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 31, 2007

Pizza Inn, Inc.

(Exact name of registrant as specified in its charter)

Missouri	**0-12919**	**47-0654575**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3551 Plano Parkway, The Colony, Texas	**75056**
(Address of principal executive offices)	(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):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(b) Clinton J. Coleman, an employee of Newcastle Capital Management, L.P., who has been serving as Interim Chief Financial Officer and interim principal accounting officer of Pizza Inn, Inc. (the “Company”) will relinquish those duties effective February 8, 2007, following the filing of the Company’s quarterly report on Form 10-Q for the quarterly period ended December 24, 2006.

(c) On January 31, 2007, the Company announced the appointment of Charles R. Morrison as Chief Financial Officer. Prior to joining the Company, Mr. Morrison, age 38, served as President of Steak and Ale and The Tavern, a restaurant company that is a division of Metromedia Restaurant Group, located in Plano, Texas from 2005 to November 2006. Mr. Morrison served from 2004 to 2005 as Chief Financial Officer for both Steak and Ale and Ponderosa (Ponderosa is also a restaurant company that is a division of Metromedia Restaurant Group). From 1997 to 2004, Mr. Morrison served in multiple roles as Vice President of Finance, Vice President of Product Management and Director of Strategic Planning for Kinko’s, Inc., a retailer of printing, copying and office solutions with annual revenues of approximately $2 billion. From 1996 to 1997, Mr. Morrison served as Director of Strategic Planning for Boston Market Corporation, a restaurant company based in Golden, Colorado. From 1990 to 1996, Mr. Morrison served various roles in finance and was Director of Strategic Planning for Pizza Hut Restaurants based in Dallas, Texas from 1995 to 1996. Mr. Morrison received a Bachelor of Science in Business Administration from Kansas State University in 1990.

Mr. Morrison has no family relationships with any other director or executive officer of the Company, and there are no transactions in which Mr. Morrison has an interest requiring disclosure under Item 404(a) of Regulation S-K.

The Compensation Committee of the Company’s Board of Directors has approved the following compensation arrangements for Mr. Morrison: (1) an annual base salary of $250,000, subject to annual review by the Company’s Chief Executive Officer and the Compensation Committee, (2) a one-time guaranteed bonus of $40,000 payable on June 24, 2007, and (3) beginning with the 2008 fiscal year, a bonus of up to 35% of base salary, upon meeting criteria established from time to time by the Compensation Committee.

The foregoing compensation arrangements are set forth in an employment offer letter sent by the Company to Mr. Morrison on January 26, 2007 and accepted by him on January 31, 2007 (the “Employment Letter”). The Employment Letter further provides that in the event Mr. Morrison’s employment is terminated by the Company without “cause” (as such term is defined in the Employment Letter), the Company must pay him severance benefits equal to (1) 3 months of his then current base annual salary and (2) medical, dental and other insurance benefits for the longer of three months following the date of his termination or the minimum period required by applicable law.

The foregoing description of the Employment Letter does not purport to be complete, and is qualified in its entirety by reference to the Employment Letter, which is included as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Mr. Morrison will assume the duties of principal financial officer and principal accounting officer of the Company effective February 8, 2007.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 Employment Offer Letter dated as of January 26, 2007, between Pizza Inn, Inc. and Charles R. Morrison

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.

Pizza Inn, Inc.

Date: February 6, 2007

By: /s/ Timothy P. Taft
Timothy P. Taft, President
and Chief Executive Officer

Exhibit 10.1

January 26, 2007

Mr. Charles R. Morrison
1221 Westwood Drive
Roanoke, TX 76262

Dear Charlie:

I am pleased to be writing today to offer you the position of Chief Financial Officer for Pizza Inn, Inc. (“Company”) reporting to the President and Chief Executive Officer. This position is being offered as a full-time position starting as soon as possible on a mutually agreeable date.

Your initial base rate of pay, beginning on your start date, will be $250,000 annually. Your base rate of pay will be reviewed and set annually by the Chief Executive Officer and Compensation Committee in accordance with guidelines developed from time to time by the Compensation Committee. However, your base pay will not be decreased below $250,000 annually. You will be paid on every other Friday, in accordance with the Company’s standard payroll practice, including compliance with applicable withholding taxes.

You will earn a guaranteed bonus of $40,000 for the period of time beginning with your start date through the end of fiscal 2007 (occurring on June 24, 2007. Beginning with fiscal year ’08 a bonus of up to 35% of your base rate of pay may be earned upon meeting criteria established from time to time by the Compensation Committee. Such criteria will be set by the Compensation Committee in accordance with the Committee’s timing and procedures for establishing annual performance objectives for the Company’s senior management team. Should you voluntarily resign from the Company or be terminated for cause (as defined below) prior to the payment dates of the bonuses described in the preceding sentences you will not be entitled to such bonuses.

It is my goal to present to the Compensation Committee and the board a comprehensive stock option and ownership plan to become effective no later than the middle of fiscal 2008. Assuming approval of such a plan and subject to its provisions, and assuming your continued employment with the Company, you will be entitled to participate in the plan on the terms generally applicable to the Company’s senior management team.

The Company offers a benefits package for its senior management employees and upon your hire date you will be entitled to participate in all employee benefits for which you are eligible, which include medical, vacation and other benefits. All such benefits will be commensurate with those offered all members of the senior management team. Detailed information about these benefits will be mailed to you.

It is anticipated that you will be a long-term employee. However, like all employees of the Company, your employment with the Company is for no specified period and constitutes “at-will” employment, which means that you have the right to resign from your employment at any time, with or without notice, and the Company has the right to modify your employment, subject to the compensation provisions outlined herein, or terminate your employment at any time, with or without cause, and with or without notice. No representative of the Company has the authority to enter into any agreement with you guaranteeing employment for any specified period of time or modifying the at-will relationship, unless it is done so in writing and signed by you and the Company's President and Chief Executive Officer. You will also be subject to all other polices applicable to employees of the Company.

Should the Company terminate your employment other than for cause, you will receive severance benefits equal to (i) three (3) months of your base rate of pay, and (ii) medical, dental and other insurance benefits that you may then be receiving, for the longer of a period of three (3) months following the date of your termination or the minimum period required by applicable law. If you are terminated for cause, you will receive no severance payment, and no other benefits.

For purposes of this offer letter, "cause" is defined as your:

(i) commission of a dishonest or fraudulent act in connection with your employment, or the misappropriation of Company property in the reasonable determination of the board;

(ii) death, or inability (with, in the case of disability, reasonable accommodation) for any reason to perform duties essential to your position for a continuous period of 30 days (60 days in the case of disability) for reasons other than actions by the Company;

(iii) willful disobedience of a lawful directive of the board (whether by commission or omission);

(iv) indictment on, formal charge of, conviction of, or plea of *nolo contendere* to, a felony;

(v) indictment on, formal charge of, conviction of, or plea of *nolo contendere* to any misdemeanor involving dishonesty (such as theft, forgery, or fraud) or moral turpitude;

(vi) insobriety during working hours, in violation of standard Company policy;

(vii) use of illegal drugs in violation of standard Company policy; or

(viii) gross negligence or willful misconduct in the performance of duties.

Any notice of discharge for cause shall describe with reasonable specificity the cause for termination of employment as well as the effective date of the termination.

This offer letter sets forth the terms of your employment with the Company and supersedes any and all prior and contemporaneous representations and agreements, whether written or oral, with the exception of the Non-Disclosure Agreement enclosed with this offer letter. Any waiver of a right under this agreement must be in writing. This agreement is governed by Texas law.

If the foregoing terms are agreeable, please sign below and return the signed copy to us, along with a signed original Non-Disclosure Agreement.

Best regards,

/s/ Timothy P. Taft
Timothy P. Taft

AGREE AND ACCEPTED:

Signed /s/ Charles Morrison
Charles Morrison

Date: January 31, 2007