

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) NOVEMBER 30, 2005

PIZZA INN, INC.
(Exact name of registrant as specified in its charter)

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

3551 PLANO PARKWAY, THE COLONY, TEXAS 75056
(Address of principal executive offices) (Zip Code)

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

NOT APPLICABLE
(Former name or former address, if changed since last report)

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

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

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

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

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

ITEM 2.04 TRIGGERING EVENTS THAT ACCELERATE OR INCREASE A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AND OFF-BALANCE SHEET ARRANGEMENT

On October 19, 2005, Pizza Inn, Inc. ("Company") provided written notice to Wells Fargo Bank, N.A. ("Wells Fargo") that the Company believed it had failed to comply with certain financial ratio covenants contained in the Third Amended and Restated Loan Agreement between the Company and the Bank dated January 22, 2003 (as amended, the "Loan Agreement") as of the close of the Company's fiscal quarter on September 25, 2005. As a result, the Company believes an Event of Default (as defined in the Loan Agreement) exists.

Upon the occurrence of an Event of Default Wells Fargo may elect, among other remedies, to terminate the Revolving Credit Commitment under the Loan Agreement, or to declare all outstanding principal of and accrued and unpaid interest on the Company's obligations under the Loan Agreement immediately due and payable. On November 28, 2005 Wells Fargo notified the Company that as a result of the Event of Default Wells Fargo would continue to make Revolving Credit Loans (as defined in the Loan Agreement) to the Company in accordance with the terms of the Loan Agreement, provided that the aggregate principal amount of all such Revolving Credit Loans does not exceed \$3,000,000 at any one time.

Additionally, Wells Fargo notified the Company that the LIBOR rate margin and the Prime Rate Margin have been adjusted, effective as of October 1, 2005, according to the pricing rate grid set forth in the Loan Agreement.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(C) EXHIBITS.

EXHIBIT NO. DESCRIPTION OF EXHIBIT

99.1 November 22, 2005 letter from Wells Fargo Bank (furnished herewith and

incorporated herein by reference)

SIGNATURES

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

Pizza Inn, Inc.

Date: November 30, 2005

By: /s/ Shawn M. Preator
Shawn M. Preator, Chief Financial Officer

WELLS FARGO
November 22, 2005

Pizza Inn, Inc.
3551 Plano Parkway
The Colony, Texas 75056
Attention: Shawn M. Preator, Chief Financial Officer

Re: Third Amended and Restated Loan Agreement dated as of January 22, 2003,
by and between PIZZA INN, INC. ("Borrower") and WELLS FARGO BANK, NATIONAL

ASSOCIATION ("Lender"), as amended by First Amendment to Third Amended and

Restated Loan Agreement effective as of March 28, 2004, Second Amendment to
Third Amended and Restated Loan Agreement effective as of December 26, 2004, and
Third Amendment to Third Amended and Restated Loan Agreement effective as of
June 26, 2005 (said loan agreement as so amended is herein called the "Loan
Agreement"). All terms used herein and not otherwise defined herein shall have

the meanings given to them in the Loan Agreement.

This letter serves as notice to Borrower that Lender is in receipt of
Borrower's letter dated as of October 18, 2005 (the "Letter"), in which Borrower

acknowledges its default in the performance and/or observance of two financial
covenants in the Loan Agreement, each constituting an Event of Default under the
Loan Agreement. In the Letter, Borrower acknowledges the following two Events
of Default: (a) its failure to maintain a Fixed Charge Coverage Ratio greater
than 0.90% for the period from Closing through November 30, 2005 in accordance
with Section 12.1 of the Loan Agreement, and (b) its sustaining an aggregate net

loss in excess of \$200,000.0 for the fiscal quarter ending September 30, 2005 in
accordance with Section 12.3 of the Loan Agreement (collectively, the "Specified
Events of Default").

As a result of the Specified Events of Default, Lender has no obligation to
advance additional funds to Borrower. Notwithstanding the foregoing, so long as
no default or Event of Default (other than the Specified Events of Default)
occurs under the Loan Documents, Lender agrees to continue to make Revolving
Credit Loans to Borrower in accordance with the terms of the Loan Agreement
provided that the aggregate principal amount of all such Revolving Credit Loans
does not exceed \$3,000,000.00 at any one time.

Furthermore, this letter is to inform you that effective October 1, 2005, the
LIBOR Rate Margin is increased to 3.75% and the Prime Rate Margin is increased
to 1.75% based upon the Funded Debt Ratio being in excess of 5.50 to 1.

Please be advised that the notice given hereby is being made pursuant to the
terms and provisions of the Loan Documents and is not intended to and does not
constitute a waiver of any of the rights or remedies which Lender may have
pursuant to the Loan Documents. No failure to exercise and no delay in
exercising, on the part of Lender shall operate as a waiver of any rights which
Lender may have pursuant to the terms of the Loan Documents. Further, any
reference by the Lender of any defaults mentioned herein shall in no way
constitute, or be construed to be, a waiver of any other default which may now
exist or hereafter arise under the Loan Documents.

Notwithstanding any previous actions or inactions by the Lender to the contrary,
if any, you are hereby notified that Lender requires a strict compliance with
the terms and conditions of the Loan Documents and Lender does not in any manner
waive any rights or remedies available against Borrower pursuant to the Loan
Agreement, the other Loan Documents or applicable law.

Please be advised that no statement contained in this letter or any other
communication between Lender and Borrower shall be deemed a waiver of any
default then existing under the terms of the Loan Agreement or any other
Document. Lender expressly reserves any rights, privileges and remedies
available to it under the Loan Agreement and the other Loan Documents in
connection with any default referenced above, and no failure to exercise and no
delay on the part of Lender in exercising any right under the Loan Agreement or

any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof, or the exercise of any other right. No waiver of any provision of the Loan Agreement or any other Loan Document shall be effective unless the same shall be in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance to which it relates and for the purpose for which it is given. The rights provided for in the Loan Agreement and the other Loan Documents are cumulative and not intended to be exclusive of any other right given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Jay W. Denny
Name: Jay W. Denny
Title: Senior Vice President