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 March 25, 2001

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 [X]   No [_]

The number of shares outstanding of the registrant's common stock as of April 30, 2001 was 10 shares.

Domino's, Inc.

INDEX

		Page No.
PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets - March 25, 2001 and December 31, 2000	3
	Condensed Consolidated Statements of Income - Fiscal quarter ended March 25, 2001 and March 26, 2000	4
	Condensed Consolidated Statements of Cash Flows - Fiscal quarter ended March 25, 2001 and March 26, 2000	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operation	7
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	10
PART II.	OTHER INFORMATION	11
SIGNATURES		11

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

(In thousands) Assets	March 25, 2001 (Unaudited)	December 31, 2000 (Note)
Current assets:		
Cash	$ 20,743	$ 25,136
Accounts receivable	50,743	48,682
Notes receivable	3,465	3,833
Inventories	16,402	19,086
Prepaid expenses and other	6,920	6,580
Deferred income taxes	9,290	9,290
Total current assets	107,563	112,607
Property, plant and equipment:		
Land and buildings	14,890	14,917
Leasehold and other improvements	54,566	55,100
Equipment	116,385	114,456
Construction in progress	6,147	7,366
	191,988	191,839
Accumulated depreciation and amortization	106,474	106,526
Property, plant and equipment, net	85,514	85,313
Other assets:		
Deferred income taxes	71,391	71,253
Deferred financing costs	29,302	30,626
Goodwill	14,464	14,944
Covenants not-to-compete	4,515	5,851
Capitalized software	29,891	27,388
Other	20,611	21,647
Total other assets	170,174	171,709
Total assets	$ 363,251	$ 369,629
Liabilities and stockholder's deficit		
Current liabilities:		
Current portion of long-term debt	$ 19,440	$ 21,482
Accounts payable	33,396	38,335
Insurance reserves	7,080	6,793
Accrued income taxes	7,362	2,778
Other accrued liabilities	50,940	55,924
Total current liabilities	118,218	125,312
Long-term liabilities:		
Long-term debt, less current portion	659,728	664,592
Insurance reserves	8,872	9,633
Other accrued liabilities	24,125	24,899
Total long-term liabilities	692,725	699,124
Stockholder's deficit:		
Common stock	-	-
Additional paid-in capital	120,202	120,202
Retained deficit	(566,848)	(574,657)
Accumulated other comprehensive income	(1,046)	(352)
Total stockholder's deficit	(447,692)	(454,807)
Total liabilities and stockholder's deficit	$ 363,251	$ 369,629

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

See accompanying notes.

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

(In thousands)	Fiscal Quarter Ended March 25, 2001	Fiscal Quarter Ended March 26, 2000
Revenues:		
Corporate stores	$ 90,843	$ 90,240
Domestic franchise royalties	30,625	27,631
Domestic distribution	150,603	135,080
International	15,560	13,967
Total revenues	287,631	266,918
Operating expenses:		
Cost of sales	212,246	195,055
General and administrative	46,543	46,121
Total operating expenses	258,789	241,176
Income from operations	28,842	25,742
Interest income	595	531
Interest expense	16,591	17,470
Income before provision for income taxes	12,846	8,803
Provision for income taxes	5,037	3,756
Net income	$ 7,809	$ 5,047

See accompanying notes.

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

(In thousands)	Fiscal Quarter Ended March 25, 2001	Fiscal Quarter Ended March 26, 2000
Cash flows from operating activities:		
Net cash provided by operating activities	$ 10,262	$ 10,968
Cash flows from investing activities:		
Purchases of property, plant and equipment, and franchise stores and commissaries	(9,735)	(10,972)
Other	2,001	(104)
Net cash used in investing activities	(7,734)	(11,076)
Cash flows from financing activities:		
Repayments of long-term debt	(6,900)	(9,475)
Distributions	-	(338)
Net cash used in financing activities	(6,900)	(9,813)
Effect of exchange rate changes on cash	(21)	(46)
Decrease in cash	(4,393)	(9,967)
Cash, at beginning of period	25,136	30,278
Cash, at end of period	$ 20,743	$ 20,311

See accompanying notes.

Domino's, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited; tabular amounts in thousands)

March 25, 2001

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring items, considered necessary for a fair presentation have been included. Operating results for the fiscal quarter ended March 25, 2001 are not necessarily indicative of the results that may be expected for the year ended December 30, 2001. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 2000 included in our Form 10-K.

2. Change in accounting principle

On January 1, 2001, the Company adopted SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" and two related Statements. The Company recorded a $2.7 million derivative asset upon adoption, reflecting the cumulative effect of this change in accounting principle relating to the fair value of our interest rate swaps.

3. Comprehensive Income

	Fiscal Quarter Ended	
	March 25, 2001	March 26, 2000
Net income	$ 7,809	$ 5,047
Cumulative effect of change in accounting principle	2,685	-
Unrealized loss on derivative instruments	(2,660)	-
Reclassification adjustment for gains included in net income	(532)	-
Currency translation adjustment	(187)	(89)
Unrealized loss on investments, net of tax	-	(23)
Comprehensive income	$ 7,115	$ 4,935

4. Segment Information

The following table summarizes revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) for each of the Company's reportable segments.

	Fiscal quarter ended March 25, 2001 and March 26, 2000					
	Domestic Stores	Domestic Distribution	International	Intersegment Revenues	Other	Total
Revenues -						
2001	$121,468	$175,484	$ 15,560	$(24,881)	$ -	$287,631
2000	117,871	158,543	13,967	(23,463)	-	266,918
EBITDA -						
2001	32,684	9,488	3,893	-	(9,314)	36,751
2000	32,491	7,605	3,185	-	(10,026)	33,255

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

	Fiscal quarter ended	
	March 25, 2001	March 26, 2000
Total EBITDA	$ 36,751	$ 33,255
Depreciation and amortization	(6,965)	(7,506)
Interest expense	(16,591)	(17,470)
Interest income	595	531
Loss on sale of plant and equipment	(944)	(7)
Income before provision for income taxes	$ 12,846	$ 8,803

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

The 2001 and 2000 first fiscal quarters referenced herein represent the twelve-week periods ended March 25, 2001 and March 26, 2000, respectively.

Results of Operations

Revenues

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

Total revenues increased 7.8% to $287.6 million in the first quarter of 2001, from $266.9 million for the comparable period in 2000. This increase in total revenues is due primarily to increased domestic distribution revenues and, to a lesser extent, increased revenues from domestic and international franchise royalties. These results are more fully described below.

Domestic Stores

Corporate Stores. Revenues from corporate store operations increased 0.7% to $90.8 million in the first quarter of 2001, from $90.2 million for the comparable period in 2000.

This increase in revenues is due primarily to an increase in same store sales offset in part by a decrease in the average number of Company-owned stores open during 2001 compared to the same period in 2000. Same store sales for Company-owned stores increased 8.2% for the first quarter of 2001, compared to the same period in 2000. The number of Company-owned stores was 605 and 662 as of March 25, 2001 and March 26, 2000, respectively. The average number of Company-owned stores open during the first quarter of 2001 decreased by 45 stores compared to the same period in 2000 primarily reflecting the strategic sales of certain Company-owned stores to franchisees.

Domestic Franchise. Revenues from domestic franchise operations increased 10.8% to $30.6 million in the first quarter of 2001, from $27.6 million for the comparable period in 2000.

This increase is due primarily to an increase in the number of domestic franchise stores and an increase in same store sales. Same store sales for domestic franchise stores increased 3.6% for the first quarter of 2001, compared to the same period in 2000. The number of domestic franchise stores was 4,218 and 4,015 as of March 25, 2001 and March 26, 2000, respectively. The average number of domestic franchise stores open during the first quarter of 2001 increased by 196 stores compared to the same period in 2000.

Domestic Distribution

Revenues from domestic distribution operations increased 11.5% to $150.6 million in the first quarter of 2001, from $135.1 million for the comparable period in 2000.

This increase is due primarily to increased volumes relating to increases in domestic franchise same store sales and store count. Distribution volumes were also positively impacted by our CinnaStix(R) promotion which ran during the first quarter of 2001.

International

Revenues from international operations increased 11.4% to $15.6 million in the first quarter of 2001, from $14.0 million for the comparable period in 2000.

This increase is due primarily to an increase in the number of international franchise stores and an increase in same store sales. On a constant dollar basis, same store sales increased by 9.8% for the first quarter of 2001, compared to the same period in 2000. On a historic dollar basis, same store sales increased by 2.4% for the first quarter of 2001, compared to the same period in 2000, reflecting a strengthening U.S. Dollar. The number of international stores was 2,223 and 1,975 as of March 25, 2001 and March 26, 2000, respectively. The average number of international stores open during the first quarter of 2001 increased by 245 stores compared to the same period in 2000.

Operating Expenses

Cost of sales increased 8.8% to $212.2 million in the first quarter of 2001, from $195.1 million for the comparable period in 2000. Gross profit increased 4.9% to $75.4 million in the first quarter of 2001, from $71.9 million for the comparable period in 2000.

This increase in gross profit is due primarily to an increase in total revenues, primarily as a result of system-wide store and same store sales growth, as well as the increase in Distribution volumes. These increases in gross profit were offset in part by increases in food and labor costs in our Company-owned stores.

General and administrative expenses increased 0.9% to $46.5 million in the first quarter of 2001, from $46.1 million for the comparable period in 2000. As a percentage of total revenues, general and administrative expenses decreased 1.1% to 16.2% in the first quarter of 2001, from 17.3% for the comparable period in 2000.

This decrease is due primarily to a decrease in covenants not-to-compete amortization expense and a decrease in professional fees. Covenants not-to-compete amortization expense, primarily related to the covenant obtained as part of our parent company's recapitalization, decreased $1.3 million to $1.3 million in the first quarter of 2001, compared to the same period in 2000. This decrease is due to the use of an accelerated amortization method over the covenant's three-year term.

Interest Expense

Interest expense decreased $0.9 million to $16.6 million in the first quarter of 2001, from $17.5 million for the comparable period in 2000. This decrease is due primarily to a decrease in related variable interest rates and reduced debt levels.

Provision for Income Taxes

Provision for income taxes increased $1.2 million to $5.0 million in the first quarter of 2001, from $3.8 million for the comparable period in 2000. This increase is due primarily to an increase in pre-tax income.

Liquidity and Capital Resources

We had negative working capital of $10.7 million and cash of $20.7 million at March 25, 2001. Historically, we have operated with minimal positive working capital or negative working capital primarily because our receivable collection periods and inventory turn rates are faster than the normal payment terms on our current liabilities. In addition, our sales are not typically seasonal, which further limits our working capital requirements. Our primary sources of liquidity are cash flows from operations and availability of borrowings under our revolving credit facility. We expect to fund planned capital expenditures and debt commitments from these sources.

As of March 25, 2001, we had $679.2 million of long-term debt, of which $19.4 million was classified as a current liability. There were no borrowings under our $100 million revolving credit facility and letters of credit issued under the revolving credit facility were $14.2 million. The borrowings under the revolving credit facility are available to fund our working capital requirements, capital expenditures and other general corporate purposes.

Cash provided by operating activities was $10.3 million and $11.0 million for the first quarters of 2001 and 2000, respectively. The $0.7 million decrease is due primarily to a $2.8 million net change in operating assets and liabilities, a $0.5 million decrease in depreciation and amortization, and a $1.0 million change in deferred income tax provision. These decreases in cash provided by operating activities were offset in part by a $2.8 million increase in net income and a $0.9 million increase in loss on sale of plant and equipment related to sales of Company-owned stores to franchisees and relocations of certain Company-owned stores.

Cash used in investing activities was $7.7 million and $11.1 million for the first quarters of 2001 and 2000, respectively. The $3.4 million decrease is due primarily to a $4.8 million decrease in purchases of franchise operations and a $1.8 million net change in other assets. These decreases in cash used in investing activities were offset in part by a $3.6 million increase in purchases of property, plant and equipment due primarily to increased investments on our next generation store systems project.

Cash used in financing activities was $6.9 million and $9.8 million for the first quarters of 2001 and 2000, respectively. The $2.9 million decrease is due primarily to additional cash sweep payments in 2000.

Based upon the current level of operations and anticipated growth, we believe that the cash generated from operations and amounts available under the revolving credit facility will be adequate to meet our anticipated debt service 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, to redeem or refinance TISM's, our Parent company, Cumulative Preferred Stock when required 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.

Forward-Looking Statements

Certain statements contained in this filing relating to capital spending levels and the adequacy of our capital resources 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, adequacy of insurance coverage and other factors, all of which are described in the 10-K for the year ended December 31, 2000 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 is exposed to market risks primarily from interest rate changes on our variable rate debt and foreign currency fluctuations relating to international revenues. Management actively monitors these exposures. As a policy, the Company does not engage in speculative transactions nor does it hold or issue financial instruments for trading purposes.

Interest Rate Swaps

The Company may enter into interest rate swaps or similar instruments 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 interest rate component on a portion of our variable rate debt to a fixed rate of 5.12% through December 2001. As of March 25, 2001, the total notional amount of these swap agreements was $173.0 million.

Interest Rate Risk

The Company's variable interest expense is sensitive to changes in the general level of interest rates. As of March 25, 2001, a portion of the Company's debt is borrowed at Eurodollar rates plus a blended margin rate of approximately 3.2%. At March 25, 2001, the weighted average interest rate on our $241.0 million of variable interest debt was approximately 8.6%. The fair value of the Company's debt approximates its carrying value.

The Company had total interest expense of approximately $16.6 million for the first quarter of 2001. The estimated increase in interest expense from a hypothetical 200 basis point adverse change in applicable variable interest rates would be approximately $1.1 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

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Exhibit Number	Description

None.

b. Current Reports on Form 8-K

There were no reports filed on Form 8-K during the quarter ended March 25, 2001.

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: May 8, 2001

/s/ Harry J. Silverman
Chief Financial Officer