, due principally to an increase in the number of international franchise stores. During the first half of 1999, we acquired three stores in France. These stores, which had revenues of $0.2 million in the second quarter of 1999, represent our only corporately owned stores outside of the contiguous United States. International commissary product sales to franchisees increased 2.2% to $7.6 million and 1.8% to $15.2 million for the second quarter and first half of 1999, respectively, due to commencement of commissary operations in France in early 1999 and increased sales in Canadian commissary operations, significantly offset by the impact of the sale of Puerto Rico commissary operations to the master franchisee in that market in late 1998. On a constant dollar basis, same store sales increased by 3.1% and 4.1% for the second quarter and first half of 1999, respectively, from the same periods of 1998. Ending international stores increased by 158 to 1,797 as of June 20, 1999 from 1,639 as of June 14, 1998.

Gross Profit. Gross profit increased 3.7% to $75.0 million for the second quarter of 1999 from $72.3 million for the same period in 1998. Gross profit increased 8.0% to $150.2 million for the first half of 1999 from $139 million for the same period of 1998. As a percentage of revenues, gross profit increased 1.7% and 2.2%, to 29.3% and 29.1% for the second quarter and first half of 1999, respectively, compared to the same periods in 1998. These increases were driven primarily by reductions in corporate stores food, labor and insurance costs that resulted mainly from elimination of underperforming stores through the store rationalization program as well as improved shift scheduling, minimized overtime, reduced insurance premiums and favorable product mix and pricing. Also, Distribution food cost as a percentage of sales decreased slightly, due mainly to a shift in product mix from par-baked deep dish and thin crust shells to higher margin fresh dough. In addition, the cost of sales component of depreciation and amortization expense decreased slightly due to the modification of estimated useful lives for several fixed asset categories effective in the

first quarter of 1999.

General and Administrative. General and Administrative expenses consist primarily of regional support offices, corporate administrative functions, corporate store and distribution facility management costs and advertising and promotional expenses. General and administrative expenses decreased 0.8% to $55.5 million for the second quarter of 1999 from $55.9 million for the same period of 1998. General and administrative expenses increased 4.3% to $113.1 million in the first half of 1999 from $108.4 million for the same period of 1998. As a percentage of revenues, general and administrative expenses increased 0.3% to 21.7% for the second quarter of 1999 and increased 1.0% to 21.9% in the first half of 1999, compared to the same period in 1998. These increases are due primarily to increased amortization expense of $7.7 million and $15.4 million for the second quarter and first half of 1999, respectively, with respect to a covenant not-to-compete we entered into with TISM's former principal stockholder

at the time of the recapitalization in December 1998, increased information systems costs, primarily for amortization of our recently developed financial and supply chain systems, and a $1.6 million employment severance charge incurred in the second quarter of 1999. These increases in expenses were partially offset by the impact of eliminating a corporate stores field office as part of the store rationalization program and elimination of related party transaction expenses of $5 million and $10.1 million for the second quarter and first half of 1999, respectively, which were primarily comprised of lease payments in excess of current levels to entities controlled by TISM's former principal stockholder and charitable contributions to a foundation managed by TISM's former principal stockholder.

Interest Expense. Interest expense increased $15.9 million to $16.9 million for the second quarter of 1999 and increased $32.3 million to $34.2 million for the first half of 1999 compared to the same periods from the prior year. The increases in interest expense are due to the interest costs, including deferred financing cost amortization, resulting from Domino's December 1998 borrowings of $722.1 million, which were incurred to fund its recapitalization.

Provision (Benefit) for Income Taxes. The benefit for income taxes was $1.5 million and $1.3 million for the second fiscal quarter and first half of 1999, respectively, compared to a provision for income taxes of $1.1 million and $2.3 million for the same periods in 1998. In May 1999, the State of Michigan Supreme Court upheld a favorable lower court tax ruling with respect to an issue that, if decided unfavorably, could have resulted in significant tax cost to the Company. As a result, during the second fiscal quarter of 1999, the Company reversed state tax reserves and related deferred federal tax benefits that were associated with this issue. Additionally, as part of our recapitalization, we converted from "S" Corporation status to "C" Corporation status for federal income tax reporting purposes in December 1998. As a result, the provision for income taxes for the second quarter and first half of 1999 includes U.S. federal and state income taxes and foreign income taxes whereas the provision for income taxes for the same period in 1998 included only foreign income taxes and income taxes of a few states for which we had been taxed at the corporate level.

Liquidity and Capital Resources

We had negative working capital of $5.6 million and $18.2 million at June 20, 1999 and January 3, 1999, respectively. We have generally had negative working capital because our receivable collection periods and inventory turn rates are faster than the normal payment terms on our current liabilities. In addition, our sales are not typically seasonal, which further limits our working capital requirements. Our primary sources of liquidity are cash flow from operations and borrowings under our new revolving credit facility.

Operating activities provided cash resources of $33.0 million and $33.6 million in the first half of 1999 and 1998, respectively. The cash provided by operating activities in the first half of 1999 consisted mainly of earnings before interest, taxes, depreciation and amortization expenses ("EBITDA") of $61.7 million, offset by interest payments of $13.8 million, income tax payments of $6.4 million and other changes in operating assets of $8.5 million. EBITDA increased $21.4 million over the same period in 1998 primarily due to increases in gross profit and decreases in administrative expenses, as discussed above. However, this increase was offset primarily by an increase in interest payments of $12 million for the first half of 1999 due to the December 1998 borrowings and a higher use of cash from changes in operating assets due mainly to timing

differences, resulting in nearly equal operating cash flows in the first half of 1999 as compared to 1998.

Net cash used in investing activities consists primarily of capital expenditures and investments in marketable securities, partially offset by proceeds from asset sales and collections on notes receivable from franchisees. Net cash used in investing activities was $11.5 million and $21.7 million for the first half of 1999 and 1998, respectively. The decrease in cash used in investing activities for the first half of 1999 resulted primarily from a $7.7 million decrease in capital expenditures.

Capital expenditures were $12.2 million and $19.9 million for the first half of 1999 and 1998, respectively. The higher capital expenditures for the first half of 1998 were primarily attributable to development costs associated with our financial and supply chain computer systems, higher spending for corporate store openings and relocations and the implementation of HeatWave(R) hot bag systems in corporate-owned stores. Management anticipates capital spending will continue below 1998 levels for the remainder of 1999.

We incurred substantial indebtedness in connection with the December 1998 recapitalization. As of June 20, 1999, we had $724.8 million of indebtedness outstanding as compared to $46.3 million of indebtedness outstanding immediately prior to the recapitalization. In addition, we have a stockholder's deficit of $477.6 million as of June 20, 1999, as compared to stockholder's equity of $41.8 million immediately prior to the recapitalization.

Net cash used in financing activities was $2.2 million and $6.8 million for the first half of 1999 and 1998, respectively. In connection with the recapitalization, we borrowed $445 million under term loan facilities and approximately $2.1 million under a revolving credit facility. Cash flows used in financing activities for the first half of 1999 reflected $3.7 million in repayments of long-term debt and $1.5 million received as additional capital contributions from our parent. In 1998, the long-term debt borrowings and distributions were incurred primarily to finance and fund the "S" Corporation income taxes of our parent company's stockholders.

Effective February 1, 1999, we terminated the Distribution profit capitation program. Under this program, our Distribution division had rebated to participating franchisees all Distribution pre-tax profits in excess of 2% of gross revenues from sales to corporate-owned and domestic franchise stores. In addition, at the beginning of fiscal year 1999, corporate-owned stores began participating in the profit sharing program of our Distribution division. This profit sharing plan was amended in the first fiscal quarter of 1999 to increase rebates to participating stores from approximately 45% to approximately 50% of their regional distribution center's pre-tax profits. Although corporate-owned stores had the right to participate in the program, historically only domestic franchise stores participated. We agreed that the aggregate funds available for rebate to participating franchisees in 1999 under the profit sharing plan would be at least $1 million more than the aggregate payments made to franchisees under the profit sharing and profit capitation programs in fiscal year 1998. We agreed to pay any deficiency to participating franchisees on a pro rata basis.

Based upon the current level of operations and anticipated growth, we believe that cash generated from operations and amounts available under the revolving credit facility will be adequate to meet our anticipated debt services requirements, capital expenditures and working capital needs for the next several years. There can be no assurance, however, that our business will generate sufficient cash flow from operations or that future borrowings will be available under the senior credit facilities or otherwise to enable us to service our indebtedness, including the senior credit facilities and the 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 credit facilities will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Year 2000 Readiness Disclosure

We have recently either replaced or upgraded a majority of our core information systems, including the franchise royalties system, franchise legal system,

information warehouse system and ULTRA store system, which is the point-of-sale and operating system for corporate-owned stores. In addition, we are in the process of implementing a full suite of financial and distribution supply chain computer systems. We anticipate the financial systems implementation will be complete no later than October 31, 1999. The implementation of our new distribution supply chain systems is currently underway. We are also in the process of a remediation effort on our legacy supply chain systems to render them Year 2000 compliant. We anticipate the effort to bring legacy supply chain systems into compliance with Year 2000 will be completed no later than October 31, 1999. We believe the completion of this remediation effort will mitigate the risk associated with not completing the new distribution supply chain systems implementation prior to December 31, 1999. Upon completion of this project and/or relevant Year 2000 remediation efforts, we believe that all of our critical internal information systems will operate correctly with regard to the import, export, and processing of date information, including correct handling of leap years, in connection with the change in the calendar year from 1999 to 2000. Each of these upgrades was part of our budgeted expenses for upgrading our computer infrastructure and was not primarily undertaken or accelerated because of the Year 2000 issue. We have, however, complemented our system upgrades with an internal compliance team responsible for testing all of our information systems for Year 2000 compliance.

We are also in the process of addressing other less critical equipment and machinery, such as facility equipment, that may contain embedded technology with Year 2000 compliance problems. We expect to complete this effort no later than September 30, 1999. We also have material relationships with franchisees, suppliers and vendors and other significant entities, such as public utilities, that may not have adequately addressed the Year 2000 issue with respect to their equipment or information systems. Although we are attempting to assess the extent of their compliance efforts, we have received written assurances from only a portion of this group and, accordingly, cannot determine the risk to our business.

For the fiscal year ended January 3, 1999, we spent approximately $256,000 addressing the Year 2000 issue. For the year ended January 2, 2000, we estimate we will spend approximately $700,000 addressing the Year 2000 issue, of which we have incurred approximately $438,000 during the first half of 1999. These amounts do not reflect the cost of our internal compliance team or the cost of planned replacement systems, such as the financial and distribution supply chain systems software, which may have a positive impact on resolving the Year 2000 issue. We do not expect that additional costs required to address the Year 2000 issue will have a significant impact on our business or operating results. In the event, however, that we are unable to complete planned upgrades, implement replacement systems or otherwise resolve Year 2000 compliance problems prior to December 31, 1999, or in the event our franchisees or a significant number of our suppliers and vendors do not adequately address the Year 2000 issue before such date, we may experience significant disruption or delays in our operations, which in turn could have a material adverse effect on our business.

At this time, we are still assessing the likely worst case scenario that may result from any significant disruptions or delays in our operations due to Year 2000 compliance issues associated with (1) our critical information systems, (2) other less critical facility equipment or machinery, or (3) a significant number of our franchisees, suppliers and vendors. We expect to complete this analysis within the next several months. Further, except as mentioned above, we have no contingency plans in place to address Year 2000 problems. We plan to evaluate the status of our Year 2000 compliance efforts at the end of September 1999 to determine whether such contingency plans are necessary.

Forward-Looking Statements

Certain statements contained in this filing relating to capital spending levels, the future adequacy of our capital resources and Year 2000 readiness are forward-looking. Also statements that contain words such as "believes," "expects," "anticipates," "intends," "estimates" or similar expressions are forward-looking statements. Forward-looking statements 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, risks and uncertainties relating to the Year 2000 issue, adequacy of

insurance coverage and other factors, all of which are described in this 10-Q for the quarter ended June 20, 1999 and our other filings with the Securities and Exchange Commission. We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

The Company's use of derivative instruments is primarily limited to interest rate swaps and foreign currency forward contracts. The Company does not enter into financial derivatives for trading purposes.

Interest Rate Swaps

We enter into interest rate swaps with the objective of reducing our volatility in borrowing costs. In 1999, we entered into two interest rate swap agreements to effectively convert the Eurodollar rate component of the interest on a portion of our variable rate bank debt to a fixed rate of 5.12% through December 2001. At June 20, 1999, the notional amount of these swap agreements was $179 million.

Foreign Currency Forward Contracts

We use foreign currency forward contracts to minimize the effect of a fluctuating Japanese yen on royalty revenues from franchised operations in Japan. As currency rates change, the gains and losses with respect to these contracts are recognized in income. For the fiscal quarter ended June 20, 1999, no significant gains or losses were recognized under the foreign currency forward contracts.

Interest Rate Risk

The Company's variable interest expense is sensitive to changes in the general level of United States and European interest rates. A portion of the Company's debt currently is borrowed at Eurodollar rates plus a blended rate of approximately 3.4% and is sensitive to changes in interest rates. At June 20, 1999, the weighted average interest rate on our $443.5 million of variable interest debt was approximately 8.4% and the fair value of the debt approximates its carrying value.

The Company had interest expense of $34.2 million for the first half of 1999. The potential increase in interest expense for the first half of 1999 from a hypothetical 2% adverse change in the variable interest rates, would be approximately $2.5 million.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities and Use Of Proceeds

None.

Item 3. Defaults Under Senior Securities

None.

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

During the second quarter of the fiscal year covered by this report, the Company submitted several matters to a vote of its sole stockholder. On March 31, 1999, in an action by written consent, the sole stockholder of Domino's amended the by-laws to provide for the Company to have six directors, elected Andrew Balson and David A. Brandon as directors of the Company, approved the execution and delivery by the Company of an employment agreement and related agreements with David A. Brandon and approved payments to David A. Brandon pursuant to such agreements. The term as director of each of Robert F. White, Mark E. Nunnelly, Jonas L. Steinman and Thomas S. Monaghan continued after the written consent.

On April 30, 1999, in an action by written consent, the sole stockholder of Domino's amended the by-laws to provide for the Company to have seven directors and elected Robert M. Rosenberg as a director of the Company. The term as director of each of Robert F. White, Mark E. Nunnelly, Jonas L. Steinman, Andrew Balson, David A. Brandon and Thomas S. Monaghan continued after the written consent.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Exhibit Number	Description
27	Financial Data Schedule which is submitted electronically to the Securities and Exchange Commission for information only and not deemed to be filed with the Commission.
99.1	Risk Factors

b. Current Reports on Form 8-K

There were no reports filed on Form 8-K during the quarter ended June 20, 1999.

SIGNATURES

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

DOMINO'S, INC.
(Registrant)

Date: August 4, 1999

/s/ Harry J. Silverman

Harry J. Silverman, Chief Financial Officer

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EXHIBIT 99.1

Risk Factors

Our substantial indebtedness could adversely affect our financial health and severely limit our ability to plan for or respond to changes in our business. In addition, we are permitted to incur substantially more debt in the future, which could aggravate the risks described below.

To finance the December 1998 recapitalization, we have incurred a significant amount of indebtedness. As of June 20, 1999, our consolidated indebtedness was $724.8 million. After giving pro forma effect to the recapitalization as if it had been completed on December 29, 1997, our ratio of earnings to fixed charges for the fiscal year ended January 3, 1999 would have been 1.0. Further, the terms of the indenture relating to our senior subordinated notes permit us to incur substantial indebtedness in the future, including up to an additional $100 million under our revolving credit facility.

Our ability to make payment 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. Based on our current level of operations and anticipated cost savings and operating improvements, we believe our cash flow from operations and available borrowings under our new revolving credit facility will be adequate to meet our liquidity needs over the next several years.

We cannot assure you, however, that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule, in the amounts projected or at all, or that future borrowings will be available to us under our new revolving credit facility in amounts sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. If we cannot generate sufficient cash flow from operations to pay our indebtedness when due, 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. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all or that any other action can be effected on satisfactory terms, if at all.

Our substantial indebtedness could have other important consequences. For example, it could:

- 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 the indebtedness, among other things, our ability to borrow additional funds; and

- have a material adverse effect on us if we fail to comply with the covenants in our indebtedness 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.

The pizza delivery market is highly competitive, and increased competition could adversely affect our operating results.

We believe we compete on the basis of product quality, delivery time, service and price. We compete in the United States against three national chains, Pizza Hut, Papa John's and, to a lesser extent, Little Caesar's, along with regional

and local concerns. Although we believe we are well positioned to compete because of our leading market position, focus and expertise in the pizza delivery business and strong national brand name recognition, we could experience increased competition from existing or new companies and loss of market share, which could have an adverse effect on our operating results.

We also compete on a broader scale with other international, national, regional and local restaurants and quick-service eating establishments. No reasonable estimate can be made of the number of competitors on this scale. The overall food service industry and the quick-service eating establishment segment 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; currency fluctuations to the extent international operations are involved; demographic trends; and disposable purchasing power. We compete within the food service industry and the quick-service eating establishment segment not only for customers, but also for management and hourly personnel, suitable real estate sites and qualified franchisees.

We do not have written contracts with most of our suppliers, and as a result they could seek to significantly increase prices or fail to deliver as required.

We have historically had long-lasting relationships with our suppliers. More than half of our major suppliers have been with us for over 14 years. As a result, we typically rely on oral rather than written contracts with our suppliers. In the case of cheese, where we have only one supplier, we have a written agreement. Although we have not experienced significant problems with our suppliers, there can be no assurance that our suppliers will not implement significant price increases or that suppliers will 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 operating results.

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 the availability of qualified management and hourly employees may adversely affect our operating costs. Most of the factors affecting costs are beyond our control. Most products used in our pizza, particularly cheese, are subject to price fluctuations, seasonality, weather, demand and other factors. Labor costs are primarily a function of minimum wage and availability of labor. Cheese and labor costs of a typical store represent 7.6% and 28.5% of store sales, although we only bear such costs at our corporate-owned stores.

If we fail to successfully implement our growth strategy, our ability to increase our revenues and operating profit could be adversely affected.

We have grown rapidly in recent periods. We intend to continue our growth strategy primarily by increasing the number of our domestic and international 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 of required domestic or foreign governmental permits and approvals; and
- employment and training of qualified personnel.

The opening of additional franchises 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 revenue and operating income. In addition, although we have successfully tested an alternative store concept called Delivery Express, we have not yet opened a significant number of Delivery Express stores and cannot predict with certainty the success of the concept on a widespread basis.

Our international operations subject us to additional risks which may differ in each country in which we do business.

Our financial condition and results of operation may be adversely affected when global markets in which our franchised 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 changes in exchange rates, inflation rates, recessionary or expansive trends, tax changes, legal and regulatory changes or other external factors. We are currently planning to expand our international operations which may increase the effect of these factors.

A third party has filed a patent infringement claim against us relating to the Domino's HeatWave Hot Bag.

The plaintiffs asserted that the heat retention cores inside the Domino's HeatWave Hot Bag infringe a patent they own. In addition to damages, the plaintiffs are seeking an injunction to enjoin the manufacture, sale or use of the heat retention cores inside the Domino's HeatWave Hot Bag. Although we intend to vigorously defend against the claim, we cannot predict the ultimate outcome of the claim.

Our business depends on retention of our current senior executives and key personnel and the success of our new chief executive officer.

Our success will continue to depend to a significant extent on our executive team and other key management personnel. We have entered into employment agreements with certain of our executive officers. There can be no assurance that we will be able to retain our executive officers and key personnel or attract additional qualified management. In connection with the completion of the recapitalization, Mr. Monaghan, our founder and chief executive officer, retired and became a director. Mr. Brandon has recently joined us as our new Chief Executive Officer. Although we are very pleased to have him assume this role, we cannot assure you of his success.

The ability of the Company to take major corporate actions is limited by the TISM stockholders agreement.

In connection with the recapitalization, all of the stockholders of TISM entered into a stockholders agreement which provides, among other things, that the approval of the holders of a majority of the voting stock of TISM subject to the stockholders agreement will be required for TISM or its subsidiaries, including the Company, to take various specified actions, including among others, major corporate transactions such as a sale or initial public offering, acquisitions and divestitures, financings, recapitalizations and mergers, as well as other actions such as hiring and firing senior managers, setting management compensation and establishing capital and operating budgets and business plans.

Pursuant to the stockholders agreement and the Articles of Incorporation of TISM, the Bain Capital funds will have the power to block any such transaction or action and to elect up to half of the Board of Directors of TISM. The Bain Capital funds may have different interests as equity holders than those of holders of our $275 million Senior Subordinated Notes ("Notes").

Our business may be adversely affected if our critical computer systems, or those of our suppliers and vendors, do not properly handle date information in Year 2000.

Upon completion of the implementation of certain new computer systems and remediation of our legacy supply chain system by October 31, 1999, we believe that all of our critical internal information systems will operate correctly with regard to the import, export, and processing of date information, including correct handling of leap years, in connection with the change in the calendar year from 1999 to 2000. We also plan to inventory and address other less critical equipment and machinery, such as facility equipment, that may contain embedded technology with Year 2000 compliance problems. We expect to complete this effort no later than September 30, 1999. We also have material relationships with franchisees, suppliers and vendors that may not have adequately addressed the Year 2000 issue with respect to their equipment or information systems. Although we are attempting to assess the extent of their compliance efforts, we have received written assurances from only a portion of this group and, accordingly, cannot determine the risk to our business. In the event that we are unable to complete planned upgrades or implement replacements systems prior to December 31, 1999 or in the event our franchisees, suppliers

and vendors do no adequately address the Year 2000 issue before such date, we may experience significant disruption or delays in our operations, which in turn could have a material adverse effect on our business.

We may not have the ability to raise the funds necessary to finance the change of control offer required by our indenture.

Upon the occurrence of certain specific kinds of change of control events, we must offer to repurchase all outstanding 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 Notes or that restrictions in our senior credit facilities will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change of control under the indenture.

The occurrences of certain of the events that would constitute a change of control under the indenture would constitute a default under the senior credit facilities. Our senior indebtedness and the senior indebtedness of our subsidiaries may also contain prohibitions of certain events that would constitute a change of control. Moreover, the exercise by the holders of the Notes of their right to require us to repurchase the 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. The terms of the senior credit facilities will, and other senior debt may, prohibit the prepayment of the Notes by us prior to their scheduled maturity. Consequently, if we are not able to prepay the indebtedness under the senior credit facilities and any other senior indebtedness containing similar restrictions, we will be unable to fulfill our repurchase obligations if holders of the Notes exercise their

repurchase rights following a change of control, thereby resulting in a default under the indenture.

There can be no assurance that our current insurance coverage will be adequate, that insurance premiums for such coverage will not increase or that in the future we will be able to obtain insurance at acceptable rates, if at all.

Through December 19, 1998, we self-insured our commercial general liability, automobile liability, and workers' compensation liability exposures up to levels ranging from $500,000 to $1 million per occurrence, and maintained excess and umbrella insurance coverage above those levels up to amounts ranging from $60 million to $105 million per occurrence on our commercial general liability and automobile liability policies and up to statutory limits on our workers' compensation policies. Effective December 20, 1998, we acquired first-dollar insurance coverage for all of the above exposures, with total coverage of $105 million per occurrence on our commercial general liability and automobile liability policies and up to statutory limits on our workers' compensation policies. We also maintain commercial property liability insurance. These policies provide a variety of coverages and are subject to various limitations, exclusions and deductibles. There can be no assurance that such liability limitations will be adequate, that insurance premiums for such coverage will not increase or that in the future we will be able to obtain insurance at acceptable rates, if 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.