SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 29, 2002.

[ ] 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 IN ITS CHARTER)

MISSOURI	47-0654575
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

3551 PLANO PARKWAY
THE COLONY, TEXAS 75056
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(469) 384-5000
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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 SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES [X] NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS FILED ALL DOCUMENTS AND REPORTS REQUIRED TO BE FILED BY SECTIONS 12, 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 SUBSEQUENT TO THE DISTRIBUTION OF SECURITIES UNDER A PLAN CONFIRMED BY A COURT. YES [X] NO

AT NOVEMBER 4, 2002, AN AGGREGATE OF 10,058,374 SHARES OF THE REGISTRANT'S COMMON STOCK, PAR VALUE OF $.01 EACH (BEING THE REGISTRANT'S ONLY CLASS OF COMMON STOCK), WERE OUTSTANDING.

PIZZA INN, INC.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

<TABLE>
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PIZZA INN, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	THREE MONTHS ENDED	
REVENUES:	SEPTEMBER 29, 2002	SEPTEMBER 23, 2001
<S>	<C>	<C>
Food and supply sales	$ 13,530	$ 15,164
Franchise revenue	1,302	1,380
Restaurant sales	467	574
Other income	62	190
	15,361	17,308
COSTS AND EXPENSES:		
Cost of sales	12,405	14,612
Franchise expenses	709	681
General and administrative expenses	1,558	1,002
Interest expense, net of capitalized interest of $0 and $73, respectively	229	119
	14,901	16,414
INCOME BEFORE INCOME TAXES	460	894
Provision for income taxes	157	304
NET INCOME	$ 303	$ 590
BASIC EARNINGS PER COMMON SHARE	$ 0.03	$ 0.06
DILUTED EARNINGS PER COMMON SHARE	$ 0.03	$ 0.06
DIVIDENDS DECLARED PER COMMON SHARE	$ -	$ -
WEIGHTED AVERAGE COMMON SHARES	10,058	10,187
WEIGHTED AVERAGE COMMON AND POTENTIAL DILUTIVE COMMON SHARES	10,058	10,199

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(IN THOUSANDS)

	THREE MONTHS ENDED	
	SEPTEMBER 29, 2002	SEPTEMBER 23, 2001
Net Income.	$ 303	$ 590
Interest rate swap loss (net of tax benefit of ($143) and ($104), respectively)	(277)	(203)
Comprehensive Income.	$ 26	$ 387

<FN>

See accompanying Notes to Consolidated Financial Statements.
</TABLE>

<TABLE>
<CAPTION>

PIZZA INN, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

ASSETS	SEPTEMBER 29, 2002	JUNE 30, 2002
<S>	<C>	<C>
(UNAUDITED)		
CURRENT ASSETS		
Cash and cash equivalents.	$ 202	$ 770
Accounts receivable, less allowance for doubtful accounts of $829 and $829, respectively.	3,882	3,867
Notes receivable, current portion, less allowance for doubtful accounts of $404 and $354, respectively	224	332
Inventories.	1,593	1,526
Deferred taxes, net.	953	1,297
Prepaid expenses and other	513	905
Total current assets	7,367	8,697
Property, plant and equipment, net	13,624	13,567
Property under capital leases, net	270	337
Deferred taxes, net.	1,677	1,347
Long-term notes receivable, less allowance for doubtful accounts of $20 and $20, respectively	160	191
Deposits and other	118	475
	$ 23,216	$ 24,614
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	$ 1,759	$ 1,527
Accrued expenses	2,262	2,529
Current portion of long-term debt.	1,656	1,656
Current portion of capital lease obligations	252	229
Total current liabilities.	5,929	5,941
LONG-TERM LIABILITIES		
Long-term debt	13,377	15,091
Long-term capital lease obligations.	39	136
Other long-term liabilities.	915	517
	20,260	21,685
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common Stock, $.01 par value; authorized 26,000,000 shares; issued 14,955,969 and 14,955,819 shares, respectively; outstanding 10,058,324 and 10,058,174 shares, respectively.	150	150
Additional paid-in capital	7,825	7,824
Loans to officers, less allowance for doubtful accounts of $1,750 and $1,750, respectively.	(575)	(575)
Retained earnings.	15,641	15,338
Accumulated other comprehensive loss	(601)	(324)
Treasury stock at cost Shares in treasury: 4,897,645 and 4,897,645, respectively. .	(19,484)	(19,484)
Total shareholders' equity	2,956	2,929

	$ 23,216	$ 24,614

<FN>

See accompanying Notes to Consolidated Financial Statements.
</TABLE>

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PIZZA INN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	THREE MONTHS ENDED	
	SEPTEMBER 29, 2002	SEPTEMBER 23, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net income	$ 303	$ 590
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization.	408	336
Provision for bad debt	50	50
Utilization of deferred taxes.	157	182
Changes in assets and liabilities:		
Notes and accounts receivable.	74	(214)
Inventories.	(67)	-
Accounts payable - trade	232	(318)
Accrued expenses	(267)	(170)
Prepaid expenses and other	486	409
CASH PROVIDED BY OPERATING ACTIVITIES.	1,376	865
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(156)	(2,501)
CASH USED FOR INVESTING ACTIVITIES	(156)	(2,501)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term bank debt.	-	2,784
Repayments of long-term bank debt and capital lease obligations, net	(1,788)	(756)
Purchases of treasury stock.	-	(496)
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(1,788)	1,532
Net decrease in cash and cash equivalents.	(568)	(104)
Cash and cash equivalents, beginning of period	770	540
Cash and cash equivalents, end of period	$ 202	$ 436

<FN>

See accompanying Notes to Consolidated Financial Statements.
</TABLE>

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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION
(IN THOUSANDS)
(UNAUDITED)

THREE MONTHS ENDED	
SEPTEMBER 29, 2002	SEPTEMBER 23, 2001

CASH PAYMENTS FOR:

<S>	<C>	<C>
Interest	$ 211	$ 203
Income taxes . .	-	25

<FN>

See accompanying Notes to Consolidated Financial Statements.
</TABLE>

PIZZA INN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) The accompanying consolidated financial statements of Pizza Inn, Inc. (the "Company") have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements have been omitted pursuant to such rules and regulations. The consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements in its Form 10-K for the fiscal year ended June 30, 2002. Certain prior year amounts have been reclassified to conform with current year presentation.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position and results of operations for the interim periods. All adjustments contained herein are of a normal recurring nature.

(2) The Company entered into an agreement effective December 21, 2001 with its current lender to extend the term of its existing $9.5 million revolving credit line through December 31, 2003, and to modify certain financial covenants. Interest on the revolving credit line is payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin from 1.0% to 0.0% or, at the Company's option, at the LIBOR rate plus 1.25% to 2.25%. The interest rate margin is based on the Company's performance under certain financial ratio tests. A 0.375% to 0.5% annual commitment fee is payable on any unused portion of the revolving credit line. As of September 29, 2002 and September 23, 2001, the Company's interest rates were 3.57% and 4.75%, respectively, using a LIBOR rate basis. Amounts outstanding under the revolving credit line as of September 29, 2002 and September 23, 2001 were $5.2 million and $7.9 million, respectively.

The Company entered into an agreement effective June 30, 2002 with its current lender to modify certain debt covenants. On October 22, 2002 the Company obtained a waiver letter from its current lender effective September 29, 2002 through December 1, 2002 addressing a breach of terms of the Company's current ratio covenant with its lender. The breach resulted from a decrease in current assets due to the utilization of the current portion of deferred taxes. The Company was in compliance with all other of its debt covenants as of September 29, 2002. The Company and the bank have agreed to amend this covenant prior to the end of its second quarter.

The Company entered into a term note effective March 31, 2000 with its current lender. The $5,000,000 term note had outstanding balances of $2.0 million and $3.2 million at September 29, 2002 and September 23, 2001, respectively, and requires monthly principal payments of $104,000 with the balance maturing on March 31, 2004. Interest on the term loan is also payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin of 0.75% or, at the Company's option, at the LIBOR rate plus 1.5%. As of September 29, 2002 and September 23, 2001, the Company's interest rates were 3.3125% and 5.0%, respectively.

The Company entered into an agreement effective December 28, 2000, as amended, with its current lender to provide up to $8.125 million of financing for the construction of the Company's new headquarters, training center and distribution facility. The construction loan converted to a term loan effective January 31, 2002 with the unpaid principal balance to mature on December 28, 2007. This term loan will amortize over a term of twenty years, with principal payments of $34,000 due monthly. Interest on this term loan is also payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin of 0.75% or, at the Company's option, to the LIBOR rate plus 1.5%. As of September 29, 2002 and September 23, 2001, the Company's interest rates were 3.34% and 5.0%, respectively. The Company, to fulfill bank requirements, has caused the outstanding principal amount to be subject to a fixed interest rate by utilizing an interest rate swap agreement as discussed below. The $8.125 million term loan had an outstanding balance of $7.9 million at September 29, 2002 and $3.2 million at September 23, 2001.

(3) The Company entered into an interest rate swap effective February 27, 2001, as amended, designated as a cash flow hedge, to manage interest rate risk relating to the financing of the construction of the Company's new headquarters and to fulfill bank requirements. The swap agreement has a notional principal amount of $8.125 million with a fixed pay rate of 5.84% which began November 1, 2001 and will end November 19, 2007. The swap's notional amount amortizes over a term of twenty years to parallel the terms of the term loan. SFAS No. 133,

"Accounting for Derivative Instruments and Hedging Activities" requires that for cash flow hedges, which hedge the exposure to variable cash flow of a forecasted transaction, the effective portion of the derivative's gain or loss be initially reported as a component of other comprehensive income in the equity section of the balance sheet and subsequently reclassified into earnings when the forecasted transaction affects earnings. Any ineffective portion of the derivative's gain or loss is reported in earnings immediately. At September 29, 2002 there was no hedge ineffectiveness. The Company's expectation is that the hedging relationship will continue to be highly effective at achieving offsetting changes in cash flows.

(4) On April 30, 1998, Mid-South Pizza Development, Inc., an area developer of the Company ("Mid-South") entered into a promissory note whereby, among other things, Mid-South borrowed $1,330,000 from a third party lender (the "Loan"). The proceeds of the Loan, less transaction costs, were used by Mid-South to purchase area developer rights from the Company for certain counties in Kentucky and Tennessee. As of September 29, 2002 the outstanding principal balance of this loan was approximately $807,000. As part of the terms and conditions of the Loan, the Company was required to guaranty the obligations of Mid-South under the Loan. In the event such guaranty ever required payment, the Company has personal guarantees from certain Mid-South principals and a security interest in certain personal property. In the event the personal guarantees and security interest pledged do not sufficiently fulfill the obligation, the Company would assume the obligation. As of this date, the obligation could be fully offset by the assumption of the area development rights which are currently pledged to Mid-South's third party lender.

(5) On January 18, 2002 the Company was served with a lawsuit filed by Blakely-Witt & Associates, Inc. alleging Pizza Inn sent or caused to be sent unsolicited facsimile advertisements. The plaintiff has requested this matter be certified as a class action. We plan to vigorously defend our position in this litigation. We cannot assure you that we will prevail in this lawsuit and our defense could be costly and consume the time of our management. We are unable to predict the outcome of this case. However, an adverse resolution of this matter could materially affect our financial position and results of operations.

(6) The following table shows the reconciliation of the numerator and denominator of the basic EPS calculation to the numerator and denominator of the diluted EPS calculation (in thousands, except per share amounts).

<TABLE>
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<S>	INCOME (NUMERATOR) <C>	SHARES (DENOMINATOR) <C>	PER SHARE AMOUNT <C>
THREE MONTHS ENDED SEPTEMBER 29, 2002			
BASIC EPS			
Income Available to Common Shareholders . . .	$ 303	10,058	$ 0.03
Effect of Dilutive Securities - Stock Options		-	
DILUTED EPS			
Income Available to Common Shareholders & Assumed Conversions	$ 303	10,058	$ 0.03
THREE MONTHS ENDED SEPTEMBER 23, 2001			
BASIC EPS			
Income Available to Common Shareholders . . .	$ 590	10,187	$ 0.06
Effect of Dilutive Securities - Stock Options		12	
DILUTED EPS			

Income Available to Common Shareholders & Assumed Conversions	$ 590	10,199	$ 0.06

</TABLE>

(7) Summarized in the following tables are net sales and operating revenues, operating profit, and geographic information (revenues) for the Company's reportable segments for the three month periods ended September 29, 2002 and September 23, 2001.

<TABLE>
<CAPTION>

(In thousands)	SEPTEMBER 29, 2002	SEPTEMBER 23, 2001
NET SALES AND OPERATING REVENUES:		
Food and Equipment Distribution . .	$ 13,530	$ 15,164
Franchise and Other	1,769	1,954
Intersegment revenues	175	224
Combined.	15,474	17,342
Other revenues.	62	190
Less intersegment revenues.	(175)	(224)
Consolidated revenues	15,361	17,308
OPERATING PROFIT:		
Food and Equipment Distribution (1)	$ 744	$ 483
Franchise and Other (1)	600	810
Intersegment profit	54	59
Combined.	1,398	1,352
Other profit.	62	155
Less intersegment profit.	(54)	(59)
Corporate administration and other.	(946)	(554)
Income before taxes	460	894
GEOGRAPHIC INFORMATION (REVENUES):		
United States	$ 15,168	$ 17,195
Foreign countries	193	113
Consolidated total.	15,361	17,308

<FN>

(1) Does not include full allocation of corporate administration
</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Quarter ended September 29, 2002 compared to the quarter ended September 23, 2001.

Diluted earnings per share for the quarter were $0.03 versus $0.06 for the same period last year. Net income for the quarter decreased 49% to $303,000 from $590,000 for the same quarter last year. Severance-related charges of approximately $415,000, in connection with the departure of the Company's former Chief Executive Officer, C. Jeffery Rogers, including legal and accounting fees, adversely affected earnings for the quarter. The above-described severance-related charges had an after-tax effect of $0.03 cents per share.

Food and supply sales by the Company's Norco division include food and paper products, equipment, marketing material, and other distribution revenues. Food and supply sales for the quarter decreased 11% to $13,530,000 from $15,164,000 compared to the same period last year. Overall lower retail sales combined with a greater than 23% decrease in the sales price of cheese contributed to the decrease in food and supply sales.

Franchise revenue, which includes income from royalties, license fees and area development and foreign master license (collectively, "Territory") sales, decreased 6% or $78,000 for the quarter compared to the same period last year.

This decrease is primarily due to lower domestic and international royalties as a result of lower overall retail sales.

Restaurant sales, which consist of revenue generated by Company-owned training stores decreased 19% or $107,000 for the quarter, compared to the same period of the prior year. This is a result of the closing of the delco unit during the first week of September in the prior year combined with lower comparable sales at the two full service units.

Other income consists primarily of interest income and non-recurring revenue items. Other income decreased 67% or $128,000 due to lower vendor incentives.

Cost of sales decreased 15% or $2,207,000 for the quarter. Cost of sales, as a percentage of sales, decreased to 89% from 93% for the same quarter last year. The decrease is due primarily to lower cheese prices as compared to the same period last year.

Franchise expenses include selling, general and administrative expenses directly related to the sale and continuing service of franchises and Territories. These costs increased 4% or $28,000 for the quarter compared to the same period last year primarily due to increased advertising expenses.

General and administrative expenses increased 55% or $556,000 for the quarter compared to the same period last year. This is primarily the result of severance-related charges, including legal and accounting fees, of approximately $415,000, in connection with the departure of the Company's former Chief Executive Officer, C. Jeffery Rogers.

Interest expense increased 92% or $110,000 for the quarter compared to the same period of the prior year. Lower interest rates in the current year were offset by a higher debt balance in the current year and capitalized interest of approximately $73,000 used in construction of the new corporate headquarters in the prior year.

Provision for income taxes decreased 48% or $147,000 in the current year due to lower income. The effective tax rate was 34% for both quarters.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations totaled $1,376,000 during the first three months of fiscal 2003 and was utilized, in conjunction with a portion of its cash balance, primarily to pay down debt.

Capital expenditures of $156,000 during the first three months consist primarily of upgrading the distribution and inventory software.

Management believes that future operations will generate sufficient taxable income, along with the reversal of temporary differences, to fully realize the deferred tax asset, net of a valuation allowance of $225,000 primarily related to the potential expiration of certain foreign tax credit carryforwards. Additionally, management believes that taxable income based on the Company's existing franchise base should be more than sufficient to enable the Company to realize its net deferred tax asset without reliance on material, non-routine income.

The Company entered into an agreement effective December 21, 2001 with its current lender to extend the term of its existing $9.5 million revolving credit line through December 31, 2003, and to modify certain financial covenants. Interest on the revolving credit line is payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin from 1.0% to 0.0% or, at the Company's option, at the LIBOR rate plus 1.25% to 2.25%. The interest rate margin is based on the Company's performance under certain financial ratio tests. A 0.375% to 0.5% annual commitment fee is payable on any unused portion of the revolving credit line. As of September 29, 2002 and September 23, 2001, the Company's interest rates were 3.57% and 4.75%, respectively, using a LIBOR rate basis. Amounts outstanding under the revolving credit line for the periods ending September 29, 2002 and September 23, 2001 were $5.2 million and $7.9 million, respectively.

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CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following chart summarizes all of the Company's material obligations and commitments to make future payments under contracts such as debt and lease agreements as of September 29, 2002 (in thousands):

<TABLE>
<CAPTION>

<S>	<C> Total .	<C> Less Than 1 Year	<C> 1-3 Years	<C> 4-5 Years	<C> After 5 Years
Long-term debt.	$15,033	$1,656	$ 6,742	$ 812	$5,823
Operating lease obligations (1) . .	4,291	1,237	2,630	424	-

Capital lease obligations (2) . . .	291	252	29	10	-
Total contractual cash obligations.	$19,615	$3,145	$ 9,401	$1,246	$5,823

</TABLE>

(1) Includes a lease dated March 21, 2002 the Company entered into for new tractors. Per the terms of the lease the obligations begin upon receipt of the tractors which is estimated to be October 2002. The above table reflects the obligations beginning at that time.

(2) Does not include amount representing interest.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis is based on the Company's consolidated financial statements and related footnotes contained within this report. The Company's more critical accounting policies used in the preparation of those consolidated financial statements are discussed below.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates made by management include the allowance for doubtful accounts, inventory valuation, deferred tax asset valuation allowances, and legal accruals. Actual results could differ from those estimates.

The Company's Norco division sells food, supplies and equipment to franchisees on trade accounts under terms common in the industry. Revenue from such sales is recognized upon shipment. Norco sales are reflected under the caption "food and supply sales." Shipping and handling costs billed to customers are recognized as revenue.

Franchise revenue consists of income from license fees, royalties, and Territory sales. License fees are recognized as income when there has been substantial performance of the agreement by both the franchisee and the Company, generally at the time the unit is opened. Royalties are recognized as income when earned.

Territory sales are the fees paid by selected experienced restaurant operators to the Company for the right to develop Pizza Inn restaurants in specific geographical territories. When the Company has no continuing substantive obligations of performance to the area developer or master licensee regarding the fee, the Company recognizes the fee to the extent of cash received. If continuing obligations exist, fees are recognized ratably during the performance of those obligations.

Inventories, which consist primarily of food, paper products, supplies and equipment located at the Company's distribution center, are stated at the lower of FIFO (first-in, first-out) cost or market. Provision is made for obsolete inventories and is based upon management's assessment of the market conditions for its products.

Accounts receivable consist primarily of receivables from food and supply sales and franchise royalties. The Company records a provision for doubtful receivables to allow for any amounts which may be unrecoverable and is based upon an analysis of the Company's prior collection experience, customer creditworthiness, and current economic trends.

Notes receivable primarily consist of notes from franchisees for the purchase of area development and master license territories and trade receivables. These notes generally have terms ranging from one to five years and interest rates of 8% to 12%. The Company records a provision for doubtful receivables to allow for any amounts which may be unrecoverable and is based upon an analysis of the Company's prior collection experience, customer creditworthiness, and current economic trends.

The Company has recorded a valuation allowance to reflect the estimated amount of deferred tax assets that may not be realized based upon the Company's analysis of existing tax credits by jurisdiction and expectations of the Company's ability to utilize these tax attributes through a review of estimated future taxable income and establishment of tax strategies. These estimates could be impacted by changes in future taxable income and the results of tax strategies.

FORWARD-LOOKING STATEMENT

This report contains certain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) relating to the Company that are based on the beliefs of the management of the Company, as well as assumptions and estimates made by and information currently available to the Company's management. When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to the Company or the Company's management, identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions relating to the operations and results of operations of the Company as well as its customers and suppliers, including as a result of competitive factors and pricing pressures, shifts in market demand, general economic conditions and other factors including but not limited to, changes in demand for Pizza Inn products or franchises, the impact of competitors' actions, changes in prices or supplies of food ingredients, and restrictions on international trade and business. Should one or more of these risks or uncertainties materialize, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has market risk exposure arising from changes in interest rates. The Company's earnings are affected by changes in short-term interest rates as a result of borrowings under its credit facilities which bear interest based on floating rates.

At September 29, 2002 the Company has approximately $15 million of variable rate debt obligations outstanding with a weighted average interest rate of 3.41%. A hypothetical 10% change in the effective interest rate for these borrowings, assuming debt levels at September 29, 2002, would change interest expense by approximately $14,000.

ITEM 4. CONTROLS AND PROCEDURES

a) Evaluation of disclosure controls and procedures. Based on their evaluation as of a date within 90 days of the filing date of this Quarterly Report on Form 10-Q, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act") are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

b) Changes in internal controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On January 18, 2002, the Company was served with a lawsuit filed by Blakely-Witt & Associates, Inc. in the District Court, L-193rd Judicial District, Dallas County, Texas (Cause No. 01-11043). The suit alleges Pizza Inn sent or caused to be sent unsolicited facsimile advertisements to plaintiff and others in violation of (i) 47 U.S.C. Section 227(b)(1)(C) and (b)(3), the Telephone Consumer Protection Act, and (ii) Texas Business and Commerce Code Section 35.47. The plaintiff has requested this matter be certified as a class action. We plan to vigorously defend our position in this litigation. We cannot assure you that we will prevail in this lawsuit and our defense could be costly and consume the time of our management. We are unable to predict the outcome of this case. However, an adverse resolution of this matter could materially affect our financial position and results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

10.1 Waiver letter from Wells Fargo Bank (Texas), N.A. dated October 22, 2002 but effective September 29, 2002.

99.1 Certification of Chief Executive Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification of Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Form 8-K filed under Item 5 - other events

On October 9, 2002 the Company filed a report on Form 8-K, amending the Company's Amended and Restated By-Laws eliminating cumulative voting for the election of directors.

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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 thereunto duly authorized.

PIZZA INN, INC.
Registrant

By: /s/Ronald W. Parker
Ronald W. Parker
President and Chief Executive Officer

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

Dated: November 12, 2002

CERTIFICATION

I, Ronald W. Parker, Chief Executive Officer of Pizza Inn, Inc. certify that:

1. I have reviewed the quarterly report on Form 10-Q of Pizza Inn, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. Designed such disclosure controls and procedures 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 quarterly report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 12, 2002

By: /s/Ronald W. Parker

Ronald W. Parker
President and Chief Executive Officer

CERTIFICATION

I, Shawn M. Preator, Chief Financial Officer of Pizza Inn, Inc. certify that:

1. I have reviewed the quarterly report on Form 10-Q of Pizza Inn, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. Designed such disclosure controls and procedures 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 quarterly report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this

quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 12, 2002

By: /s/Shawn M. Preator

Shawn M. Preator
Chief Financial Officer

October 22, 2002

Ronald Parker
Pizza Inn, Inc.
3551 Plano Parkway
The Colony, Texas 75056

Dear Ronald Parker:

We have learned of the following breaches of the terms of your Loan Agreement with WELLS FARGO BANK TEXAS, NATIONAL ASSOCIATION ("Bank") dated as of March 31, 2000 (the "Agreement"):

1. Section 12.1 Current Ratio

Subject to the terms and conditions set forth herein, Bank has decided to waive its default rights with respect to these breaches for the dates ended September 29, 2002, through the period ending on or about November 30,2002. Prior to the maturity of this waiver, Bank anticipates working on the renewal of the Loan Agreement with Borrower. This waiver applies only to the specific instances described above. It is not a waiver of any subsequent breach of the same provisions of the Agreement, nor is it a waiver of any breach of any other provision of the Agreement.

Except as expressly stated in this letter, Bank reserves all of the rights, powers and remedies available to Bank under the Agreement and any other contracts or instruments signed by you, including the right to cease making advances to you and the right to accelerate any of your indebtedness, or if any subsequent breach of the same provisions or any other provision of the Agreement should occur.

Sincerely,

WELLS FARGO BANK TEXAS,
NATIONAL ASSOCIATION

/s/ Austin D. Nettle
By: Austin D. Nettle
Title: Vice President

Exhibit 99.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pizza Inn, Inc. ("the Company") on Form 10-Q for the period ending September 29, 2002 as filed with Securities and Exchange Commission on the date hereof ("the Report"), I, Ronald W. Parker, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. I have reviewed this quarterly report on Form 10-Q of the Company;

3. Based on my knowledge, this quarterly 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 quarterly report;

4. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report.

November 12, 2002

/s/ Ronald W. Parker

Ronald W. Parker
President and Chief Executive Officer

Exhibit 99.2

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pizza Inn, Inc. ("the Company") on Form 10-Q for the period ending September 29, 2002 as filed with the Securities and Exchange Commission on the date hereof ("the Report"), I, Shawn M. Preator, Chief Financial Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. I have reviewed this quarterly report on Form 10-Q of the Company;

3. Based on my knowledge, this quarterly 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 quarterly report;

4. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report.

November 12, 2002

/s/ Shawn M. Preator

Shawn M. Preator
Chief Financial Officer