

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K/A
(Amendment No. 1)

(Mark One)

- Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended June 25, 2006
- 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 0-12919

PIZZA INN, INC.

(Exact name of registrant as specified in its charter)

Missouri
(State or jurisdiction of
incorporation or organization)

47-0654575
(I.R.S. 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**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock, par value \$0.01

Name of each exchange on which registered
NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the 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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of December 23, 2005, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by non-affiliates was \$16,947,844, computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

As of September 20, 2006, there were 10,138,494 shares of the registrant's common stock outstanding.

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EXPLANATORY NOTE

Pizza Inn, Inc. (the "Company") is filing this amendment to its Annual Report on Form 10-K for the fiscal year ended June 25, 2006, as filed with the Securities and Exchange Commission on October 10, 2006 (the "10-K") to (i) provide a corrected copy of the Company's Restated Articles of Incorporation filed as Exhibit 3.2 to the 10-K, (ii) offer additional disclosure and correction for two risk factors listed under Item 1A of Part II of the 10-K, and (iii) to amend each Item of Part III of the 10-K previously incorporated by reference from the Company's definitive proxy statement, to be filed pursuant to Section 14(a) of the Securities Exchange Act in connection with the registrant's annual meeting of shareholders scheduled for December 13, 2006.

As this amendment only relates to an exhibit, Item 1A of Part II, and Items 10 through 14 of Part III, inclusive, of the 10-K, the previously issued consolidated financial statements and footnotes thereto remain unchanged. No attempt has been made in this amendment to modify or update disclosures in the 10-K except as required to address the matters set forth in this amendment. This amendment does not reflect events occurring after the filing of the 10-K or modify or update any related disclosures. Information not affected by this amendment is unchanged and reflects disclosure made at the time of the filing of the 10-K. Accordingly, this amendment should be read in conjunction with the 10-K and the Company's filings made with the Securities and Exchange Commission subsequent to the filing of the 10-K, including any amendments to those filings.

The only changes to the text of Item 1A of Part II of the 10-K are as follows:

- Additional cautionary language pertaining to the expiration of the Wells Fargo forbearance agreement on October 1, 2006 was added to the end of the second risk factor.
- Consolidated short-term payment obligations shown in the third risk factor includes the approximately \$2.8 million owed by the Company to Ronald W. Parker, the Company's former President and Chief Executive Officer, pursuant to the settlement agreement entered into between the parties.

Pursuant to and in accordance with Rule 12b-15 promulgated under the Securities and Exchange Act of 1934, as amended, the entire Exhibit 3.2 is attached hereto and the complete text of Item 1A of Part II and each of Items 10 through 14 of Part III, inclusive, is set forth herein, as amended, including those portions of the text that have not been amended from that set forth in the 10-K.

ITEM 1A. RISK FACTORS.

In addition to the other information contained in this report, the following risks may affect us. Among the risks are: (i) risks associated with our business, (ii) risks associated with our common stock and (iii) risks associated with our industry. Our business, financial condition, cash flows or results of operations could be materially and adversely affected by any of these risks.

Risks Associated with Ongoing Operations

As a result of losses in recent quarters, our financial condition has been materially weakened and our liquidity has decreased.

We have incurred losses of \$490,000, \$601,000, \$477,000, and \$4,421,000 in the first, second, third, and fourth quarters, respectively, of the fiscal year ended June 25, 2006. As a result, our financial condition has been materially weakened and our liquidity diminished, and we remain vulnerable both to unexpected events (such as a sudden spike in block cheese prices or fuel prices) and to general declines in our operating environment (such as that resulting from significantly increased competition).

We are in default under our loan agreement, which has reduced available borrowing capacity under our revolving credit line and resulted in diminished liquidity.

Since September 2005 we have been in default of our loan agreement with Wells Fargo Bank for on-going violations of certain financial ratio covenants in the loan agreement. As a result, Wells Fargo has reduced the availability of revolving credit loans under the loan agreement from \$6,000,000 to \$2,250,000. The reduction in available borrowing capacity may diminish our cash flow and liquidity positions and adversely affect our ability to (i) meet our new restaurant development goals, and (ii) effectively address competitive challenges and adverse operating and economic conditions.

On August 14, 2006, we entered into a limited forbearance agreement, with Wells Fargo under which Wells Fargo agreed to forbear until October 1, 2006 from exercising its rights and remedies as a result of our existing defaults under the revolving credit loan agreement, provided that the aggregate principal amount of all such revolving credit loans does not exceed \$2,250,000 at any one time. Wells Fargo and we entered into the forbearance agreement to provide us with time to pursue discussions with Wells Fargo regarding various possible options for refinancing our indebtedness and liabilities to Wells Fargo under the revolving credit loan agreement. The limited forbearance agreement has not been extended beyond the October 1, 2006 date. If Wells Fargo exercises the rights and remedies available to it under the loan agreement, the Company's liquidity, financial condition, business, and results of operations would likely be materially adversely affected.

Our substantial indebtedness could materially adversely affect our business and limit our ability to plan for or respond to changes in our business.

As of September 20, 2006, our short-term payment obligations were approximately \$10.7 million, representing consolidated indebtedness of \$7.9 million that has been reclassified on our balance sheet as current debt since December 25, 2005 as a result of our on-going loan default, and \$2.8 million owed to our former president and chief executive officer under a settlement agreement. Our indebtedness and the fact that a portion of our reduced cash flow from operations must be used to make principal and interest payments on our loan indebtedness and payments scheduled under the settlement agreement could have important consequences to us. For example, they could:

- make it more difficult for us to satisfy our obligations with respect to our loan agreement;
- increase our vulnerability to general adverse economic and industry conditions;
- reduce 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; and
- limit, by the financial and other restrictive covenants in our loan agreement, our ability to borrow additional funds.

Payments we are required to make under a settlement agreement with our former president and chief executive officer could result in diminished liquidity and cash flow positions.

On September 24, 2006, we entered into a settlement agreement with Ronald W. Parker, our former president and chief executive officer, relating to the arbitration actions filed by the Company and Mr. Parker in January 2005. Under the settlement agreement, we are obligated to pay Mr. Parker \$2.8 million through a structured payment schedule beginning on the date of the settlement with the final payment of \$2.05 million to be paid within 180 days of the date of the settlement. All payments under the settlement agreement would automatically and immediately become due and payable upon any sale-leaseback transaction involving our corporate headquarters office and distribution facilities. These payments will reduce the availability of our cash flow for other purposes, limit our flexibility in planning for, or reacting to, changes in our business and industry, and alter or postpone implementation of our growth strategy. We expect to be able to fund the payments under the settlement agreement by utilizing available equity in our corporate headquarters office and distribution facilities to refinance existing mortgage debt on that property and/or engage in a sale-leaseback transaction for that property. We may not

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be able to realize sufficient value from our real estate assets or otherwise be able to fund the payments under the settlement agreement. If we are not able to fund the payments under the settlement agreement or obtain financing, or enter into a sale-leaseback transaction, on terms reasonably satisfactory to us, then our liquidity, financial condition, business, and results of operations may be materially adversely affected.

If we do not prevail in litigation with a former beverage supplier, we could be liable for significant monetary damages.

An adverse outcome in our litigation with PepsiCo, Inc. could result in a liability of approximately \$2.6 million, which could materially adversely affect our liquidity, financial position and results of operation. No accrual for any amount of potential liability for this matter has been made as of June 25, 2006.

We also face risks of litigation from customers, franchisees, employees and others in the ordinary course of business, which diverts our financial and management resources. Any adverse litigation or publicity may negatively impact our financial condition and results of operations.

Claims of illness or injury relating to food quality or food handling are common in the food service industry. In addition to decreasing our sales and profitability and diverting our management resources, adverse publicity or a substantial judgment against us could negatively impact our financial condition, results of operations and brand reputation, hindering our ability to attract and retain franchisees and grow our business.

Further, we may be subject to employee, franchisee and other claims in the future based on, among other things, discrimination, harassment, wrongful termination and wage, rest break and meal break issues, including those relating to overtime compensation. If one or more of these claims were to be successful or if there is a significant increase in the number of these claims, our business, financial condition and operating results could be harmed.

If we are not able to implement our growth strategy successfully, which includes opening new domestic Buffet Units and reimaging existing restaurants, our ability to increase our revenues and operating profits could be materially adversely affected.

A significant component of our growth strategy for developing new domestic franchised and Company-owned restaurants is the implementation of our new prototype Buffet Unit concept. We and our franchisees face many challenges in opening new restaurants, including, among other things, selection and availability of suitable restaurant locations and suitable employees, increases in food, paper, labor, utilities, fuel, employee benefits, insurance and similar costs, negotiation of suitable lease or financing terms, constraints on permitting and construction of restaurants, higher than anticipated construction costs, the hiring, training and retention of management and other personnel and securing required domestic or foreign governmental permits and approvals.

The opening of additional franchise restaurants also depends, in part, upon the availability of prospective franchisees who meet our criteria. Our new concept development program may require considerable management time as well as start-up expenses for franchisee recruitment and training and market development before any significant revenues and earnings are generated.

Accordingly, we may not be able to meet planned growth targets, open restaurants in markets now targeted for expansion or operate profitably in existing markets. In addition, even if we are able to continue to open new restaurants, we may not be able to keep restaurants from closing at a faster rate than we are able to open restaurants.

An increase in the cost of cheese or other commodities, including fuel and labor, 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 increased energy costs may

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adversely affect our operating costs. Most of the factors affecting costs are beyond our control and, in many cases, we may not be able to pass along these increased costs to our customers or franchisees even if we attempted to do so. Most ingredients used in our pizza, particularly cheese, are subject to significant price fluctuations as a result of seasonality, weather, availability, demand and other factors. Sustained increases in fuel and utility costs could adversely affect the profitability of our restaurant and distribution businesses. Labor costs are largely a function of the minimum wage for a majority of our restaurant and distribution center personnel and, generally, are a function of the availability of labor. Further government initiatives, such as proposed minimum wage rate increases, could adversely affect us as well as the restaurant industry in general.

Shortages or interruptions in the delivery of food products could adversely affect our operating results.

We, and our franchisees, are dependent on frequent deliveries of food products that meet our specifications. Our Company-owned domestic restaurants purchase substantially all food and related products from our distribution division, Norco. Domestic franchisees are only required to purchase the flour mixture, spice blend and certain other items from Norco, and changes in purchasing practices by domestic franchisees as a result of delivery disruptions or otherwise could adversely affect the financial results of our distribution operation. Interruptions in the delivery of food products caused by unanticipated demand, problems in production or distribution by Norco, our suppliers, or our distribution service providers, inclement weather (including hurricanes and other natural disasters) or other conditions could adversely affect the availability, quality and cost of ingredients, which would adversely affect our operating results.

If we are not able to continue purchasing our key pizza ingredients from our current suppliers or find suitable replacement suppliers our financial results could be materially adversely affected.

We are dependent on a few suppliers for our key ingredients. Domestically, we rely upon sole suppliers for our cheese, flour mixture and certain other key ingredients. Alternative sources for these ingredients may not be available on a timely basis to supply these key ingredients or be available on terms as favorable to us as under our current arrangements. Any disruptions in our supply of key ingredients could adversely affect our operations.

We are subject to extensive government regulation, and any failure to comply with existing or increased regulations could adversely affect our business and operating results.

We are subject to numerous federal, state, local and foreign laws and regulations, including those relating to:

- the preparation and sale of food;
- building and zoning requirements;
- minimum wage, citizenship, overtime and other labor requirements;
- compliance with the Americans with Disabilities Act; and
- working and safety conditions.

If we fail to comply with existing or future laws and regulations, we may be subject to governmental or judicial fines or sanctions. In addition, our capital expenditures could increase due to remediation measures that may be required if we are found to be noncompliant with any of these laws or regulations.

We are also subject to a Federal Trade Commission rule and to various state and foreign laws that govern the offer and sale of franchises. These laws regulate various aspects of the franchise relationship, including terminations and the refusal to renew franchises. The failure to comply with these laws and regulations in any jurisdiction or to obtain required government approvals could result in a ban or

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temporary suspension on future franchise sales, fines or other penalties, or require us to make offers of rescission or restitution, any of which could adversely affect our business and operating results.

Our earnings and business growth strategy depends on the success of our franchisees, and we may be harmed by actions taken by our franchisees that are outside of our control.

A significant portion of our earnings comes from royalties generated by our franchised restaurants. Franchisees are independent operators whose employees are not our employees. We provide limited training and support to franchisees, but the quality of franchised restaurant operations may be diminished by any number of factors beyond our control. Consequently, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements, or may not hire and train qualified managers and other store personnel. If they do not, our image and reputation may suffer, and revenues could decline. Our franchisees may take actions that adversely affect the value of our intellectual property or reputation. Our domestic and international franchisees may not operate their franchises successfully. If one or more of our key franchisees were to become insolvent or otherwise were unable or unwilling to pay us our royalties, our business and results of operations would be adversely affected.

Loss of key personnel or our inability to attract and retain new qualified personnel could hurt our business and inhibit our ability to operate and grow successfully.

Our success will depend to a significant extent on our leadership team and other key management personnel. We may not be able to retain our executive officers and key personnel or attract additional qualified management. Our success also will depend on our ability to attract and retain qualified personnel to oversee our restaurants, distribution operations and international operations. The loss of these employees or any inability to recruit and retain qualified personnel could have a material adverse effect on our operating results.

Our current insurance coverage may not be adequate, our insurance premiums may increase and we may not be able to obtain insurance at acceptable rates, or at all.

Our insurance policies may not be adequate to protect us from liabilities that we incur in our business. In addition, in the future our insurance premiums may increase and we may not be able to obtain similar levels of insurance on reasonable terms, or 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.

The Company's management has concluded that the Company's disclosure controls and procedures are not effective, and that a material weakness in financial reporting existed at June 25, 2006 as a result of recent turnover in its accounting staff and reassignment of responsibilities among remaining staff, which may affect the Company's ability to accurately and timely complete and file its financial statements. If the Company is not able to accurately and timely complete its financial statements and file the reports required under Section 13 or 15(d) of the Exchange Act, the Company could face SEC or NASDAQ inquiries, its stock price may decline, and/or its financial condition could be materially adversely affected.

The Company's management has concluded that its disclosure controls and procedures were not effective as of the end of the period covered by this report and that this ineffectiveness, which created a material weakness, resulted primarily from recent, significant turnover in the Company's accounting staff, including in the positions of chief financial officer and controller, and reassignment of responsibilities among remaining accounting staff, during the fiscal year ended June 25, 2006. The Company believes that the accounting staff turnover and reassignment of responsibilities, and the resulting ineffectiveness of the Company's disclosure controls and procedures, may adversely affect the Company's ability to accurately and timely complete its financial statements. If the Company is not able to accurately and timely complete its financial statements and file the reports required under Section 13 or 15(d) of the Exchange Act, the Company could face SEC or NASDAQ inquiries, its stock price may decline, and/or its financial condition could be materially adversely affected.

Risks Associated With Our Common Stock

Even though our common stock is currently traded on the Nasdaq Capital Market, it has less liquidity than the stock of many other companies quoted on the NASDAQ Stock Market's Global Market or on a national securities exchange.

The trading volume in our common stock on the Nasdaq Capital Market has been relatively low when compared with larger companies listed on the Nasdaq Global Market or the other stock exchanges. Shareholders, therefore, may experience difficulty selling a substantial number of shares for the same price at which shareholders could sell a smaller number of shares. We cannot predict the effect, if any, that future sales of our common stock in the market, or the availability of shares of common stock for sale in the market, will have on the market price of our common stock. Sales of substantial amounts of common stock in the market, or the potential for large amounts of sales in the market, may cause the price of our common stock to decline or impair our future ability to raise capital through sales of our common stock.

The market price of our common stock may fluctuate in the future, and these fluctuations may be unrelated to our performance.

General market price declines or overall market volatility in the future could adversely affect the price of our common stock, and the current market price may not be indicative of future market prices.

Risks Associated With Our Industry

If we are not able to compete effectively, our business, sales and earnings could be materially adversely affected.

The restaurant industry in general, as well as the pizza segment of the industry, is intensely competitive, both internationally and domestically, with respect to price, service, location and food quality. We compete against many regional and local businesses. There are many well-established competitors with substantially greater brand awareness and financial and other resources than we have. Some of these competitors may be better established in markets where restaurants we operate or that are operated by our franchisees are, or may be, located. Experience has shown that a change in the pricing or other marketing or promotional strategies, including new product and concept developments, of one or more of our major competitors can have an adverse impact on sales and earnings and our chainwide restaurant operations.

We could also experience increased competition from existing or new companies in the pizza segment of the restaurant industry. If we are unable to compete, we could experience downward pressure on prices, lower demand for our products, reduced margins, the inability to take advantage of new business opportunities and the loss of market share, all of which would have a material adverse effect on our operating results.

We also compete on a broader scale with quick service, fast casual and other international, national, regional and local restaurants. The overall food service market and the quick service restaurant sector are intensely competitive with respect to food quality, price, service, convenience and concept. We also compete within the food service market and the restaurant industry for management and hourly employees, suitable real estate sites and qualified franchisees.

Norco is also subject to competition from outside suppliers. If other suppliers who meet our qualification standards were to offer lower prices or better service to our franchisees for their ingredients and supplies and, as a result, our franchisees chose not to purchase from Norco, our financial condition, business and results of operations would be adversely affected.

Changes in consumer preferences and perceptions could decrease the demand for our products, which would reduce sales and harm our business.

Restaurant businesses are affected by changes in consumer tastes, national, regional and local economic conditions, demographic trends, disposable purchasing power, traffic patterns and the type, number and location of competing restaurants. For example, if prevailing health or dietary preferences cause consumers to avoid pizza and other products we offer, or quick service restaurant offerings generally, in favor of foods that are perceived as healthier, our business and operating results would be harmed.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Following is the biographical information, as of November 5, 2006, of the nominee directors and, if applicable, the year in which each director was first elected.

New Nominee Directors

Steven M. Johnson, 47, is Chief Executive Officer of Fox & Hound Restaurant Group. From 1992 until 1998, Mr. Johnson was Chief Operating Officer for Coulter Enterprises, Inc., a Pizza Hut franchisee operating 100 Pizza Hut restaurants. From 1985 through 1991, he was Controller for Fugate Enterprises, Inc., a Pizza Hut, Taco Bell and Blockbuster Video franchisee. Previously, he was employed by the accounting firm of Ernst & Young. Mr. Johnson is a C.P.A.

James K. Zielke, 42, is Chief Financial Officer, Treasurer and Secretary of Fox & Hound Restaurant Group. Prior to his employment with Fox & Hound, Mr. Zielke served as Senior Director-Tax for PepsiCo Restaurant Services Group, Inc. From 1993 through 1997, Mr. Zielke was employed by Pizza Hut, Inc., most recently as Director-Tax from 1995 through 1997. Previously, he was employed by the accounting firm of Ernst & Young. Mr. Zielke is a C.P.A.

Current Directors

Robert B. Page, 46, is a franchisee of Shoney's, Inc., a family dining restaurant chain. From November 2000 until September 2002, Mr. Page was Chief Operations Officer of Gordon Biersch Brewery Restaurant Inc., a group of casual dining restaurants. From 1993 through 2000 he worked for Romacorp, Inc., which owns Tony Roma's, a chain of casual dining restaurants, where he was Chief Executive Officer and a board member from 1998 through 2000, and President and Chief Operations Officer from 1993 through 1998. Mr. Page was elected a director of the Company in February 2004, and was appointed as the Company's Acting Chief Executive Officer in January 2005, a position he held until March 2005.

Ramon D. Phillips, 73, is the former Chairman of the Board, President, and Chief Executive Officer of Hallmark Financial Services, Inc., a financial services company. He served as Chairman, President, and Chief Executive Officer of Hallmark from 1989 through 2000, and as Chairman through August 2001. Prior to Hallmark, Mr. Phillips had over fifteen years experience in the franchise restaurant industry, serving as Controller for Kentucky Fried Chicken, Inc. (1969-1974) and as Executive Vice President and Chief Financial Officer for Pizza Inn, Inc. (1974-1989). He was originally a director of the Company from 1980 through 1989. He was re-elected a director of the Company in 1990 and served through 2002. He served as an advisory director in 2002 and was re-elected as a director in February 2004.

Steven J. Pully, 46, is the President of Newcastle Capital Management, L.P., the general partner of Newcastle Partners, L.P. Mr. Pully is also Chief Executive Officer and a director of New Century Equity Holdings Corp. and was Chief Executive Officer of Pinnacle Frames and Accents, Inc. from January 2003 through June 2004. Prior to joining Newcastle Capital Management, L.P. in late 2001, from May 2000 to December 2001, he was a managing director in the mergers and acquisitions department of Banc of America Securities, Inc. and from January 1997 to May 2000 he was a member of the investment banking department of Bear Stearns where he became a senior managing director in 1999. Prior to becoming an investment banker, Mr. Pully practiced securities and corporate law at the law firm of Baker & Botts. Mr.

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Pully is a CPA, a CFA and a member of the Texas Bar. Mr. Pully was appointed a director in December 2002.

Mark E. Schwarz, 46, is the Chairman, Chief Executive Officer and Portfolio Manager of Newcastle Capital Management, L.P., a private investment management firm he founded in 1993 that is the general partner of Newcastle Partners, L.P. Mr. Schwarz was appointed Chairman of the Board of the Company in February 2004. Mr. Schwarz is also Chairman of the Board of Hallmark Financial Services, Inc., Bell Industries, Inc. and New Century Equity Holdings Corp., and a director of Nashua Corporation, and S L Industries, Inc. Mr. Schwarz was appointed a director in December 2002.

Timothy P. Taft, 48, was appointed President and Chief Executive Officer in March 2005. Prior to joining the Company, Mr. Taft served as President and Chief Operating Officer of Whataburger, Inc. from October 2000 through October 2005. Prior to that, he served in various senior management positions with Whataburger, Inc. beginning in 1994. Mr. Taft was elected to the board in June 2005.

Except as noted, each nominee has been engaged in the principal occupation described during the past five years. There are no family relationships among any of our directors or executive officers. Company stock ownership for each of these individuals is shown under the heading “*Security Ownership of Certain Beneficial Owners, Directors and Executive Officers*” and is based upon information furnished by the respective individuals.

EXECUTIVE OFFICERS

The following table sets forth certain information, as of November 5, 2006, regarding the Company’s executive officers:

Name	Age	Position	Executive Officer Since
Timothy P. Taft	48	President and Chief Executive Officer	2005
Clinton J. Coleman	29	Interim Chief Financial Officer	2006
Ward T. Olgreen	47	Senior Vice President of International Operations and Concept Development	1995
Darrell G. Smith	51	Vice President of Development	2006
Rod J. McDonald	45	Corporate Secretary and General Counsel	2004
Danny K. Meisenheimer	46	Vice President of Brand Management	2003
Jack A. Odachowski	56	Vice President of Supply Chain Management	2005

Biographies Of Non-Director Executive Officers

Clinton J. Coleman was appointed Interim Chief Financial Officer in July 2006. Mr. Coleman also is currently a Vice President of Newcastle Capital Management, L.P., the general partner of Newcastle Partners, L.P. Prior to joining Newcastle in June 2005, Mr. Coleman served as a portfolio analyst with Lockhart Capital Management, L.P., an investment partnership, from October 2003 to June 2005. From March 2002 to October 2003 he served as an associate with Hunt Investment Group, L.P., a private investment group. Previously, Mr. Coleman was an associate director with the Mergers & Acquisitions Group of UBS.

Ward T. Olgreen was appointed Senior Vice President of International Operations and Concept Development in September 2006. Previously he was Senior Vice President of Research and Development and Concept Development. In December 2002 he was named Senior Vice President of Franchise

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Operations and Concept Development. He was appointed Vice President of Concept Development in February 1999 and Senior Vice President of Concept Development in July 2000. He joined the Company in September 1991 and served in a variety of operational positions until his appointment in January 1995 as Vice President of International Operations and Brand R&D.

Darrell G. Smith was appointed Vice President of Development in January 2006. Prior to joining the Company, Mr. Smith served as Group Director of Development Services for Whataburger, Inc. from 2002 through 2005. From 1997 to 2002 he was President and Chief Operating Officer of Embree Group of Companies, a national development and design-build construction group. Mr. Smith is a Registered Professional Engineer.

Rod J. McDonald was appointed Corporate Secretary and General Counsel in August 2004. Mr. McDonald joined the Company in September 1997 and served as Assistant General Counsel of the Company until his appointment as General Counsel. Prior to joining the Company, he was Vice President and Assistant General Counsel for TCBY Enterprises, Inc. He served as Acting Chief Executive Officer of the Company in December 2004 and January 2005.

Danny K. Meisenheimer was appointed Vice President of Brand Management in July 2005. He was named Vice President of Marketing in January 2003 after joining the Company in December 2002. Prior to joining the Company, Mr. Meisenheimer served as Vice President of Marketing for Furr's Restaurant Group, Inc. since 1995. Mr. Meisenheimer joined the Marketing Department of Furr's in 1991.

Jack A. Odachowski was appointed Vice President of Supply Chain Management in September 2005. Prior to joining the Company, he served as Vice President of Purchasing and Distribution for RTM Restaurant Group from 2000 through August 2005. Previously, Mr. Odachowski was Vice President of International Purchasing and Distribution for Wendy's International, Inc.

AUDIT COMMITTEE

The Board has a separately designated Audit Committee. The Audit Committee is responsible for providing independent, objective oversight of the Company's accounting functions and internal controls. The Audit Committee is currently composed of directors John Harkey, Robert Page and Ramon Phillips, each of whom are independent, and acts under a written charter approved and adopted by the Board on April 15, 2003. The Audit Committee reviews its Charter on an annual basis. In October 2006 the Audit Committee adopted and the Board approved certain amendments to the Audit Committee Charter in anticipation of the effectiveness of new SEC rules for review and approval of related party transactions. A copy of the amended Audit Committee Charter is attached as an exhibit to this Form. Each of the members is independent as defined by NASDAQ's listing standards and as required by the Sarbanes-Oxley Act. After a full review and analysis, the Board positively reaffirmed that each member is independent within the meaning of Rule 4200(a)(15) of the listing standards of the NASDAQ and the rules and regulations of the SEC, as such requirements are defined as of the mailing date of this proxy statement. The Board annually reviews the NASDAQ listing standards' definition of independence for audit committee members and makes an annual determination of the independence of Audit Committee members.

One of the current Audit Committee members, John D. Harkey, Jr., will not stand for reelection as a Board member at the annual meeting of shareholders. The Board has made an affirmative determination that nominees James K. Zielke and Steven M. Johnson, if elected, will not satisfy SEC Rule 10A-3(b)(1), and thus may not serve as members of the Audit Committee. As a result, effective as of the date of the annual meeting of shareholders, the Company believes that it will fail to comply with the audit committee composition requirements under NASDAQ Marketplace Rule 4350(d)(2)(A), which requires that the audit committee be composed of three directors who meet the independence requirements of Marketplace Rule 4200(a)(15) and Rule 10A-3(b)(1) of the Exchange Act. The Company anticipates relying on the cure period provided under Marketplace Rule 4350(d)(4)(B) within which to regain compliance. To regain compliance under that Rule, the Board must appoint a third Audit Committee member satisfying published NASDAQ listing requirements and Exchange Act requirements by the earlier of one year from the date of the event causing the noncompliance or the date of the Company's next annual meeting of shareholders.

Audit Committee Financial Expert

The Board of Directors has determined that at least one member of the Audit Committee, Mr. Phillips, is an “audit committee financial expert,” as defined by SEC rules and regulations. This designation results from a disclosure requirement of the SEC related to Mr. Phillips’ experience and understanding with respect to certain accounting and auditing matters. The SEC believes this designation does not impose upon Mr. Phillips any duty, obligation or liability that is greater than is generally imposed on him as a member of the Audit Committee and the Board, and that his designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duty, obligation or liability of any other member of the Audit Committee or the Board. For an overview of Mr. Phillips’ relevant experience, see the section entitled “Continuing Directors” above.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company’s executive officers and directors and the persons who own more than ten percent of the Common Stock to file initial reports of ownership of Common Stock and reports of changes of ownership with the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. and to furnish the Company with copies of such reports. The Company believes that, during the preceding fiscal year, all of the Company’s executive officers, directors and holders of more than 10% of Common Stock timely filed all reports required by Section 16(a) of the Act, except as noted. One late Form 4 was filed on behalf Mr. Clairday on March 6, 2006 to report a disposition of shares on February 8, 2006. One late Form 3 was filed on behalf of Mr. Smith on June 29, 2006 to report his becoming subject to Section 16 reporting requirements. In making these statements, the Company has relied upon examination of its records, copies of Forms 3, 4 and 5, and amendments thereto, provided to the Company and the representations of its directors, executive officers and 10% shareholders.

Code of Ethics

The Company is committed to maintaining the highest standards of business conduct and corporate governance, which we believe are essential to running our business efficiently, serving our shareholders well and maintaining the Company’s integrity in the marketplace. The Company has adopted a Code of Business Conduct that applies to directors and to all Company employees and a Code of Ethical Conduct for Financial Managers. These codes work in conjunction with the Company’s Articles of Incorporation, Bylaws, and Board committee charters, and together form the framework for governance of the Company. These documents are available at the Company’s website at <http://www.pizzainn.com>. We will post on this website any amendments to the Code of Business Conduct or waivers of the Code of Business Conduct for directors and executive officers.

Item 11. Executive Compensation.

The following table sets forth the annual compensation of the Chief Executive Officer and the other most highly compensated executive officers of the Company, also referred to as the named executive officers, for the fiscal years ended June 25, 2006, June 26, 2005 and June 27, 2004 (designated as years 2006, 2005 and 2004, respectively).

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Name and Principal Position (a)	Year (b)	Annual Compensation			Long Term Compensation			All Other Compensation (\$) (i)
		Salary (\$) (c)	Bonus (\$) (d)	Other Annual Compensation (\$) (e)	Awards		Payouts	
					Restricted Stock Award(s) (\$) (f)	Securities Underlying Options/SARs (#) (g)	LTIP Payouts (\$) (h)	
Timothy P. Taft (President and CEO)	2006	5,551	50,000	2,549	—	—	—	462
	2005	1	—	—	—	500,000	—	594
	2004	—	—	—	—	—	—	—
Ward T. Olgreen (Senior Vice President of International Development and Concept Development)	2006	171,360	15,000	5,284	—	—	—	594
	2005	168,000	33,600	8,352	—	—	—	792
	2004	168,000	33,600	11,555	—	—	—	792
Danny K. Meisenheimer (Vice President of Brand Management)	2006	138,825	10,000	1,388	—	—	—	594
	2005	136,102	15,000	1,388	—	—	—	792
	2004	136,102	27,000	2,617	—	—	—	792
Jack A. Odachowski (Vice President of Supply Chain Management)	2006	150,847	17,848	28,166	—	—	—	594
	2005	—	—	—	—	—	—	—
	2004	—	—	—	—	—	—	—
Darrell G. Smith (Vice President of Development)	2006	95,192	17,500	—	—	—	—	594
	2005	—	—	—	—	—	—	—
	2004	—	—	—	—	—	—	—
Former Officers								
Kevin A. Kleiner (Controller and Principal Financial Officer)	2006	90,337	8,000	—	—	—	—	—
	2005	89,931	6,000	—	—	—	—	—
	2004	85,553	7,000	2,326	—	—	—	—
Shawn M. Preator (Chief Financial Officer)	2006	84,150	15,000	8,091	—	—	—	112,685
	2005	150,000	30,000	9,139	—	—	—	792
	2004	150,000	30,000	12,124	—	—	—	792

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- (a) Mr. Odachowski was appointed Vice President of Supply Chain Management on September 6, 2005.
Mr. Smith was appointed Vice President of Development on November 7, 2005.
Mr. Kleiner served as the Company's principal financial officer from January 11, 2006 through his resignation on July 7, 2006.
Mr. Preator was Chief Financial Officer of the Company through January 11, 2006. Figures shown for fiscal 2006 are through January 11, 2006, Mr. Preator's last date of employment. Because of his termination of employment, Mr. Preator received severance benefits described under "Compensation Committee Report on Executive Compensation – Executive Employment Agreements."
- (c) Mr. Taft was named President and Chief Executive Officer of the Company on March 31, 2005. Mr. Taft's Employment Agreement with the Company, dated March 31, 2005, provides for a net salary of \$1.00 for the first 12 months and for a bonus in the first 12 months to be set by the Board. No bonus was paid in fiscal year 2005. He was granted options to purchase 500,000 shares of the Company's common stock pursuant to a Non-Qualified Stock Option Agreement dated March 31, 2005. See "Executive Employment Agreements" and "Equity Compensation Plan Information" below for more detail.
- (d) Amounts shown in this column for Mr. Olgreen and Mr. Preator include bonuses described in "Compensation Committee Report on Executive Compensation – Executive Employment Agreements" below, and for Mr. Taft described in "Compensation Committee Report on Executive Compensation – Chief Executive Officer and 'Executive Employment Contracts'" below.
Amounts shown in this column for other named executive officers include discretionary bonus payments awarded by the Compensation Committee and the Board and described in "Compensation Committee Report on Executive Compensation" below.
The amount shown for Mr. Odachowski includes a discretionary bonus of \$3,000 and hiring and relocation bonus of \$14,848, which included a tax gross-up payment of \$3,361 reflected in column (e). See the perquisite detail table below.
- (e) For Mr. Preator and Mr. Kleiner, this column includes in 2004 reimbursement of health insurance premiums in the amount of \$481 each.

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This column also includes the perquisites outlined in the table below valued at the incremental cost of providing such perquisites, as well as tax reimbursements where applicable, for the named executive officers.

Name	Term Life Insurance	401(k) Company Match	Personal Automobile Usage/ Automobile Allowance	Relocation Expenses	Temporary Living Expenses	Tax Reimbursements
Timothy P. Taft						
2006	462	—	2,549	—	—	—
2005	594	—	—	—	—	—
2004	—	—	—	—	—	—
Ward T. Olgreen						
2006	594	1,784	3,500	—	—	—
2005	792	1,784	6,573	—	—	—
2004	792	3,215	8,340	—	—	—
Danny K. Meisenheimer						
2006	594	1,388	—	—	—	—
2005	792	1,388	—	—	—	—
2004	792	2,617	—	—	—	—
Jack A. Odachowski						
2006	594	—	5,000	15,634	4,171	3,361
2005	—	—	—	—	—	—
2004	—	—	—	—	—	—
Darrell G. Smith						
2006	594	—	—	—	—	—
2005	—	—	—	—	—	—

Former Officers

Kevin A. Kleiner						
2006	—	—	—	—	—	—
2005	—	—	—	—	—	—
2004	—	1,845	—	—	—	—
Shawn M. Preator						
2006	—	2,130	5,961	—	—	—
2005	792	2,130	7,009	—	—	—
2004	792	3,000	8,643	—	—	—

The amounts in the 401(k) column above represent Company matching contributions. All such amounts are within United States Internal Revenue Service limits for the applicable plan years.

- (g) Mr. Taft was granted options to purchase 500,000 shares of the Company's common stock pursuant to a Non-Qualified Stock Option Agreement dated March 31, 2005. The exercise price is \$2.50, the fair market value of the Common Stock on March 31, 2005, the date of the grant as defined in the Agreement. As of June 25, 2006, 150,000 of such options are vested. See "Executive Employment Agreements" and "Equity Compensation Plan Information" below.

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- (i) For Mr. Preator, for 2006 this column includes the severance payment of \$112,685, described under “*Executive Employment Agreements – Severance and Change of Control Benefits- Mr. Olgreen and Mr. Preator*” below.

This column also includes the value of term life insurance premiums paid by the Company for the benefit of the named executive officers. These values are shown in the perquisite table above.

Option Grants In Last Fiscal Year

There were no stock options granted during fiscal year 2006, pursuant to the Company’s 2005 Employee Stock Option Award Plan (the “2005 Plan”) or by individual non-plan option grants, to the Chief Executive Officer and the other most highly compensated executive officers of the Company.

Aggregated Option Exercises In Last Fiscal Year And Fiscal Year-End Option Values

The following table sets forth information regarding stock options exercised during fiscal year 2006 and unexercised stock options held at the end of fiscal year 2006 by the Chief Executive Officer and the other most highly compensated executive officers of the Company. The closing bid price for the Company’s Common Stock, as reported by the National Association of Securities Dealers Automated Quotation System, was \$2.87 on June 23, 2006, the last trading day of the Company’s fiscal year.

Name	Shares Acquired on Exercise (#)	Value Realized	Number of Unexercised Options at Fiscal Year End (Exercisable/Unexercisable) (#)	Value of Unexercised In-the-Money Options at Fiscal Year End (Exercisable/Unexercisable)
Timothy P. Taft	—	—	150,000(e) 350,000(u)	\$ 55,500 \$129,500
Ward T. Olgreen	—	—	52,000(e) —(u)	\$ 26,100 —
Danny K. Meisenheimer	—	—	—(e) —(u)	— —
Jack A. Odachowski	—	—	—(e) —(u)	— —
Darrell G. Smith	—	—	—(e) —(u)	— —

Former Officers

Kevin A. Kleiner (a)	—	—	—(e) —(u)	— —
Shawn M. Preator (b)	30,000	\$26,400	—(e) —(u)	— —

(e) Denotes exercisable options.

(u) Denotes unexercisable options.

(a) Mr. Kleiner served as the Company’s Chief Financial Officer from January 11, 2006 through his resignation on July 7, 2006.

(b) Mr. Preator was Chief Financial Officer of the Company until January 11, 2006, his last date of employment.

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The following table shows as of June 25, 2006 the value of outstanding equity awards, including the amount of securities underlying exercisable and unexercisable stock options shown in the table above, and the exercise prices and expiration dates for each such outstanding stock option.

Name	Grant Date	Number of Shares Underlying Options	Exercise Price (\$)	Expiration Date
Timothy P. Taft	3/31/2005	500,000	2.50	3/15/2015
Ward T. Olgreen	7/15/1998	12,000	5.00	7/15/2006
	10/18/1999	2,500	3.63	10/18/2006
	7/3/2000	7,500	3.56	7/3/2006
	5/3/2001	30,000	2.00	5/3/2007
Danny K. Meisenheimer	—	—	—	—
Jack A. Odachowski	—	—	—	—
Darrell G. Smith	—	—	—	—

All options shown for Mr. Taft were granted pursuant to a Non-Qualified Stock Option Agreement dated March 31, 2005. See “*Compensation Committee Report on Executive Compensation – Executive Employment Agreements*” below.

All options shown for other named executive officers were granted pursuant to the Company’s 1993 Employee Stock Option Award Plan, which expired in September 2003.

Compensation Committee Report On Executive Compensation

The Compensation Committee administers the Company’s executive compensation program, and its members are appointed by the Board. In this regard, the role of the Compensation Committee is to oversee our compensation plans and policies, annually review and approve all executive officers’ compensation decisions, and administer our stock option plans (including reviewing and approving stock option grants to executive officers). The Compensation Committee’s charter reflects these various responsibilities, and the Compensation Committee and the Board periodically review and revise the charter. The Compensation Committee’s membership is determined by the Board and is composed entirely of independent directors. The Compensation Committee meets at scheduled times during the year, and it also considers and takes action by written consent. The Compensation Committee Chairman reports on its actions and recommendations at Board meetings. The Company’s Human Resources and Legal Departments support the Compensation Committee in its work and in some cases the Human Resources Department acts pursuant to delegated authority to fulfill various functions in administering the Company’s compensation programs. In addition, the Compensation Committee has the authority to engage the services of outside attorneys, advisers, experts and others to assist it.

The Compensation Committee and the Board have adopted a charter to conform to the Compensation Committee’s responsibilities under the revised NASDAQ standards, new rules adopted by the SEC and the provisions of the Sarbanes-Oxley Act.

Compensation Philosophy and Practice

In its administration and periodic review of executive compensation, the Compensation Committee believes in aligning the interests of the executive officers with those of the Company’s shareholders. To accomplish this, the Compensation Committee seeks to structure and maintain a

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compensation program that is directly and materially linked to individual performance, operating performance and enhancement of shareholder value.

Tax Deductibility under Section 162(m)

As noted, the Company's compensation policy is primarily based upon the practice of pay-for-performance. Section 162(m) of the Internal Revenue Code imposes a limitation on the deductibility of nonperformance-based compensation in excess of \$1 million paid to the Principal Executive Officer and the other most highly compensated executive officers of the Company. The Compensation Committee currently believes that the Company should be able to continue to manage its executive compensation program for these officers so as to preserve the related federal income tax deductions.

Chief Executive Officer

Mr. Taft entered into an employment agreement with the Company on March 31, 2005, which Mr. Taft has agreed to amend. The agreement is for a term that currently extends through June 30, 2007. The agreement provides that Mr. Taft be paid a total salary in the first 12 months of \$1.00 plus any bonus determined by the board. During the six-month period between April 2006 and September 2006, Mr. Taft has agreed to be paid a total salary of approximately \$12,000. Pursuant to the agreement, Mr. Taft began receiving a salary at a rate of \$300,000 per year in October 2006. In June 2007 Mr. Taft will be eligible for a total bonus potential of \$338,000, of which \$138,000 is guaranteed.

On March 31, 2005, the Company and Mr. Taft entered into a Non-Qualified Stock Option Award Agreement as a part of Mr. Taft's employment agreement, pursuant to which Mr. Taft was awarded options for 500,000 shares of Common Stock at an exercise price of \$2.50 per share. See "*Equity Compensation Plan Information*" above and "*Executive Employment Agreements*" below for more detail.

In structuring Mr. Taft's employment agreement, the Compensation Committee and Executive Committee sought to offer a competitive and fair compensation package tied to Mr. Taft's experience and qualifications while also aligning his interests with those of the Company's shareholders. A significant portion of Mr. Taft's compensation is materially and directly linked to Company performance as a result of the granting of options to him. The options vest in increments from 2005 through 2008. The Compensation Committee believes that Mr. Taft's salary in the second 12 months, bonus amounts and benefits are comparable to those offered to chief executive officers at similar companies in the quick serve and fast casual dining restaurant segments.

Other Executive Officers

Salaries of the other executive officers are reviewed annually and adjusted based on competitive practices, changes in level and scope of responsibilities, and individual and departmental performance measured against goals. None of the executive officers have employment contracts or change of control agreements.

Stock Options

The Company established the 2005 Plan for the purpose of aligning employee and shareholder interests. The Compensation Committee administers the 2005 Plan. Subject to the terms of the 2005 Plan, and automatic option grants to non-employee directors pursuant to the 2005 Directors Plan, the Compensation Committee determines the persons who are to receive awards, the number of shares subject to each such award and the terms, types and conditions of such awards. The Compensation Committee also has the authority to construe and interpret any of the provisions of the 2005 Plan or any awards granted thereunder.

In determining whether an award should be made, and/or the vesting schedule for any such award, subject to the terms of the 2005 Plan, the Compensation Committee may impose whatever conditions to vesting it deems appropriate. For example, the Compensation Committee may decide to grant an award only if the participant satisfies performance goals established by the Compensation Committee. The Compensation Committee may choose performance periods and performance goals that differ from participant to participant. The Compensation Committee may choose performance goals based on either Company-wide or departmental results, as deemed appropriate in light of the participant's specific responsibilities. For purposes of qualifying awards as performance-based compensation under Section 162(m), the Compensation Committee may (but is not required to) specify performance goals for the entire Company and/or one or more individual departments. Performance goals may be based upon business criteria including: net income, earnings per share, return on equity, EBITDA, or other financial or performance-related measures. During fiscal year 2006, the Company did not grant stock options to employees.

During meetings of the Compensation Committee in fiscal year 2006, the Compensation Committee reviewed and discussed the Company's current compensation objectives, the desired mix of cash and equity compensation, and the impact of changes in accounting principles that would require the Company, as of April 1, 2006, to begin recognizing issued and outstanding stock options as an expense. The Compensation Committee has determined to temporarily suspend the granting of stock options, with the exception of the automatic grant provisions in the 2005 Directors Plan for directors acquiring shares of Common Stock during the previous fiscal year. See "*Director Compensation*" below.

The Company has no current plans to issue stock options to its officers or employees. However, we will continue to monitor changes in the marketplace relating to equity compensation and respond appropriately. We have periodically reviewed our option grant guidelines, among other reasons, in response to evolving market practices and will continue to be vigilant in this regard so that we may consider prevailing market standards in our effort to provide a competitive mix of cash and equity compensation.

Timing and Pricing of Option Awards

It is the policy of the Board and the Compensation Committee when approving stock option grants to employees and directors, whether pursuant to a shareholder approved plan or individual non-plan grants, to price all such grants at the fair market value of the Common Stock on the date of the grant. It is not the policy, practice or intended result of executive management, the Board or the Compensation Committee in granting stock options to engage in or approve of backdating option grants, selecting option exercise prices that differ from the underlying stock's price on the grant date (except as may be allowed by applicable laws and accounted for in accordance with generally accepted accounting principles), or timing the grant of options to coordinate with the release of material nonpublic information.

For all option grants made pursuant to shareholder approved plans, option grant exercise prices, method of fixing grant dates, vesting requirements and expiration dates are specified in each such plan. There are currently two such plans, the 2005 Plan and the 2005 Directors Plan. Both plans provide that the date of a stock option award will be the effective date that the award is made to a plan participant. Both plans also provide that all stock option awards will be issued at fair market value, which is defined in the plans as the closing price of the Common Stock on the NASDAQ exchange on the date that the award is made.

Compensation Committee Interlocks and Insider Participation

Ramon Phillips, one of the Company's directors and a member of the Compensation Committee, is an owner and officer of Wholesale Software International, Inc. a franchisee of the Company that currently operates one restaurant in Oklahoma. Purchases by this franchisee comprised 0.4% of the Company's total food and supply sales in fiscal 2006. Royalties from this franchisee comprised 0.4% of the Company's total franchise revenues in fiscal 2006. As of November 5, 2006 Wholesale Software International, Inc. owed the Company approximately \$6,542, primarily for royalties and purchases of products from the Company's distribution division.

EXECUTIVE EMPLOYMENT AGREEMENTS**Severance and Change in Control Benefits**

Mr. Taft and Mr. Olgreen and the Company's former Chief Financial Officer, Shawn Preator, each were parties to employment agreements with the Company for all or portions of fiscal 2006. These agreements provide for payment of severance benefits under certain circumstances. The severance benefits payable to Mr. Taft and the circumstances under which he would receive such benefits are addressed in his employment agreement, discussed below. Severance benefits were payable to Mr. Preator and Mr. Olgreen during part of fiscal 2006 under certain circumstances addressed in their employment agreements, also discussed below. The other named executive officers are not covered under employment agreements or a general severance plan and any severance benefits payable to them would be determined by the Compensation Committee in its discretion.

Mr. Taft

Mr. Taft entered into an employment agreement with the Company on March 31, 2005, which Mr. Taft has agreed to amend. The agreement is for a term that currently extends through June 30, 2007. The agreement provides that Mr. Taft be paid a total salary in the first 12 months of \$1.00 plus any bonus determined by the board. During the six-month period between April 2006 and September 2006, Mr. Taft has agreed to be paid a total salary of approximately \$12,000. Pursuant to the agreement, Mr. Taft began receiving a salary at a rate of \$300,000 per year in October 2006. In June 2007 Mr. Taft will be eligible for a total bonus potential of \$338,000, of which \$138,000 is guaranteed. The agreement also provides for a grant of 500,000 non-qualified stock options, with 50,000 of such options vesting immediately and the remainder vesting over three years. Mr. Taft may be terminated with or without cause, with the definition of cause including, but not limited to, breach of a monetary obligation to the Company, violation of the compensation agreement, fraud against the Company and failure to substantially perform required duties, each as described in the agreement.

If the Company terminates Mr. Taft's employment for cause, or if Mr. Taft terminates his employment voluntarily, he will be entitled to a payment in the amount of any unpaid salary accrued through the date of termination, any unreimbursed expenses properly incurred prior to the date of termination and rights granted to him under any executive benefit plan. If the Company terminates Mr. Taft's employment without cause, he will be entitled to payment of the amounts described above, and, either (a) during the first 12 months of the agreement a lump sum amount equal to \$25,000 for each full month he has been employed or (b) commencing on the first anniversary of his employment, an amount equal to 12 months of his then base salary. The amount would be paid, at the Company's election, in lump sum or in monthly increments. If the Company terminates Mr. Taft's employment within six months of a change of control he will be entitled to receive payment of all amounts payable under the agreement for termination or resignation with or without cause, plus all then unvested stock options will become immediately exercisable and remain exercisable for 90 days following the date of termination of employment. Mr. Taft may terminate his agreement for "good reason" at any time within six months after a "change of control" of the Company occurs, as those terms are defined in the agreement.

Termination Scenarios for Mr. Taft

The following table is included solely to provide shareholders with a presentation of hypothetical cash severance and option vesting for Mr. Taft that would result under his employment agreement (as described more fully above), had a termination of employment or a change in control followed by a termination of employment occurred on June 25, 2006, the last day of the Company's fiscal year.

	Salary and Bonus	Stock Options, Expenses and Other
Termination by company for cause or voluntary termination by executive	Unpaid salary accrued through the date of termination. Accrued and unpaid bonus through the date of termination.	Unreimbursed expenses incurred through the date of termination. Rights granted pursuant to executive benefit plan, in accordance with the terms of any such plan.
Termination by company without cause	Unpaid salary accrued through the date of termination. Accrued and unpaid bonus through the date of termination. An amount equal to 12 months of the executive's then base salary, payable at the Company's election in lump sum or monthly increments.	Unreimbursed expenses incurred through the date of termination. Rights granted pursuant to executive benefit plan, in accordance with the terms of any such plan.
Termination by executive for good reason within six months following change of control	Unpaid salary accrued through the date of termination. Accrued and unpaid bonus through the date of termination. An amount equal to 12 months of the executive's then base salary, payable at the Company's election in lump sum or monthly increments.	Unreimbursed expenses incurred through the date of termination. Rights granted pursuant to executive benefit plan, in accordance with the terms of any such plan. All unvested stock options immediately vest and remain exercisable for 90 days thereafter.

The actual value ultimately realized by Mr. Taft under the equity-based compensation awards set forth in the table will vary based upon, among other factors, the applicable termination provision of the employment agreement, the Company's operating performance and fluctuations in the stock price of the Common Stock.

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Mr. Olgreen and Mr. Preator

On April 22, 2005, Mr. Preator and Mr. Olgreen each entered into an Executive Compensation Agreement with the Company. The agreements each provided for a term through December 31, 2005. Mr. Preator's agreement provided for salary of not less than his then current salary of \$150,000 and a bonus of not less than \$30,000. Mr. Olgreen's agreement provided for salary of not less than his then current salary of \$168,000 and a bonus of not less than \$33,600. Under the agreements each executive could be terminated with or without cause and each executive could terminate his employment for any reason or for no reason at all.

Under the agreements, if the Company terminated Mr. Olgreen's or Mr. Preator's employment without cause, each would be entitled to a lump sum payment equal to six months of the executive's then current annual salary plus a lump sum payment equal to any unpaid bonus the respective executive would have been entitled to receive had he worked through December 31, 2005. Upon such a termination each would receive for a period of six months following the date of termination of employment, all of the medical, life insurance and other benefits then currently provided to the respective executive, and a lump sum payment of the value of any accrued vacation days and any unpaid "extra days" (as defined in the Company's employee policy manual) that the executive would have been entitled to receive if the executive had worked through December 31, 2005. If the Company terminated Mr. Olgreen or Mr. Preator for cause, the Company would be required to pay the respective executive salary plus accrued bonus, accrued vacation days and any unpaid "extra days" due to the executive through the date of termination. If Mr. Preator or Mr. Olgreen terminated his employment with or without any reason through December 31, 2005, the Company would be required to pay to the executive a lump sum payment equal to six months of the executive's then current annual salary plus a lump sum payment equal to any unpaid bonus the executive would have been entitled to receive had he worked through December 31, 2005. Upon such a termination each would also receive a lump sum payment of the value of any accrued vacation days and any unpaid "extra days" that the executive would have been entitled to receive if the executive had worked through December 31, 2005.

On December 28, 2005, Mr. Preator submitted his resignation as Chief Financial Officer of the Company, thereby becoming entitled to receive severance benefits under his employment agreement. The following table sets forth payments made to Mr. Preator under his employment agreement.

Reason for Payment	Payment					
	Salary ¹	Unpaid Bonus ²	Accrued Vacation ³	Total	Tax Gross-Up ⁴	Total Payments
Termination by Mr. Preator without reason	\$84,150	\$15,000	\$13,535	\$112,685	—	\$112,685

1 - Represents six months of severance pay and salary through January 11, 2006, Mr. Preator's last date of employment

2 - Bonus amount accrued for the period from June 16, 2005 through December 31, 2005

3 - 80 hours of vacation time plus 104 hours of additional paid time off

4 - The termination payments were treated as a severance payment for tax purposes.

Mr. Preator also realized a gain of \$26,400 on the exercise of 30,000 vested stock options on December 29, 2005. See "Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values" table above.

Director Compensation

Employee directors do not receive any separate compensation for Board activities. Non-employee directors receive the compensation described below. In addition to an annual retainer, non-employee directors receive fees for each Board and committee meeting attended. Non-employee and employee directors are also reimbursed for their reasonable expenses in connection with attending Board and committee meetings.

The total compensation paid to non-employee directors during fiscal 2006 was \$135,250 plus reimbursement of expenses. The following table provides information on how the total amount was allocated.

Name	Cash Retainer ¹	Meeting Fees	Committee Meeting Fees	Equity Retainer	All Other ²
Mark E. Schwarz	\$23,000	\$4,000	\$ 500	—	\$10,847
Ramon D. Phillips	17,000	4,000	1,500	—	—
Bobby L. Clairday ³	17,000	3,000	0	—	1,675
John D. Harkey, Jr.	17,000	4,000	500	—	—
Robert B. Page ⁴	17,000	4,000	1,000	—	3,480
Steven J. Pully	17,000	4,000	750	—	—

1 Includes a \$6,000 retainer for Mr. Schwarz for services as Chairman of the Board.

2 This column includes the value of reimbursed expenses incurred by directors in connection with attending Board meetings or other activities directly related to the director's services as a Board member.

3 During fiscal 2006 the Company withheld \$7,250 in fees otherwise due to Mr. Clairday and offset those amounts against the Advance Foods Debt (defined below in "*Certain Relationships and Related*

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Transactions"). The Company and Mr. Clairday reached an agreement in June 2006 regarding repayment of the debt (see "*Certain Relationships and Related Transactions*").

- 4 While serving as Acting CEO of the Company from January 4, 2005 through March 30, 2005, Mr. Page received no compensation for serving as a director, except that he, like all Company directors, was eligible to receive reimbursement of expenses incurred in attending Board and committee meetings.

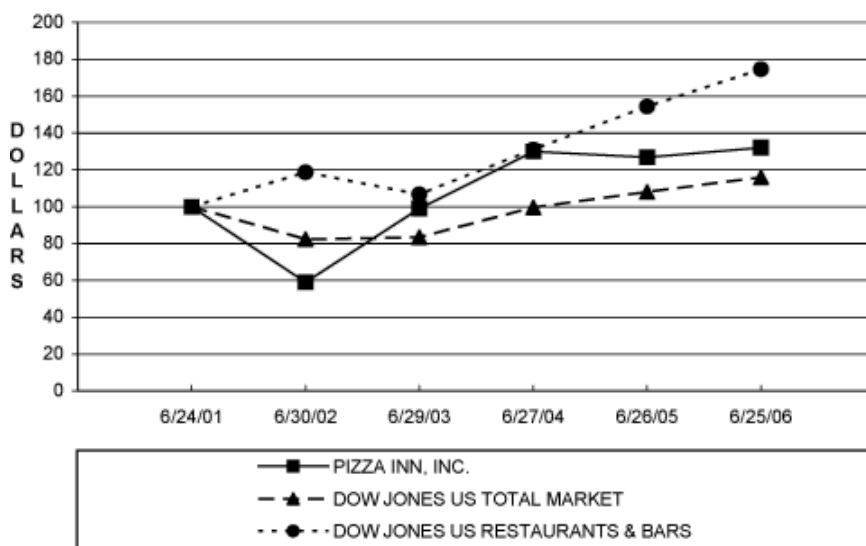
In addition to annual and meeting fees, each non-employee director is eligible to receive stock option awards under the 2005 Non-Employee Directors Stock Option Award Plan (the "2005 Directors Plan"). Under the 2005 Directors Plan, eligible directors receive, as of the first day of the Company's fiscal year, options for Common Stock equal to twice the number of shares of Common Stock purchased during the preceding fiscal year or purchased by exercise of previously granted options during the first ten days of the current fiscal year. On the first day of the first fiscal year immediately following the day on which a non-employee director became eligible to participate in the 2005 Directors Plan, that director would receive options to acquire two shares of Common Stock for each share of Common Stock owned by such director on the first day of the fiscal year. Stock options granted under the 2005 Directors Plan have an exercise price equal to the market price of the Common Stock on the date of grant and are first exercisable one year after grant. Each eligible director will be entitled to options for no more than 40,000 shares per fiscal year under the terms of the 2005 Directors Plan.

In fiscal 2006, stock options for 20,000 shares were granted to Mr. Harkey pursuant to the 2005 Directors Plan at an exercise price of \$2.74 per share. The \$2.74 price per share is the closing price of the Common Stock on June 27, 2005, the date all such options were granted. See "*Equity Compensation Plan Information*" below.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative annual total shareholder return (change in share price plus reinvestment of any dividends) on the Common Stock versus two indexes for the past five fiscal years. The graph assumes \$100 was invested on the last trading day of the fiscal year ending June 24, 2001. Prior to the first quarter of fiscal year 1998 and subsequent to the second quarter of fiscal year 2001, the Company did not pay cash dividends on its Common Stock during the applicable period. The Dow Jones Equity Market Index is a published broad equity market index. The Dow Jones Travel and Leisure U.S. Restaurants and Bars Index is compiled by Dow Jones and Company, Inc., and replaces the Dow Jones Entertainment and Leisure Restaurant Index charted in this graph in previous years. The Dow Jones U.S. Restaurants and Bars Index is composed of 104 public companies, including the Company, engaged in restaurant or related business.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
AMONG PIZZA INN, INC., THE DOW JONES US EQUITY MARKET INDEX
AND THE DOW JONES US RESTAURANTS & BARS INDEX



* 100 invested on 6/24/01 in stock or index-including reinvestment of dividends.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth information, as of November 5, 2006, concerning beneficial ownership by:

- § Holders of more than 5% of the Company’s Common Stock;
- § Company directors and each of the named executive officers set forth in the Summary Compensation Table set forth below; and
- § Company directors and executive officers as a group (seven directors and six executive officers).

The information provided in the table is based upon the Company’s records, information filed with the SEC and information provided to the Company, except where otherwise noted.

The number of shares beneficially owned by each entity or individual is determined under SEC rules, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the entity or individual has sole or shared voting or investment power and also any shares that the entity or individual has the right to acquire

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as of January 4, 2007 (60 days after November 5, 2006) through the exercise of any stock option or other right. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table.

Name of Beneficial Owner	Shares Beneficially Owned	Percent of Class
Beneficial owners of more than 5%		
Newcastle Partners, L.P.(a) Newcastle Capital Management, L.P. Newcastle Capital Group, L.L.C. 300 Crescent Court, Ste. 1110 Dallas, TX 75201	4,139,990	40.80%
Hoak Public Equities, L.P.(b) Hoak Fund Management, L.P. 500 Crescent Court, Ste. 220 Dallas, TX 75201	525,000	5.18%
Current directors and named executive officers		
Mark E. Schwarz (a)(c)	4,184,990	41.30%
Robert B. Page	0	0
Bobby L. Clairday (d)	7,336	*
Ramon D. Phillips (e)	16,923	*
Steven J. Pully (a)(c)	26,787	*
John D. Harkey, Jr. (c)	30,000	*
Timothy P. Taft (c)	331,205	3.27%
Ward T. Olgreen (c)	114,156	1.13%
Darrell G. Smith	0	0
Danny K. Meisenheimer	922*	
Jack A. Odachowski	1,000*	
New nominee directors		
Steven M. Johnson	0	0
James K. Zielke	0	0
All directors, nominees and executive officers as a group	4,592,655	45.30%

* Represents holdings of less than one percent.

(a) Newcastle Capital Management, L.P. is the general partner of Newcastle Partners, L.P., Newcastle Capital Group, L.L.C. is the general partner of Newcastle Capital Management, L.P., and Mark E. Schwarz is the managing member of Newcastle Capital Group, L.L.C. Accordingly, each of Newcastle Capital Management, L.P., Newcastle Capital Group, L.L.C. and Mr. Schwarz may be deemed to beneficially own the shares of Common Stock beneficially owned by Newcastle Partners, L.P. In addition, Newcastle Partners, L.P., Newcastle Capital Management, L.P., Newcastle Capital Group, L.L.C., Mr. Schwarz and Mr. Pully are members of a Section 13d reporting group and may be deemed to beneficially own shares of Common Stock owned by the other members of the group. Newcastle Partners, L.P., Mr. Schwarz and Mr. Pully also directly own shares of Common Stock. Mr. Pully disclaims beneficial ownership of the shares of Common Stock beneficially owned by Newcastle Partners, L.P. Mr. Schwarz directly owns 15,000 shares of Common Stock, including options to acquire 30,000 shares of Common Stock.

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- (b) Hoak Fund Management, L.P. is the general partner of Hoak Public Equities, L.P., James M. Hoak & Co. is the general partner of Hoak Fund Management, L.P., and J. Hale Hoak is the President of James M. Hoak & Co. Accordingly, each of Hoak Fund Management, L.P., Hoak Public Equities, L.P., James M. Hoak & Co., and Mr. Hoak may be deemed to own the shares of Common Stock beneficially owned by Hoak Public Equities, L.P. Dorothy Tyson Hoak, the spouse of J. Hale Hoak, beneficially owns 5,000 shares of Common Stock as to which beneficial ownership is disclaimed by Hoak Public Equities, L.P.
- (c) Includes vested options and options vesting as of January 4, 2007 (60 days after November 5, 2006) under the Company's stock option plans, as follows: 30,000 shares for Mr. Schwarz; 17,858 shares for Mr. Pully; 150,000 shares for Mr. Taft; 20,000 shares for Mr. Harkey; and 52,000 shares for Mr. Olgreen.
- (d) Mr. Clairday shares voting and investment power for these shares with his wife, Iva Clairday.
- (e) Mr. Phillips shares voting and investment power for 5,333 shares with the other shareholders of Wholesale Software International, Inc.

Equity Compensation Plan Information

The following table sets forth information as of June 25, 2006 regarding the Company's equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (b)
Equity compensation plans approved by security holders	200,858	\$3.13	1,437,758
Equity compensation plans not approved by security holders (c)	500,000	\$2.50	0
Total	700,858	\$2.68	1,437,758

- (a) In fiscal year 2006, stock options for 20,000 shares were granted to Mr. Harkey at an exercise price of \$2.74 per share. Such options were granted pursuant to the 2005 Non-Employee Director Stock Option Award Plan. No options have been granted pursuant to the 2005 Plan. As of June 25, 2006, there were 138,000 vested and unexercised stock options outstanding under the 1993 Employee Stock Award Plan and the 1993 Outside Directors Stock Award Plan, at various exercise prices. The 1993 Employee Stock Award Plan and the 1993 Outside Directors Stock Award Plan expired in September 2003 and no further options may be granted under either plan.
- (b) Under the 2005 Plan 1,000,000 shares are authorized and available for future option grants. Under the 2005 Non-Employee Director Stock Option Award Plan 500,000 shares were authorized and 437,758 are available for future option grants as of June 25, 2006. There are no shares available for grant under the 1993 Employee Stock Award Plan and the 1993 Outside Directors Stock Award Plan, both of which expired in September 2003.
- (c) Reflects shares granted to Mr. Taft in March 2005 pursuant to a Nonqualified Stock Option Agreement described in "Compensation Committee Report on Executive Compensation – Executive Employment Agreements" above.

Item 13. Certain Relationships and Related Transactions.

The Company is a business organization with diverse operations, and it engages in hundreds of purchase, sale and other transactions annually. Other than as specifically set forth herein we currently have no business arrangements with corporations and other organizations in which a Company director, executive officer or nominee for director may also be a director, trustee or investor or have some other direct or indirect relationship.

Bobby L. Clairday is President and sole shareholder of Clairday Food Services, Inc. and is sole shareholder of Advance Food Services, Inc., both of which are franchisees of the Company. Mr. Clairday also holds area development rights in his own name. Mr. Clairday currently operates 10 restaurants in Arkansas, either individually or through the corporations noted above. As franchisees, the two corporations purchase a majority of their food and other supplies from the Company's distribution division. In fiscal year 2006, purchases by these franchisees made up 6.5% of the Company's food and supply sales. Royalty payments, license fees and area development fees from Mr. Clairday and such franchisees made up 3.5% of the Company's franchise revenues in fiscal year 2006. As of June 25, 2006, Advance Food Services, Inc. and Clairday Food Services, Inc. collectively owed the Company approximately \$442,000, primarily for royalties and purchases of products from the Company's distribution division.

In addition to normal trade receivables, Advance Food Services, Inc. owed the Company approximately \$339,000 ("Advance Foods Debt"), representing amounts incurred by Advance Foods, Inc. for royalty and advertising fee payments and Norco product deliveries during a period in 1996 and 1997 following Mr. Clairday's sale of that company to unrelated third parties and prior to his reacquisition of the company in 1997. Mr. Clairday had guaranteed payment of approximately \$236,000 of the Advance Foods Debt ("Guaranteed Amount"). During fiscal 2005 the Company applied against the Guaranteed Amount of the Advance Foods Debt approximately \$7,250 in board fees due Mr. Clairday, and on June 20, 2006 the Company and Mr. Clairday entered into an agreement whereby Mr. Clairday paid the Company the remaining balance of the Guaranteed Amount. Approximately \$76,000, representing the amount of the Advance Foods Debt either in dispute or not guaranteed by Mr. Clairday, was recognized by the Company as uncollectable. Mr. Clairday is a director of the Company not standing for reelection.

Ramon Phillips, one of the Company's directors, is an owner and officer of Wholesale Software International, Inc. a franchisee of the Company that currently operates one restaurant in Oklahoma. Purchases by this franchisee comprised 0.4% of the Company's total food and supply sales in fiscal 2006. Royalties from this franchisee comprised 0.4% of the Company's total franchise revenues in fiscal 2006. As of June 25, 2006, Wholesale Software International, Inc. owed the Company approximately \$10,000, primarily for royalties and purchases of products from the Company's distribution division.

The Company's Interim Chief Financial Officer, Clinton J. Coleman, is an employee of Newcastle Capital Management, L.P., the general partner of Newcastle Partners, L.P. ("Newcastle"), which is the Company's largest shareholder. Mr. Coleman assumed the role of Interim Chief Financial Officer in July 2006 and has agreed to serve in such capacity until the Company hires a permanent Chief Financial Officer. The Company has agreed to pay Mr. Coleman compensation of \$3,500 per week while he serves as Interim Chief Financial Officer. Pursuant to an agreement with Mr. Coleman, the Company has accrued Mr. Coleman's compensation expense since his appointment as Interim Chief Financial Officer and anticipates paying that expense in the near future. Mr. Coleman does not receive any other salary, bonus, benefits or perquisites from the Company.

The Board has nominated for election at the annual meeting of shareholders two candidates, Steven M. Johnson and James K. Zielke, who are officers and directors of Fox & Hound Restaurant Group. Fox & Hound Restaurant Group is partially owned by Newcastle Partners, L.P., which is the Company's largest shareholder.

Item 14. Principal Accounting Fees and Services.

The following table shows the fees the Company paid or accrued for audit and other services provided by BDO Seidman, LLP in fiscal 2005 and 2006.

	BDO Seidman	
	2005	2006
Audit Fees	\$ 82,980	\$175,194
Audit-Related Fees	21,350	15,149
Tax Fees	7,575	7,950
All Other Fees	—	—
Total	\$111,905	\$198,293

Audit Fees. This category represents aggregate fees billed by BDO Seidman, LLP for professional services rendered for the audit of the Company's annual financial statements for the years ended June 26, 2005 and June 25, 2006, respectively, and the reviews of the financial statements included in the Company's Forms 10-Q for those years.

Audit-Related Fees. These fees consist of assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. This category includes fees related to the performance of audits and attest services not required by statute or regulations, audits of the Company's benefits plans, review of the Company's 2006 Uniform Franchise Offering Circular and providing consent to include audited financial statements, and accounting consultations regarding the application of generally accepted accounting principles to proposed transactions.

Tax Fees. These fees consist of amounts billed by BDO Seidman, LLP for tax services, including preparation and review of the Company's federal and state income tax returns, during fiscal years 2005 and 2006.

All Other Fees. No fees falling within this category were paid to BDO Seidman, LLP during fiscal years 2005 and 2006.

In considering and authorizing these payments to the independent auditors for services unrelated to performance of the audit of the Company's financial statements, the Audit Committee has determined that all such services undertaken by the independent auditors are not inconsistent with the independent auditor's performance of the audit and financial statement review functions and are compatible with maintaining the independent auditor's independence.

Policy of the Audit Committee for Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Auditor

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of, the independent auditor. In accordance with Audit Committee policy and the requirements of law, all services to be provided by BDO Seidman, LLP are pre-approved by the Audit Committee. Pre-approval applies to audit services, audit-related services, tax services and other services. In some cases, pre-approval is provided by the full Audit Committee for up to a year, and relates to a particular defined task or scope of work and is subject to a specific budget. In other cases, the Chairman of the Audit Committee has the delegated authority from the Audit Committee to pre-approve additional services, and such pre-approvals are then communicated to the full Audit Committee. In fiscal 2006, 100% of all audit services and non-audit services performed by BDO Seidman, LLP were pre-authorized by the Audit Committee.

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ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

- 3.2 Restated Articles of Incorporation
- 15.1 Charter of the Audit Committee of the Board of Directors, as amended on October 18, 2006
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
- 32.1 Section 1350 Certification of Principal Executive Officer.
- 32.2 Section 1350 Certification of Principal Financial Officer.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 29, 2006

By: /s/ Clinton J. Coleman

Clinton J. Coleman
Interim Chief Financial Officer Treasurer
(Principal Accounting Officer)
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Name and Position</u>	<u>Date</u>
<u>/s/Mark E. Schwarz</u> Mark E. Schwarz Director and Chairman of the Board	November 29, 2006
<u>/s/Ramon D. Phillips</u> Ramon D. Phillips Director and Vice Chairman of the Board	November 29, 2006
<u>/s/ Bobby L. Clairday</u> Bobby L. Clairday Director	November 29, 2006
<u>/s/ John D. Harkey, Jr.</u> John D. Harkey, Jr. Director	November 29, 2006
<u>/s/Robert B. Page</u> Robert B. Page Director	November 29, 2006
<u>/s/ Steven J. Pully</u> Steven J. Pully Director	November 29, 2006
<u>/s/ Timothy P. Taft</u> Timothy P. Taft President and Chief Executive Officer (Principal Executive Officer) Director	November 29, 2006

RESTATED ARTICLES OF INCORPORATION
OF
PIZZA INN, INC.

(as amended on June 23, 2005)

The undersigned being the President and Secretary of Pizza Inn, Inc. (the "Corporation") do hereby certify that the following RESTATEMENT OF THE ARTICLES OF INCORPORATION OF PIZZA INN, INC. (the "RESTATED ARTICLES") were adopted by the unanimous consent of the Board of Directors of the Corporation on June 23, 2005, and the following RESTATED ARTICLES correctly set forth without change the corresponding provisions of the Articles of Incorporation of the Corporation as theretofore amended, and the following RESTATED ARTICLES supercede the original Articles of Incorporation of the Corporation and all amendments thereto. The incorporator of the Corporation was Roy Breeling, 5074 South 107th Street, Omaha, Nebraska 68127.

ARTICLE I.

1.1. The name of this Corporation shall be PIZZA INN, INC.

ARTICLE II.

2.1. The period of the Corporation's duration is perpetual.

ARTICLE III.

3.1. The purposes for which this Corporation is organized are the following:

(1) To acquire, lease, own, hold, manage, conduct and/or otherwise operate a fast food service facility and/or facilities, including, but not limited to, food vending facilities, and/or other connection therewith to conduct, perform and/or otherwise operate services and facilities ancillary thereto.

(2) To acquire, and pay for in cash, stock or bonds of this Corporation or otherwise, the good will, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association or corporation.

(3) To acquire, hold, use, sell, assign, mortgage, lease and grant licenses and franchises in respect of, letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trademarks and trade names, relating to or useful in connection with any business of this Corporation.

(4) To acquire by purchase, subscription or otherwise and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or

otherwise dispose of or deal in and with any of the shares of the capital stock, or voting trust certificates in respect of the shares of the capital stock, scrip, warrants, rights, bonds, debentures, notes, trust receipts, and other securities, obligations, choses in action and evidences of indebtedness or interest issued or created by any corporations, joint stock companies, syndicates, associations, firms, trusts or persons, public or private, or by the government of the United States of America, or by any foreign government, or by any state, territory, province, municipality or other political subdivision or by any governmental agency and as owner thereof to possess and exercise all the rights, power and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things, necessary or advisable for the preservation, protection, improvement and enhancement in value thereof.

(5) To borrow or raise moneys for any of the purposes of the Corporation, and from time to time without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the property of the corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the Corporation and for its corporate purposes.

(6) To purchase, receive, take by grant, gift, devise, bequest or otherwise, lease, or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with real or personal property, or any interest therein, wherever situated, and to sell, convey, lease, exchange, transfer or otherwise dispose of, or mortgage or pledge, all or any of the Corporation's property and assets, or any interest therein, wherever situated.

(7) To purchase, receive or otherwise acquire, hold, own, pledge, transfer or otherwise dispose of its own shares, provided that it shall not purchase, either directly or indirectly, its own shares when its net assets are less than its stated capital or when, by so doing, its net assets would be reduced below its stated capital.

(8) To aid either by loans or by guarantee of securities or in any other manner, any corporation, domestic or foreign, any shares of stock, or any bonds, debentures, evidences of indebtedness or other securities whereof are held by this Corporation or in which it shall have any interest, and to do any acts designed to protect, preserve, improve, or enhance the value of any property at any time held or controlled by this Corporation or in which it at the time may be interest.

(9) To do any or all of the things hereinabove enumerated alone for its own account, or for the account of others, or as the agent for others, or in association with others or by or through others, and to enter into all lawful contracts and undertakings in respect thereof.

(10) To have one or more offices, to conduct its business, carry on its operations and promote its objects within and without the State of Missouri, in other states, the District of Columbia, the territories, colonies and dependencies of the United States, in foreign countries and anywhere in the World, without restriction as to place, manner or amount, but subject to the laws applicable thereto; and to do any or all of the things herein set forth to the same extent as a natural person might or could do and in any part of the world, either alone or in company with others.

(11) In general, to carry on any other business in connection with each and all of the foregoing or incidental thereto, and to carry on, transact and engage in any and every lawful business or other lawful thing calculated to be of gain, profit or benefit to the Corporation as fully and freely as a natural person might do, to the extent and in the manner, and anywhere within and without the State of Missouri, as it may from time to time determine; and to have and exercise each and all of the powers and privileges, either direct or incidental, which are given and provided by or are available under the laws of the State of Missouri in respect of general and business corporations organized for profit thereunder; provided, however, that the Corporation shall not engage in any activity for which a Corporation may not be formed under the laws of the State of Missouri.

None of the purposes and powers specified in any of the paragraphs of this ARTICLE III shall be in any way limited or restricted by reference to or inference from the terms of any other paragraph, and the purposes and powers specified in each of the paragraphs of this ARTICLE III shall be regarded as independent purposes and powers. The enumeration of specific purposes and powers in this ARTICLE III shall not be construed to restrict in any manner the general purposes and powers of this Corporation, nor shall the expression of one thing be deemed to exclude another, although it be of like nature. The enumeration of purposes or powers herein shall not be deemed to exclude or in any way limit by inference any purposes or powers which this Corporation has power to exercise, whether expressly by the laws of the State of Missouri, nor hereafter in effect, or implied by any reasonable construction of such laws.

ARTICLE IV.

4.1. The total number and designation of shares of capital stock that the Corporation shall have the authority to issue is Twenty-Six Million (26,000,000) shares of Common Stock, with the par value of one cent (\$.01) per share and Five Million (5,000,000) shares of Preferred Stock, with the par value of one dollar (\$1.00) per share.

4.2. Each holder of Common Stock shall be entitled to cast one (1) vote for each share of Common Stock issued and outstanding in his or her name. No Common Stock shall be issued without voting rights. Except as hereinafter provided in Section 5.7, Preferred Stock shall be non-voting unless converted to Common Stock.

4.3 – 4.17 Deleted

ARTICLE V.

5.1. The distinctive designation of the series of Preferred Stock authorized hereby shall be "10% Non-Voting Cumulative Convertible Preferred Stock" (the "Preferred Stock"). The number of authorized shares of Preferred Stock shall be 5,000,000. Shares of Preferred Stock which have been issued and reacquired in any manner, including shares purchased or redeemed, shall (upon compliance with any applicable provisions of the General Corporation Law of Missouri) have the status of authorized and unissued shares. The Preferred Stock shall only be issued prior to August 1, 1992 in lieu of payment of interest on the Term Loan pursuant to the Amended and Restated Credit Agreement. Any reallocation of the respective interests of Lloyds Bank Plc and Kleinwort Benson Limited between themselves with respect to ownership of the Preferred Stock shall not be subject to the provisions of Section 4.10. Except as hereinafter provided in Section 5.7, the Preferred Stock shall be non-voting; provided, however, that the Preferred Stock may be converted into voting Common Stock as hereinafter set forth in Section 5.5 hereof.

5.2. The holders of shares of Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available therefor, dividends at the annual rate of ten percent (\$0.10) per share, and no more. Such dividend shall be cumulative and shall be payable within 110 days after the end of the Corporation's fiscal year commencing with the first fiscal year ended subsequent to the issuance of any shares of Preferred Stock and within 110 days of the end of each fiscal year ended thereafter (each of such dates being a "dividend payment date") with respect to each fiscal year of the Corporation ending subsequent to the issuance of any shares of Preferred Stock, to stockholders of record on the respective date, not exceeding 50 days preceding such dividend payment date, as shall be fixed for this purpose by the Board of Directors in advance of payment of each particular dividend. In the event that Preferred Stock has been outstanding for less than a full fiscal year or the Corporation shall have changed its fiscal year, as the case may be, such dividend shall accrue at the annual rate of 10% only for such period of time as such Preferred Stock shall have been issued and outstanding. All dividends paid with respect to shares of Preferred Stock shall be paid pro rata to the holders entitled thereto. Dividends on such Preferred Stock shall be fully cumulative and shall accrue (whether or not earned or declared) from and after their respective issuance date. Holders of Preferred Stock will not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative dividends. No interest or sum of money in lieu of interest shall be payable in respect of any accumulated unpaid dividends.

5.3. (a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, then, before any distribution or payment shall be made to the holders of Common Stock, the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its shareholders an amount in cash equal to \$1.00 for each share of Preferred Stock outstanding (which amount is hereinafter referred to as the "liquidation preference"), together with an amount in cash equal to all accrued and unpaid dividends thereon to the date fixed for liquidation, dissolution or winding up. Except as provided in the preceding sentence, holders of Preferred Stock shall not be entitled to any distribution in the event of liquidation, dissolution or winding up of the affairs of the Corporation. If the assets of the Corporation are not sufficient to pay in full the liquidation payments payable to the holders of outstanding shares of the Preferred

Stock, then the holders of all such shares shall share ratably in any distribution of assets in accordance with the amount which would be payable on such distribution if the amounts to which the holders of outstanding shares of Preferred Stock are entitled were paid in full.

(b) For the purposes of this Section 5.3, neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation nor the consolidation or merger of the Corporation with any other corporation shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation, unless such voluntary sale, conveyance, exchange, transfer, consolidation, or merger shall be in connection with a plan of liquidation, dissolution or winding up of the Corporation.

5.4. (a) Subject to subsection (b) of this Section 5.4, to the extent the Corporation shall have funds legally available for such redemption, the Corporation, at the option of the Board of Directors, may redeem, in whole or in part, the shares of Preferred Stock at the time outstanding, at any time or from time to time, upon notice given as hereinafter specified, at a redemption price of \$1.00 per share, together with accrued and unpaid dividends thereon to the redemption date.

(b) Notwithstanding the foregoing provisions of Section 5.4(a) hereof, unless the full cumulative dividends on all outstanding shares of preferred Stock shall have been paid or contemporaneously are declared and paid for all past dividend periods, none of the shares of preferred Stock shall be redeemed pursuant to Section 5.4(a) hereof unless all outstanding shares of Preferred Stock are simultaneously redeemed.

(c) On or prior to 100 days after the end of each fiscal year of the Corporation, commencing with the fiscal year ending in 1991, to the extent the Corporation shall have funds legally available therefor, the Corporation shall apply an amount equal to Excess Cash Flow as of the end of the immediately preceding fiscal year of the Corporation to mandatory redemption, in whole or in part, of the shares of Preferred Stock at the time outstanding, upon notice given as hereinafter specified, at a redemption price of \$1.00 per share, together with accrued and unpaid dividends thereon to the redemption date. If any shares of Preferred Stock shall be outstanding on August 1, 1995, to the extent the Corporation shall have funds legally available for such payment, the Corporation shall redeem all outstanding shares of Preferred Stock at a redemption price of \$1.00 per share, together with accrued and unpaid dividends thereon to the redemption date.

(d) If the Corporation shall fail to discharge its obligation to redeem any outstanding shares of Preferred Stock pursuant to Section 5.4(c) hereof (the "Mandatory Redemption Obligation"), the Mandatory Redemption Obligation shall be discharged as soon as the Corporation is able to discharge such Mandatory Redemption Obligation. If and so long as the Mandatory Redemption Obligation with respect to the Preferred Stock shall not be fully discharged, the Corporation shall not declare or pay any dividend or make any distribution on, or, directly or indirectly, purchase, redeem or satisfy any mandatory redemption, sinking and/or other similar obligations in respect of Common Stock (other than as a result of a reclassification of Common Stock, or the exchange or conversion of one class or series of Common Stock for or into another class or series of Common Stock, or other than through the use of the proceeds of a

substantially contemporaneous sale of the Common Stock) or any warrants, rights or options exercisable for or convertible into any of the Common Stock.

(e) In the event that fewer than all the outstanding shares of Preferred Stock are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors and the shares shall be redeemed on a pro rata basis among holders of Preferred Stock.

(f) In the event that the Corporation shall redeem shares of Preferred Stock, notice of every redemption of shares of Preferred Stock shall be mailed by first class mail, postage prepaid, and mailed not less than 30 days nor more than 60 days prior to the redemption date addressed to the holders of record of the shares to be redeemed at their respective last addresses as they shall appear on the books of the Corporation; provided, however, that failure to give such notice or any defect therein or in the mailing thereof shall not affect the validity of the procedure for the redemption of any shares of Preferred Stock to be redeemed except as to any holder to whom the Corporation has failed to give such notice or except as to any holder to whom notice was defective. Each such notice shall state: (i) the redemption date; (ii) the number of shares of Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(g) Notice having been mailed as aforesaid and provided that on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by the Corporation, separate and apart from its other funds, in trust for the pro rata benefit of the holders of the shares so called for redemption, so as to be and to continue to be available therefor, then, from and after the redemption date dividends on the shares of Preferred Stock so called for redemption shall cease to accrue, and said shares shall no longer be deemed to be outstanding and shall not have the status of shares of Preferred Stock, and all rights of the holders thereof as shareholders of the Corporation (except the right to receive from the Corporation the redemption price and any accrued and unpaid dividends) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price aforesaid. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate or certificates shall be issued representing the unredeemed shares without cost to the holder thereof.

5.5. Upon the occurrence of a default resulting from the Corporation's failure to make a scheduled payment of principal or accrued interest on the Term Loan, the Revolving Credit Loan or the Asset Paydown Loan (as such loans are defined in the Plan) and the continuance of such default for 90 calendar days, the Agent for the Banks (as defined in the Plan) will be entitled to convert all shares of Preferred Stock into shares of Common Stock equal to 51% of the issued and outstanding shares of Common Stock on a fully diluted basis; provided, however, that the Agent will only be entitled to consummate the foregoing conversion if at the time of default the Agent is holding shares of Preferred Stock with an aggregate par value equal to or greater than \$250,000.00; and provided further that in the event the Corporation has reduced the

outstanding principal indebtedness on such loans to an aggregate of \$15,000,000.00, the Preferred Stock will be converted into a lesser percentage of Common Stock on a fully diluted basis as defined by the following formula: (par value of Preferred Stock held by the Agent on the date of exercise of conversion, divided by the par value of the maximum amount of Preferred Stock previously issued) times 51%.

5.6. No holder of shares of stock authorized or issued pursuant to ARTICLE IV or this ARTICLE V shall have any preferential or preemptive rights of subscription to any shares of capital stock of this Corporation, either now or hereafter authorized, or to any obligations convertible into capital stock of this Corporation, issued or sold, nor any rights of subscription to any thereof, other than such rights, if any, as are hereinabove stated in this Article V with respect to the Preferred Stock.

5.7. The holders of the Common Stock shall have the exclusive right to vote upon all questions presented for shareholder vote, and the holders of the Preferred Stock shall have no right to vote upon any such question except as otherwise expressly provided by Missouri law, these Articles of Incorporation or by any other law, rule or regulation to which the Corporation is or may become subject.

5.8. The Corporation reserves the right to alter, amend, or repeal any provision contained in its Articles of Incorporation in the manner now or hereafter prescribed by the statutes of Missouri, and all rights and powers conferred herein are granted subject to this reservation; and, in particular, the Corporation reserves the right and privilege to amend its Articles of Incorporation from time to time so as to authorize other or additional classes of shares (including preferential shares), to increase or decrease the number of shares of any class now or hereafter authorized, to establish, limit or deny to stockholders of any class the right to purchase or subscribe for any shares of stock of the Corporation of any class, whether now or hereafter authorized or whether issued for cash, property or services or as a dividend or otherwise, or to purchase or subscribe for any obligations, bonds, notes, debentures, or securities or stock convertible into shares of stock of the Corporation or carrying or evidencing any right to purchase shares of stock of any class, and to vary the preferences, priorities, special powers, qualifications, limitations, restrictions and the special or relative rights or other characteristics in respect to the shares of each class, and to accept and avail itself of or subject itself to, the provisions of any statutes of Missouri hereafter enacted pertaining to general and business corporations, to exercise all the rights, powers and privileges conferred upon corporations organized thereunder or accepting the provisions thereof and to assume the obligations and duties imposed therein, upon the affirmative vote of the holders of a majority of the shares of each class whose separate vote is required thereon.

ARTICLE VI.

In the absence of fraud, no contract or other transaction between the Corporation and any other person, corporation, firm, syndicate, association, partnership, or joint venture shall be wholly or partially invalidated or otherwise affected by reason of the fact that one or more of the directors of the Corporation are or are to become Directors or officers of such other corporation, firm, syndicate or association, or members of such partnership or joint venture, or are pecuniarily or otherwise interested in such contractual transaction, provided, that the fact such director or

directors of the Corporation are so situated or so interested or both, shall be disclosed or shall have been known to the Board of Directors of the Corporation. Any director or directors of the Corporation who is also a director or officer of such other corporation, firm, syndicate or association, or a member of such partnership, or joint venture, or pecuniarily or otherwise interested in such contract or transaction, may be counted for the purpose of determining the existence of a quorum at any meeting of the Board of Directors of the Corporation which shall authorize any such contract or transaction and in the absence of fraud, and as long as he acts in good faith, any such director may vote there at to authorize any such contract or transaction, with like force and effect as if he were not a director or officer of such other corporation, firm, syndicate, or association, or a member of such partnership or joint venture, or pecuniarily or otherwise interested in such contract or transaction; it is expressly provided, however, that the Board of Directors may not authorize the contract or transaction without the affirmative vote of a majority of the disinterested directors, even though the disinterested directors constitute less than a quorum.

ARTICLE VII.

The street address of the registered office of the Corporation is 906 Olive Street, St. Louis, Missouri 63101, and the initial registered agent at such address is CT Corporation System.

ARTICLE VIII.

8.1. The business and affairs of the Corporation shall be managed by, or under the direction of, a Board of Directors. The number of directors to constitute the Board of Directors is seven (7).

8.2. Beginning with the Company's 2004 annual meeting of shareholders there shall be one (1) class of directors, who shall be elected annually. Those directors currently referred to as Class I Directors, who are nominated for election at the 2004 annual meeting of shareholders, if elected, will hold office until the 2005 annual meeting of shareholders, at which time they, or their successors, must be nominated for election as members of a single class of directors. Those directors currently referred to as Class II Directors, who were elected at the 2003 annual meeting of shareholders to hold office until the 2005 annual meeting of shareholders, will complete their terms at the 2005 annual meeting of shareholders, at which time they, or their successors, must be nominated for election as members of a single class of directors. Any director elected to fill any vacancy on the Board of Directors shall hold office for the remainder of the full term of the director whose position such newly elected director fills.

8.3. Any vacancy on the Board of Directors arising from the death, resignation, retirement, disqualification or removal from office of one or more directors may be filled by a majority of the Board of Directors then in office, although less than a quorum, or by a sole remaining director. At any time until August 1, 1995, the shareholders shall have the power by vote of the holders of 75% of the shares of stock then entitled to vote at any meeting expressly called for that purpose, to remove any director from office with or without cause; provided, however, that notwithstanding the foregoing, during the initial terms of office of the Class I and Class II Directors, no director shall be removed from office except for cause, cause being defined

solely as fraud, physical disability or mental incapacity. Any director elected to fill a vacancy shall have the same remaining term as that of his or her predecessor.

8.4. The method of nomination and conduct of the election of directors at the annual meeting of shareholders shall be prescribed in the By-Laws.

8.5. Notwithstanding any other provision of these Articles of Incorporation, until August 1, 1995, no amendment, alteration or repeal of this Article VIII shall be effective unless approved by the holders of shares of stock of the Corporation representing at least 75% of the votes entitled to be cast thereon at a meeting of the shareholders duly called for consideration of such amendment.

ARTICLE IX.

The private property of the stockholders shall not be subject to the payment of the corporate debts of the Corporation.

ARTICLE X.

The Corporation shall have and exercise all powers and rights conferred upon corporations by the General and Business Corporation Law of Missouri and any enlargement of such powers conferred by subsequent legislative acts; and, in addition thereto, the Corporation shall have and exercise all powers and rights, not otherwise denied corporations by the General and Business Corporation Law of Missouri, as are necessary, suitable, proper, convenient or expedient to the attainment of the purposes set forth in Article III above.

Except as may be otherwise specifically provided by statute, or the Articles of Incorporation or the By-laws of the Corporation, as from time to time amended, all powers of management, direction and control of the Corporation shall be, and hereby are, vested in the Board of Directors.

The By-laws of the Corporation may from time to time be altered, amended, suspended or repealed, or new By-laws may be adopted by a majority vote of the Board of Directors, subject to any and all restrictions imposed, or prohibitions provided, by the General and Business Corporation Law of Missouri.

The Board of Directors may designate an Executive Committee in the manner and subject to the limitations set forth in the By-laws of the Corporation.

The directors shall have power to hold their meetings and to keep the books (except any books required to be kept in the State of Missouri, pursuant to the laws thereof) at any place within or without the State of Missouri.

ARTICLE XI.

11.1. The Corporation may agree to the terms and conditions upon which any director or officer accepts his office or position and in its By-laws or by contract may agree to indemnify and protect each and all of such persons and any person who, at the request of the Corporation

served as a director or officer of another Corporation in which this Corporation owned stock against all costs and expenses reasonably incurred by any or all of them, and all liability imposed or threatened to be imposed upon any or all of them, by reason of or arising out of their or any of them being or having been a director or officer of this Corporation or of such other corporation; but any such By-law or contractual provision shall not be exclusive of any other right or rights of any such director or officer to be indemnified and protected against such costs and liabilities which he may otherwise possess.

11.2. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of this Corporation) by reason of the fact that he is or was a director, officer, employee or agent of this Corporation, or is or was serving at the request of this Corporation as a director, officer, employee, partner, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, taxes and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of this Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of this Corporation, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

11.3. This Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit by or in the right of this Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of this Corporation, or is or was serving at the request of this Corporation as a director, officer, employee, partner, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of this Corporation except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which the Court shall deem proper. Any indemnification under this Article XI (unless ordered by a Court) shall be made by this Corporation only as authorized in the specific instance upon a determination that indemnification of the director, officer, employee, partner, trustee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in this Article XI. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion,

or (3) by the shareholders. To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in this Article XI, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the action, suit, or proceeding.

11.4. Expenses incurred in defending any actual or threatened civil or criminal action, suit or proceeding may be paid by this Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific instance upon receipt of an undertaking by or on behalf of the director, officer, employee, partner, trustee or agent to repay such amount unless it shall be ultimately determined that he is entitled to be indemnified by the Corporation as authorized in this Article XI.

11.5. The indemnification provided by this Article XI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any By-law, agreement, vote of shareholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has caused to be a director, officer, employee, partner, trustee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

11.6. For the purposes of this Article XI, references to this "Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation so that any person who is or was a director, officer, employee, partner, trustee or agent of such a constituent corporation as a director, officer, employee, partner, trustee or agent of another enterprise shall stand in the same position under the provisions of this Article XI with respect to the resulting surviving corporation in the same capacity.

11.7. In the event any provision of this Article XI shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provisions of this Article XI and any other provisions of this Article XI shall be construed as if such invalid provisions had not been contained in this Article XI.

IN WITNESS WHEREOF, the undersigned, Timothy P. Taft, President, has executed this instrument and its Secretary has affixed its corporate seal hereto and attested said seal as of the 23rd day of June 2005.

(seal)

PIZZA INN, INC.

ATTEST:

/s/ Rod J. McDonald
Rod J. McDonald
Secretary

By: /s/ Timothy P. Taft
Timothy P. Taft
President

THE STATE OF TEXAS)
)
COUNTY OF DENTON)

I Sarah Davis Notary Public, do hereby certify that on this 23rd day of June 2005, personally appeared before me Timothy P. Taft, who, being by me first duly sworn, declared that he is the President of Pizza Inn, Inc. that he signed the foregoing document as President of the Corporation, and that the statements therein contained are true.

/s/ Sarah Davis
Notary Public, State of Texas

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF PIZZA INN, INC.**

(As amended on October 18, 2006)

This Charter identifies the purpose, composition, meeting requirements, committee responsibilities, annual evaluation procedures, investigations, and studies of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Pizza Inn, Inc., a Missouri corporation (the "Company").

I. PURPOSE

The Committee has been established to: (a) assist the Board in its oversight responsibilities regarding (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, and (3) the independent accountant's qualifications and independence; (b) prepare the report required by the United States Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement; (c) retain and terminate the Company's independent accountant; (d) approve audit and non-audit services to be performed by the independent accountant; and (e) perform such other functions as the Board may from time to time assign to the Committee. In performing its duties, the Committee shall seek to maintain an effective working relationship with the Board, the independent accountant, and management of the Company.

II. COMPOSITION

The Committee shall be composed of at least three, but not more than five, members (including a Chairperson), all of whom shall be "independent directors," as such term is defined by the Sarbanes-Oxley Act of 2002 ("Act"), and in the rules and regulations of the SEC and the Nasdaq stock exchange. The members of the Committee and the Chairperson shall be selected annually by the Board and serve at the pleasure of the Board. A Committee member (including the Chairperson) may be removed at any time, with or without cause, by the Board. No person may be made a member of the Committee if his or her service on the Committee would violate any restriction on service imposed by any rule or regulation of the SEC or any securities exchange or market on which shares of the common stock of the Company are traded. All members of the Committee shall have a working familiarity with basic finance and accounting practices and be able to read and understand financial statements at the time of their appointment. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant. The Chairperson will maintain regular liaison with the chief executive officer, chief financial officer, and the lead partner of the independent accountant.

Except for Board and Committee fees, a member of the Committee shall not be permitted to accept any fees paid directly or indirectly for services as a consultant, legal or financial advisor, or any other fees prohibited by the rules of the SEC and the Nasdaq stock exchange. In addition, members of the Committee shall not be an affiliated person (as defined by the Act, SEC, or Nasdaq) of the Company or any of its subsidiaries. Members of the Committee may receive his or her Board and Committee fees in cash, Company stock or options, or other in-kind consideration as determined by the Board or the Compensation Committee, as applicable, in addition to all other benefits that other directors of the Company receive.

III. MEETING REQUIREMENTS

The Committee shall meet as necessary to enable it to fulfill its responsibilities. The Committee shall meet at the call of its Chairperson, preferably in conjunction with regular Board meetings. The Committee may meet by telephone conference call or by any other means permitted by law or the Company's Bylaws. A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members. The Committee shall determine its own rules and procedures, including designation of a chairperson pro tempore, in the absence of the Chairperson, and designation of a secretary. The secretary need not be a member of the Committee and shall attend Committee meetings and prepare minutes. The Committee shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of the Company. Any member of the Board shall be provided with copies of such Committee minutes if requested.

The Committee may ask members of management, employees, outside counsel, the independent accountant, or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over Committee meetings, making Committee assignments, and reporting the Committee's actions to the Board from time to time (but at least once each year) as requested by the Board.

As part of its responsibilities to foster free and open communication, the Committee should meet periodically with management and the independent accountant in separate executive sessions to discuss any matters that the Committee or any of these groups believe should be discussed privately. In addition, the Committee, or at least its Chairperson, should meet with the independent accountant and management as necessary to review the Company's financial statements prior to their public release consistent with the provisions set forth below in Section IV. The Committee may also meet from time to time with the Company's investment bankers, investor relations professionals, and financial analysts who follow the Company.

IV. COMMITTEE RESPONSIBILITIES

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the Board and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. In carrying out these responsibilities, the Committee will:

A. Oversight of the Financial Reporting Process

1. In consultation with the independent accountant discuss the integrity and quality of the organization's financial reporting process, both internal and external.
 2. Consider the independent accountant's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting. Consider alternative accounting principles and estimates.
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3. Annually review major issues regarding the Company's accounting principles and practices and its presentation of financial statements, including the adequacy of internal controls and plans by management to address any material internal control deficiencies.
4. Discuss with management and legal counsel the status of pending litigation, taxation matters, compliance policies, and other areas of oversight applicable to the legal and compliance area as may be appropriate.
5. Meet at least annually with the chief financial officer and the independent accountant in separate executive sessions.
6. Review analyses prepared by management and the independent accountant of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any analysis of the effect of alternative methods under generally accepted accounting principles ("GAAP") on the Company's financial statements and a description of any transactions as to which management obtained Statement on Auditing Standards No. 50 letters.
7. Review with management and the independent accountant the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.

B. Review of Documents and Reports

1. Review and discuss with management the Company's annual audited financial statements and quarterly financial statements (including disclosures under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operation") and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent accountant, considering, as appropriate, whether the information contained in these documents is consistent with the information contained in the financial statements and whether the independent accountant and legal counsel are satisfied with the disclosure and content of such documents.
 2. Review and discuss with management and the independent accountant earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee need not discuss in advance each earnings release but should generally discuss the types of information to be disclosed and the type of presentation to be made in any earnings release or guidance.
 3. Review reports from management and the independent accountant on the Company's subsidiaries and affiliates, compliance with the Company's code(s) of conduct, applicable law, and insider and related party transactions.
 4. Review with management and the independent accountant any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
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5. Assist management in preparing and approving the report required by the rules of the SEC to be included in the Company's annual proxy statement.
6. Submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the Board.
7. Review the audited financial statements and discuss them with management and the independent accountant. These discussions shall include consideration of the quality of the Company's accounting principles as applied in its financial reporting, including review of audit adjustments, whether or not recorded, and any such other inquiries as may be appropriate. Based on the review, the Committee shall make its recommendation to the Board as to the inclusion of the Company's audited consolidated financial statements in the Company's annual report on Form 10-K.
8. Review any restatements of financial statements that have occurred or were recommended.

C. Independent Accountant Matters

1. Interview and retain the Company's independent accountant, consider the accounting firm's independence and effectiveness, and approve the engagement fee and other compensation to be paid to the independent accountant.
 2. On an annual basis, the Committee shall evaluate the independent accountant's qualifications, performance, and independence. To assist in this undertaking, the Committee may request that the independent accountant submit a report (which report shall be reviewed by the Committee) describing (a) the independent accountant's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the accounting firm or by any inquiry or investigations by government or professional authorities within the preceding five years respecting one or more independent audits carried out by the independent accountant, and any steps taken to deal with any such issues, and (c) all relationships the independent accountant has with the Company and relevant third parties to determine the independent accountant's independence. In making its determination, the Committee shall consider auditing, consulting, tax services, information technology services, and other professional services rendered by the independent accountant and its affiliates. The committee should also consider whether the provision of any of these non-audit services is compatible with the independence standards under the guidelines of the SEC and of the Independence Standards Board and shall pre-approve the retention of the independent accountant for any non-audit services.
 3. Review on an annual basis the experience and qualifications of the senior members of the audit team. Discuss the knowledge and experience of the independent accountant and the senior members of the audit team with respect to the Company's industry. The Committee shall ensure the regular rotation of the lead audit partner and audit review partner as required by law and consider whether there should be a periodic rotation of the Company's independent accountant.
 4. Review the performance of the independent accountant and approve any proposed discharge of the independent accountant when circumstances warrant.
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5. Establish and periodically review the Company's hiring policies for employees or former employees of the independent accountant to ensure that no conflicts exist by virtue of the Company's employment during the previous twelve months, in a senior management position, former employees of the independent auditor.
6. Review with the independent accountant any problems or difficulties the auditor may have encountered and any "management" or "internal control" letter provided by the independent accountant and the Company's response to that letter. Such review should include:
 - (a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information and any disagreements with management;
 - (b) any accounting adjustments that were proposed by the independent accountant that were not agreed to by the Company;
 - (c) communications between the independent accountant and its national office regarding any issues on which it was consulted by the audit team and matters of audit quality and consistency; and
 - (d) any changes required in the planned scope of the audit.
7. Communicate with the independent accountant regarding critical accounting policies and practices to be used in preparing the audit report, and such other matters as the SEC and the Nasdaq stock market may direct by rule or regulation.
8. Oversee the independent accountant relationship by discussing with the independent accountant the nature and rigor of the audit process, receiving and reviewing audit reports and ensuring that the independent accountant has full access to the Committee (and the Board) to report on any and all appropriate matters.
9. Following completion of the annual audit, review separately with each of management and the independent accountant any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information
10. Discuss with the independent accountant prior to the audit the general planning and staffing of the audit.
11. Obtain a representation from the independent accountant that Section 10A of the Securities Exchange Act of 1934 has been followed.
12. Discuss any matters required by Statement on Auditing Standards No. 61.

D. Internal Control Matters

1. Discuss with management policies with respect to risk assessment and risk management. Although it is management's duty to assess and manage the Company's exposure to risk, the Committee needs to discuss guidelines and policies
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to govern the process by which risk assessment and management is handled and review the steps management has taken to monitor and control the Company's risk exposure.

2. Establish regular and separate systems of reporting to the Committee by each of management and the independent accountant regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
3. Review with the independent accountant and management the extent to which changes or improvements in financial or accounting practices have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
4. Advise the Board about the Company's policies and procedures for compliance with applicable laws and regulations and the Company's code(s) of conduct.
5. Establish procedures for receiving accounting complaints and concerns and anonymous submissions from employees and others regarding questionable accounting matters.
6. Periodically discuss with the chief executive officer and chief financial officer (a) significant deficiencies in the design or operation of the internal controls that could adversely affect the Company's ability to record, process, summarize, and report financial data, and (b) any fraud that involves management or other employees who have a significant role in the Company's internal controls.
7. Take reasonable steps to ensure that no officer, director, or any person acting under their direction fraudulently influences, coerces, manipulates, or misleads the independent accountant for purposes of rendering the Company's financial statements materially misleading.
8. Review and approve all transactions between the Company and any related person that are required to be disclosed pursuant to Securities and Exchange Commission Regulation S-K, Item 404 ("Item 404"). "Related person" and "transactions" shall have the meanings given to such terms in Item 404, as amended from time to time.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent accountant.

V. ANNUAL EVALUATION PROCEDURES

The Committee shall annually assess its performance to confirm that it is meeting its responsibilities under this Charter. In the review, the Committee shall consider, among other things, (a) the appropriateness of the scope and content of this Charter, (b) the appropriateness of matters presented for information and approval, (c) the sufficiency of time for consideration of agenda items, (d) frequency and length of meetings, and (e) the quality of written materials and presentations. The Committee may recommend to the Board such changes to this Charter as the Committee deems appropriate. The

Committee may also evaluate its objectivity, knowledge of the Company's business, and judgment, as well as members' attendance, preparation, and participation in meetings.

VI. INVESTIGATIONS AND STUDIES

The Committee shall have the authority and sufficient funding to retain special legal, accounting or other consultants (without seeking Board approval) to advise the Committee. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities as described herein, and may retain, at the expense of the Company, independent counsel or other consultants necessary to assist the Committee in any such investigations or studies.

VII. MISCELLANEOUS

Nothing contained in the Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. This Charter, and any amendments thereto, shall be displayed on the Company's web site and a printed copy of such shall be made available to any shareholder of the Company who requests it.

Charter approved and adopted by the Audit Committee and approved by the Board of Directors on April 15, 2003, and amended by approval and adoption of the Audit Committee and approval of the Board of Directors on October 18, 2006.

/s/ Ramon D. Phillips

Ramon D. Phillips, Chairman

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to section 3.22 of the Sarbanes-Oxley Act of 2002

I, Timothy P. Taft certify that:

1. I have reviewed this amendment to Annual Report on Form 10-K of Pizza Inn, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2006

By: /s/ Timothy P. Taft
President and Chief Executive Officer
(Principal Executive Officer)
Director

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Clinton J. Coleman, certify that:

1. I have reviewed this amendment to Annual Report on Form 10-K of Pizza Inn, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2006

By: /s/ Clinton J. Coleman
Principal Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Pizza Inn, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The amendment to Annual Report on Form 10-K for the year ended June 25, 2006 (the "Form 10-K/A") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and the information contained in the Form 10-K/A fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-K/A.

Date: November 29, 2006

By: /s/ Timothy P. Taft

President and Chief Executive Officer
(Principal Executive Officer)
Director

The foregoing certification is being furnished as an exhibit to the Form 10-K/A pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-K/A for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Pizza Inn, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The amendment to Annual Report on Form 10-K for the year ended June 25, 2006 (the "Form 10-K/A") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and the information contained in the Form 10-K/A fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-K/A.

Date: November 29, 2006

By: /s/ Clinton J. Coleman
Principal Financial Officer

The foregoing certification is being furnished as an exhibit to the Form 10-K/A pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-K/A for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.