
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) January 8, 2007

Pizza Inn, Inc.

(Exact name of registrant as specified in its charter)

Missouri

(State or other jurisdiction of incorporation)

0-12919

(Commission File Number)

47-0654575

(IRS Employer Identification No.)

3551 Plano Parkway, The Colony, Texas

(Address of principal executive offices)

75056

(Zip Code)

Registrant's telephone number, including area code **(469) 384-5000**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 3.01 Notice of Delisting for Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On January 11, 2006, Pizza Inn, Inc. ("Pizza Inn", or the "Company") announced that it believes it has regained compliance with the minimum shareholders' equity requirement of \$2,500,000 set forth in Nasdaq Marketplace Rule 4310(c)(2)(B). On November 9, 2006, the Company received a staff deficiency letter from the Nasdaq Stock Market ("Nasdaq") regarding the Company's failure to comply with Rule 4310(c)(2)(B), which requires listed companies to maintain certain levels of shareholders' equity, market value, or net income. Pizza Inn believes it was able to regain compliance with the listing standards as a result of the Company's financial results during its fiscal second quarter ended December 24, 2006, which benefited from a gain in excess of \$500,000 realized on the previously announced sale of the Company's headquarters office building and distribution facility. Furthermore, the Company believes that its financial performance in future periods will allow it to maintain compliance with the Nasdaq shareholders' equity requirement. Nasdaq will continue to monitor the Company's ongoing compliance with the shareholders' equity requirement and, if the Company's Form 10-Q for the fiscal quarter ended December 24, 2006 does not evidence such compliance, then the Company may be subject to delisting.

In a separate matter, on January 8, 2007, Pizza Inn received a staff deficiency letter from Nasdaq indicating that the Company fails to comply with the audit committee composition requirements set forth in Nasdaq Marketplace Rule 4350(d)(2)(A) due to one vacancy on the audit committee of the Board of Directors of Pizza Inn. In the letter, Nasdaq notified Pizza Inn that Nasdaq will provide the Company until April 16, 2007 to regain compliance. Pizza Inn is currently considering its alternatives for regaining compliance with the Nasdaq audit committee composition requirements.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Exhibit
99.1	Nasdaq Staff Deficiency Letter dated January 8, 2007 (furnished herewith and incorporated herein by reference)

SIGNATURES

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

Date: January 12, 2006

Pizza Inn, Inc.

By: /s/ Timothy P. Taft

Timothy P. Taft,
President and Chief Executive Officer



By Electronic Delivery to: rmcdonald@pihq.com

January 8, 2007

Mr. Rod J. McDonald
Secretary and General Counsel
Pizza Inn, Inc.
3551 Plano Parkway
The Colony, TX 75056

Re: Pizza Inn, Inc. (the "Company")
Nasdaq Symbol: PZZI

Dear Mr. McDonald:

On December 19, 2006, the Company notified Staff that the Company no longer complies with Nasdaq's audit committee requirements as set forth in Marketplace Rule 4350. The Company stated that its noncompliance is due to the fact that: (i) John D. Harkey, Jr., a former qualified member of the audit committee, did not stand for reelection as a director at the Company's annual meeting of shareholders on December 13, 2006, and (ii) the Company's Board of Directors made an affirmative determination that James K. Zielke and Steven M. Johnson, who were elected as directors at the meeting, do not meet the criteria for independence set forth in Exchange Act Rule 10A-3(b)(1), and thus may not serve as members of the audit committee. Additional correspondence from the Company, dated January 4, 2007, disclosed that, by October 18, 2006, the Company's Board of Directors was aware of the foregoing matters which gave rise to the Company's non-compliance.

Consistent with Marketplace Rule 4350(d)(4), Nasdaq will provide the Company a cure period of 180 days from occurrence of the events (described above) that caused the non-compliance, in order to regain compliance. Accordingly, the Company must evidence compliance no later than April 16, 2007.

The Company must submit to Nasdaq documentation, including biographies of any new directors, evidencing compliance with the rules no later than this date. In the event the Company does not regain compliance by this date, Nasdaq rules require Staff to provide written notification to the Company that its securities will be delisted. At that time, the Company may appeal the delisting determination to a Listing Qualifications Panel.

Marketplace Rule 4803(a) requires that the Company, as promptly as possible but no later than four business days from the receipt of this letter, make a public announcement through the news

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media which discloses receipt of this letter and the Nasdaq rules upon which it is based.¹ The Company must provide a copy of this announcement to Nasdaq's MarketWatch Department, the Listing Qualifications Department, and the Listing Qualifications Hearings Department (the "Hearings Department") at least 10 minutes prior to its public dissemination.² For your convenience, we have enclosed a list of news services.³

In the event the Company does not make the required public announcement, trading in its securities will be halted.

Please be advised that Marketplace Rule 4803(a) does not relieve the Company of its disclosure obligation under the federal securities laws. In that regard, Item 3.01 of Form 8-K requires disclosure of the receipt of this notification within four business days.⁴ Accordingly, the Company should consult with counsel regarding its disclosure and other obligations mandated by law.

In addition, an indicator will be broadcast over Nasdaq's market data dissemination network noting the Company's non-compliance. The indicator will be displayed with quotation information related to the Company's securities on Nasdaq.com, NasdaqTrader.com and by other third-party providers of market data information. Also, a list of all non-compliant Nasdaq companies and the reason(s) for such non-compliance is posted on our website at www.nasdaq.com. The Company will be included in this list commencing five business days from the date of this letter.

¹ Nasdaq cannot render advice to the Company with respect to the format or content of the public announcement. The following is provided only as a guide that should be modified following consultation with securities counsel: the Company received a Nasdaq Staff Deficiency Letter on (DATE OF RECEIPT OF STAFF DEFICIENCY LETTER) indicating that the Company fails to comply with the (STOCKHOLDERS' EQUITY, MINIMUM BID PRICE, MARKET VALUE OF PUBLICLY HELD SHARES, etc.) requirement(s) for continued listing set forth in Marketplace Rule(s)_____.

² This notice should be provided to the attention of Nasdaq's MarketWatch Department (telephone: 301/978-8500; facsimile: 301/978-8510), and to Nasdaq's Listing Qualifications Department (facsimile: 301/978-4028) and the Hearings Department (telephone: 301/978-8071; facsimile: 301/978-8080), 9600 Blackwell Road, Rockville, Maryland 20850.

³ The Company must ensure that the full text of the required announcement is disseminated publicly. The Company has not satisfied this requirement if the announcement is published as a headline only or if the news service determines not to publish the full text of the story.

⁴ See, SEC Release No. 34-49424.

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If you have any questions, please contact Wayne Bush, Lead Analyst, at (301) 978-8034.

Sincerely,

A handwritten signature in black ink that reads "Stanley Higgins". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Stanley Higgins
Associate Director
Nasdaq Listing Qualifications