
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 9, 2006

Pizza Inn, Inc.

(Exact name of registrant as specified in its charter)

Missouri

(State or other jurisdiction of incorporation)

0-12919

(Commission File Number)

47-0654575

(IRS Employer Identification No.)

3551 Plano Parkway, The Colony, Texas

(Address of principal executive offices)

75056

(Zip Code)

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

Not Applicable

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

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

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

On November 9, 2006, Pizza Inn, Inc. (the “Company”) received a staff delinquency notice from the Nasdaq Stock Exchange, LLP (“Nasdaq”) stating that, based upon information disclosed in the Company’s Form 10-Q for the period ended September 24, 2006, the Company fails to comply with the minimum shareholders’ equity, minimum market value of listed securities, and minimum net income requirements for continued listing on The Nasdaq Capital Market, as set forth in Marketplace Rule 4310(c)(2)(B).

If the Company does not provide Nasdaq, on or before November 24, 2006, with a specific plan to achieve and maintain compliance with at least one of the three listing requirements, or if Nasdaq determines that a plan submitted by the Company does not adequately address the deficiencies noted, the Company’s securities will thereafter be delisted. There can be no assurance that the Company will be able to cure its noncompliance by achieving or sustaining these requirements, and as a result the Company may not be able to maintain its Nasdaq listing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Exhibit
99.1	NASDAQ Notice Letter, dated November 9, 2006 (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 15, 2006

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



THE NASDAQ STOCK MARKET
LISTING QUALIFICATIONS DEPARTMENT
9600 BLACKWELL ROAD
ROCKVILLE MD 20850

By Facsimile and First Class Mail

November 9, 2006

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

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

Dear Mr. McDonald:

Based on the Form 10-Q for the period ended September 24, 2006, Staff determined that the Company's stockholders' equity was \$2,459,000. In addition, as of November, Staff determined that the market value of listed securities was \$18,756,214.¹ Finally, the Company reported net income/(loss) from continuing operations of \$(5,989,000), \$204,000, and \$2,243,000, in its annual filings for the years ended June 25, 2006, June 26, 2005, and June 27, 2004, respectively. Accordingly, the Company does not comply with Marketplace Rule 4310(c)(2)(B), which requires the Company to have a minimum of \$2,500,000 in stockholders' equity or \$35,000,000 market value of listed securities or \$500,000 of net income from continuing operations for the most recently completed fiscal year or two of the three most recently completed fiscal years.

Under these circumstances, Staff is reviewing the Company's eligibility for continued listing on The Nasdaq Capital Market. To facilitate this review, please provide, on or before November 24, 2006, the Company's specific plan to achieve and sustain compliance with all The Nasdaq Capital Market listing requirements, including the time frame for completion of the plan.² The Company is encouraged to provide any relevant documentation, including but not limited to financial projections, agreements, offering circulars, letters of intent and contracts. Staff will contact the Company after reviewing the plan and notify you if we have any questions or concerns regarding the plan. If, after the conclusion of our review process, Staff determines that the Company's plan does not adequately address the issues noted, we will provide written notification that its securities will be delisted. At that time, the Company may appeal Staff's decision to a Nasdaq Listing Qualifications Panel.

¹ Listed securities means securities quoted on Nasdaq or listed on a national securities exchange. The calculation is based on 10,138,494 shares outstanding as of November 1, 2006 multiplied by the closing inside bid price of \$1.85.

² In a case where an issuer fails to comply with the requirement of Rules 4310(c)(2)(B)(iii), 4320(e)(2)(B)(iii), or 4450(b)(1)(B), the Listings Qualifications Department shall not accept a plan to achieve compliance with those requirements in the future, since compliance requires stated levels of net income or assets and revenues during completed fiscal years and therefore can only be demonstrated through audited financial statements. Similarly, an issuer may not submit a plan relying on partial-year performance to demonstrate compliance with these standards.

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Marketplace Rule 4803(a) requires that the Company, as promptly as possible but no later than four business days from the receipt of this letter, make a public announcement through the news media which discloses receipt of this letter and the Nasdaq rules upon which it is based.³ The Company must provide a copy of this announcement to Nasdaq's MarketWatch Department, the Listing Qualifications Department, and the Listing Qualifications Hearings Department (the "Hearings Department") at least 10 minutes prior to its public dissemination.⁴ For your convenience, we have enclosed a list of news services.⁵

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

Please be advised that Marketplace Rule 4803(a) does not relieve the Company of its disclosure obligation under the federal securities laws. In that regard, Item 3.01 of Form 8-K requires disclosure of the receipt of this notification within four business days.⁶ Accordingly, the Company should consult with counsel regarding its disclosure and other obligations mandated by law.

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

³ Nasdaq cannot render advice to the Company with respect to the format or content of the public announcement. The following is provided only as a guide that should be modified following consultation with securities counsel: the Company received a Nasdaq Staff Deficiency Letter on (DATE OF RECEIPT OF STAFF DEFICIENCY LETTER) indicating that the Company fails to comply with the (STOCKHOLDERS' EQUITY, MINIMUM BID PRICE, MARKET VALUE OF PUBLICLY HELD SHARES, etc.) requirement(s) for continued listing set forth in Marketplace Rule(s) _

⁴ This notice should be provided to the attention of Nasdaq's Market Watch Department (telephone: 301/978-8500; facsimile: 301/978-8510), and to Nasdaq's Listing Qualifications Department (facsimile: 301/978-4028) and the Hearings Department (telephone: 301/978-8071; facsimile: 301/978-8080), 9600 Blackwell Road, Rockville, Maryland 20850.

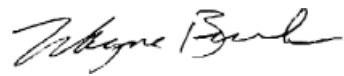
⁵ The Company must ensure that the full text of the required announcement is disseminated publicly. The Company has not satisfied this requirement if the announcement is published as a headline only or if the news service determines not to publish the full text of the story.

⁶ See, SEC Release No. 34-49424.

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If you have any questions, please contact me at (301) 978-8034.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Wayne Bush". The signature is fluid and cursive, with a prominent initial "W" and a stylized "B".

W. Wayne Bush, CFA
Lead Analyst
Nasdaq Listing Qualification

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