

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 December 24, 1995.

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 (I.R.S. Employer
incorporation or organization) Identification No.)

5050 Quorum Drive
Suite 500
Dallas, Texas 75240
(Address of principal executive offices,
including zip code)

(214) 701-9955
(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 than 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 December 24, 1995, an aggregate of 13,221,876 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 I. FINANCIAL INFORMATION

Item 1. Financial Statements

PIZZA INN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	December 24, 1995	December 25, 1994	December 24, 1995	December 25, 1994
REVENUES:				
Food and supply sales	\$ 14,207	\$ 12,722	\$ 27,782	\$ 25,644
Franchise revenue	1,839	1,675	3,622	3,423
Restaurant sales	753	739	1,478	1,608
Other	95	33	164	77
	16,894	15,169	33,046	30,752
COSTS AND EXPENSES:				
Cost of sales	13,202	12,011	25,873	24,331
Franchise expenses	685	598	1,386	1,336
General and administrative expenses	1,312	1,169	2,625	2,519
Non-recurring gain	-	(531)	-	(531)
Interest	218	350	483	707
	15,417	13,597	30,367	28,362
INCOME BEFORE INCOME TAXES				
Provision for income taxes	1,477	1,572	2,679	2,390
NET INCOME	\$ 975	\$ 1,037	\$ 1,768	\$ 1,577
NET INCOME PER COMMON SHARE				
	\$ 0.07	\$ 0.07	\$ 0.13	\$ 0.11

See accompanying Notes to Condensed Consolidated Financial Statements

PIZZA INN, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 24, 1995	June 25, 1995
ASSETS	(Unaudited)	

CURRENT ASSETS

Cash and cash equivalents	\$	795	\$	1,672
Restricted cash and short-term investments (including \$230 pledged as collateral for certain letters of credit)		356		353
Notes and accounts receivable, less allowance for doubtful accounts of \$1,087 and \$1,119, respectively		5,754		5,109
Inventories		1,970		1,590
Prepaid expenses and other		509		590
Net assets held for sale		139		243
Total current assets		9,523		9,557
PROPERTY, PLANT AND EQUIPMENT, net		1,878		1,722
PROPERTY UNDER CAPITAL LEASES, net		691		747
DEFERRED TAXES, net		11,724		12,582
OTHER ASSETS				
Long-term notes and accounts receivable, less allowance for doubtful accounts of \$144 and \$199 respectively		490		690
Deposits and other		506		505
	\$	24,812	\$	25,803
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Current portion of long-term debt	\$	2,000	\$	1,995
Current portion of capital lease obligations		64		71
Accounts payable - trade		1,718		1,184
Accrued expenses		3,444		2,808
Total current liabilities		7,226		6,058
LONG-TERM LIABILITIES				
Long-term debt		7,910		10,393
Long-term capital lease obligations		617		646
Other long-term liabilities		1,195		1,304
SHAREHOLDERS' EQUITY				
Common Stock, \$.01 par value; authorized 26,000,000 shares; outstanding 13,221,876 and 13,526,970 shares, respectively (after deducting shares in treasury: December 24 - 896,992; June 25 - 418,898)		132		135
Additional paid-in capital		3,531		3,974
Retained earnings		4,201		3,293
Total shareholders' equity		7,864		7,402
	\$	24,812	\$	25,803

See accompanying Notes to Condensed Consolidated Financial Statements

PIZZA INN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

Six Months Ended
December 24, December 25,

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$	1,768	\$	1,577
Add non-cash items		1,151		479
Changes in assets and liabilities:				
Accounts and notes receivable		(445)		(99)
Inventories		(380)		(388)
Accounts payable - trade		534		73
Accrued expenses		(100)		(268)
Deferred income		603		(622)
Other - net		107		(184)
Cash provided by operating activities		3,238		568

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property, plant and equipment		(378)		(670)
Proceeds from sales of assets		83		83
Cash used for investing activities		(295)		(587)

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayments of long-term debt and capital lease obligations		(2,514)		(890)
Proceeds from exercise of stock options		213		146
Purchases of treasury stock		(1,519)		-
Cash used for financing activities		(3,820)		(744)

Net decrease in cash and cash equivalents		(877)		(763)
Cash and cash equivalents, beginning of period		1,672		2,924
Cash and cash equivalents, end of period	\$	795	\$	2,161

SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

CASH PAYMENTS FOR:

Interest	\$	504	\$	732
Income taxes		25		40

NONCASH FINANCING AND INVESTING ACTIVITIES:

Notes received upon sale of area development territories		-		511
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See accompanying Notes to Condensed Consolidated Financial Statements

PIZZA INN, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

- (1) The accompanying condensed 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 condensed or omitted pursuant to such rules and regulations. The condensed consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements in its Form 10-K/A for the fiscal year ended June 25, 1995.

In the opinion of management, the accompanying unaudited

condensed 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. Certain prior year amounts have been reclassified to conform to current year presentation.

- (2) For the three and six months ended December 24, 1995, common stock equivalents were 894,996 and 755,276, respectively, and the total weighted average number of shares considered to be outstanding were 14,199,864 and 14,129,490, respectively. For the three and six months ended December 25, 1994, common stock equivalents were 395,335 and 420,510, respectively, and the total weighted average number of shares considered to be outstanding were 14,333,122 and 14,345,946, respectively.
- (3) On June 30, 1995, the Company purchased 262,094 shares of its own common stock from a former lender for a cash price of \$596,285. In addition, during the six months ended December 24, 1995, the Company purchased 216,000 of its own shares in the open market. The total purchase price for these shares was \$922,312. These reacquired shares are held as treasury stock and will be retired at the earliest opportunity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Quarter and six months ended December 24, 1995 compared to the quarter and six months ended December 25, 1994.

Net income for the second quarter of the current fiscal year was \$975,000 or \$.07 per share compared to \$1,037,000 or \$.07 per share for the same quarter last year. However, last year's second quarter included a non-recurring gain of \$350,000 or \$.02 per share net of tax, related to the resolution of certain property and sales tax liabilities. Excluding this gain from last year, net income rose 42% for the current quarter and earnings per share increased to \$.07 from \$.05. For the six months ended December 24, 1995, net income increased 12%. Excluding the non-recurring gain, net income increased 44% and earnings per share rose to \$.13 from \$.09 for the six month period.

Food and supply sales from the Company's distribution division increased 12% for the quarter and 8% for the six month period, compared to the same periods last year. This resulted from growth in retail sales, combined with increased market share on sales of non-proprietary food ingredients and equipment.

Franchise revenue, which includes income from royalties, franchise fees and area development sales, increased 10% for the quarter and 6% for the six month period. This was primarily due to increased royalties as a result of systemwide sales growth and store expansion, as well as additional revenue from area development sales in the current year. Area development sales for the current year include revenue from the sale of area development rights for sections of North Carolina and South Carolina.

Other revenue consists primarily of interest income and non-recurring revenue items. The current quarter includes a favorable lawsuit settlement, which resulted in an increase in other revenue for both current year periods.

Cost of sales increased 10% and 6% for the quarter and six month periods, respectively, as a result of the growth in food and supply sales to the Company's franchisees. As a percentage of food and supply sales, the distribution component of cost of sales is lower during both current year periods as a result of cost efficiencies achieved through fleet modernization and increased labor productivity, as well as improved buying power through volume purchasing.

Franchise expenses increased 15% and 4% for the quarter and six month periods due to investments in additional franchisee training and support personnel.

General and administrative expenses increased 12% and 4% for the quarter and six months, respectively. This is primarily due to the

implementation of a new computer system, which resulted in additional insurance, programming and support costs.

During the second quarter of the prior year, certain sales and property tax liabilities were settled for amounts lower than previously estimated. A non-recurring gain of \$531,000 reflects the adjustment of the excess tax accrual. The after-tax effect of this adjustment on prior year net income was an increase of \$350,000 or \$.02 per share.

Interest expense decreased 38% and 32% for the quarter and six months, respectively, due to lower debt levels and lower interest rates.

Liquidity and Capital Resources

Cash provided by operations totalled \$3.2 million for the first six months of fiscal 1996. This consisted primarily of net income, plus the benefit of the Company's net operating loss carryforwards which significantly reduce the amount of federal income tax actually paid. The Company used cash to reduce bank debt by making scheduled principal payments of \$1.1 million and voluntary prepayments of \$1.4 million during the first half of the year. Cash was also used to purchase shares of the Company's own common stock. On June 30, 1995, the Company purchased 262,094 shares from a former lender for a cash price of \$596,285. Also during the first six months of fiscal 1996, the Company purchased 216,000 of its shares on the open market for a total price of \$922,312. Management believes that the recent market price of its common stock makes it an attractive investment for the Company, and to the extent that these prices prevail, the Company plans to continue purchasing its own shares while repaying debt.

During the first quarter of fiscal 1996, the Company signed an agreement for the sale of an area development territory covering portions of North and South Carolina to an existing area developer for a cash price of \$1,350,000. This area development agreement, along with other agreements signed during the last four years, contain development commitments for significant unit growth over the next five years. Related growth in royalties and distribution sales are expected to provide adequate working capital. The occurrence of any additional area development sales during the year, which cannot be predicted with any certainty, may also provide significant infusions of cash. External sources of cash are not expected to be required in the foreseeable future.

The Company continues to realize substantial benefit from the utilization of its net operating loss carryforwards to reduce its federal tax liability from the 34% tax reflected on its statement of operations to an actual payment of approximately 2% of taxable income. Management believes that future operations will generate sufficient taxable income to fully realize the net deferred tax asset balance of \$11.7 million as of December 24, 1995. Taxable income in future years at the same level as fiscal 1995 would be sufficient for full realization of the net tax asset. Management believes that, based on recent growth trends and future projections, maintaining current levels of taxable income is achievable and that the Company will be able to realize its net deferred tax asset without reliance on material, non-routine income.

Historically, the differences between pre-tax earnings for financial reporting purposes and taxable income for tax purposes have consisted of temporary differences arising from the timing of depreciation, deductions for accrued expenses and deferred revenues, as well as permanent differences as a result of goodwill amortization deducted for financial reporting purposes but not for income tax purposes.

The following summarizes, as of December 24, 1995, the amounts of net operating loss carryforwards for income tax purposes that expire by year:

Net Operating Loss Carryforwards (In Thousands)	Expires in Year
\$ 5,392	2004
24,600	2005
\$29,992	

Item 1. Legal Proceedings

On December 18, 1995, the court issued an order dismissing all claims as to the Company and the remaining defendants, and closing the civil action (previously reported) which was filed by the Company and its Norco Division against George Wragg and other named defendants.

Item 4. Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Shareholders on January 24, 1996, the Company's shareholders elected all three nominees to the Board of Directors. The results of the voting were as follows:

Nominee	Votes For	Votes Withheld
C. Jeffrey Rogers	10,308,320	96,502
F. Jay Taylor	10,308,425	96,397
Steve A. Ungerman	10,308,375	96,447

Item 6. Exhibits and Reports on Form 8-K

- (a) 10.10 Second Amendment to Loan Agreement among the Company, First Interstate Bank of Texas, N.A., and First Interstate Bank of Texas, N.A. as agent, dated November 30, 1995, and the forms of the Amended and Restated Term Note and the Amended and Restated Revolving Credit Note thereunder.
- (b) No reports on Form 8-K were filed in the quarter for which this report is filed.

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
Executive Vice President and
Principal Financial Officer

By: /s/ Amy E. Manning
Amy E. Manning
Controller and
Principal Accounting Officer

Dated: February 6, 1996

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE NO.
10.10	Second Amendment to Loan Agreement among the Company, First Interstate Bank of Texas, N.A., and First Interstate Bank of Texas, N.A. as Agent, dated November 30, 1995, and the forms of the Amended and Restated Term Note and the Amended and Restated Revolving Credit Note	

SECOND AMENDMENT TO LOAN AGREEMENT

This SECOND AMENDMENT TO LOAN AGREEMENT (the "Amendment"), dated as of November 30, 1995, is by and among PIZZA INN, INC., a Missouri corporation ("Borrower"), FIRST INTERSTATE BANK OF TEXAS, N.A. ("FIBOT"), and FIRST INTERSTATE BANK OF TEXAS, N.A., as agent for itself and any other Banks (in such capacity, together with its successors in such capacity, the "Agent").

R E C I T A L S:

A. The Borrower, FIBOT, The Provident Bank ("Provident") and the Agent have entered into that certain Loan Agreement dated as of December 1, 1994, as amended by a certain First Amendment to Loan Agreement dated as of April 28, 1995 (such Loan Agreement, as the same has previously been amended, as the same is hereby amended and as the same may hereafter be amended from time to time, being herein referred to as the "Loan Agreement").

B. On or prior to the Effective Date (defined below), FIBOT proposes to acquire from Provident all of Provident's rights and obligations under the Loan Agreement and the other Loan Documents (including without limitation, its Commitments and Advances) so that FIBOT will become the sole Bank thereunder.

C. The Borrower has requested that FIBOT extend the Termination Date of the Revolving Credit Commitments, reduce the interest rate applicable to the Advances, revise the amortization schedule applicable to the Term Loan and revise the financial covenants contained in the Loan Agreement, which FIBOT is willing to do upon the terms and conditions set forth herein.

D. Pursuant to the Loan Agreement, Barko Realty, Inc., R-Check, Inc. and Pizza Inn of Delaware, Inc. (collectively the "Guarantors") executed that certain Guaranty Agreement dated as of December 1, 1994 which guaranteed to the Agent and the Banks the payment and performance of the Obligations.

E. The Borrower, FIBOT and the Agent now desire to amend the Loan Agreement as herein set forth.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledge, the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.1 Definitions. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meanings as in the Loan Agreement as amended hereby.

ARTICLE II

Amendments

Section 2.1 Revised Definitions. Effective as of the Effective Date, Section 1.1 of the Loan Agreement is hereby amended to revise the following definitions therein which shall read as follows:

"Applicable Rate" means: (a) during the period that an Advance is a Prime Rate Advance, the Prime Rate; and (b) during the period that an Advance is a Eurodollar Advance, the Adjusted Eurodollar Rate plus the Eurodollar Rate Margin.

"Capital Expenditures" means expenditures of Borrower and the Subsidiaries in respect of the purchase or other acquisition of fixed or capital assets, less the amount of sale and leaseback transactions not exceeding an aggregate of \$600,000 in any twelve (12) month period.

"Eurodollar Rate Margin" means, at such times and from time to time as the relevant Funded Debt Ratio is in one of the following ranges, the percentage per annum set forth opposite such Funded Debt Ratio:

Funded Debt Ratio	Percentage
Less than 2.0 to 1.0	1.25%
2.0 to 1.0 or greater and less than 2.5 to 1.0	1.50%
2.5 to 1.0 or greater and less than 3.0 to 1.0	1.75%
3.0 to 1.0 or greater and less than 3.5 to 1.0	2.00%
3.5 to 1.0 or greater	2.25%

The Borrower shall give written notice to the Agent of any changes in the Funded Debt Ratio as of the end of any fiscal month which results in a change to the Eurodollar Rate Margin concurrently with its delivery of the items required under Section 9.1(c) hereof, and any change to the Eurodollar Rate Margin shall be effective with respect to any Interest Period commencing after the Agent has received such information.

"Fixed Charge Coverage Ratio" means, at any time, the quotient determined by dividing (a) the sum of Consolidated Free Cash Flow plus interest expenses of the Borrower and the Subsidiaries for the preceding twelve (12) calendar months by (b) the sum of (i) all scheduled payments on all Long Term Debt of the Borrower and the Subsidiaries and all scheduled payments under Capital Lease Obligations of the Borrower and the Subsidiaries during the next succeeding twelve (12) calendar months plus (ii) interest expenses of the Borrower and the Subsidiaries for the preceding twelve (12) calendar months.

"Funded Debt Ratio" means, at any time, the quotient determined by dividing (a) the sum of all Debt of the Borrower and the Subsidiaries for borrowed money (including the current portion thereof and all outstanding Advances) plus the Capital Lease Obligations by (b) the Consolidated Free Cash Flow for the preceding twelve (12) calendar months.

"Monthly Payment Date" means the first Business Day of each calendar month of each year.

"Quarterly Payment Date" means the first day of each March, June, September and December of each year.

"Termination Date" means 10:00 A.M. Dallas, Texas time on November 30, 1997, or such earlier date and time on which the Revolving Credit Commitments terminate as provided in this Agreement; provided, however, if such date is not a Business Day, the "Termination Date" shall be the first Business Day following such date.

Section 2.2 New Definition. Effective as of the Effective Date, Section 1.1 of the Loan Agreement is hereby amended to add the following definition which shall read as follows:

"Consolidated Free Cash Flow" means, for any period, the aggregate net income (or net loss) of the Borrower and the Subsidiaries on a consolidated basis calculated before federal income taxes, depreciation and amortization but after deducting Capital Expenditures, any Federal income taxes paid or payable in cash by the Borrower and any extraordinary gains of the Borrower during the period in question, less the amount of any purchases by Borrower of its common stock in excess of \$800,000 during the period in question (but in any event subsequent to July 1, 1995); provided, however, that for purposes of determining the Eurodollar Rate Margin only, the amount of any extraordinary losses during the period in question shall be added thereto.

Section 2.3 Deleted Definition. Effective as of the Effective Date, Section 1.1 of the Loan Agreement is hereby amended by deleting the definition of "Prime Rate Margin" in its entirety.

Section 2.4 Amendment to Repayment of Term Loan. Effective as of the Effective Date, subsections (b) and (c) of Section 2.3 of the Loan

Agreement are hereby amended in their entirety to read as follows:

(b) the next eleven principal installments shall be in the amount of \$500,000 each; and (c) the final principal installment shall be in the amount of all outstanding principal of the Term Loan.

Effective as of Effective Date, subsection (d) of Section 2.3 of the Loan Agreement is hereby deleted in its entirety.

Section 2.5 Amendment to Interest on Term Loan. Effective as of the Effective Date, the third sentence of Section 2.4 of the Loan Agreement is hereby amended in its entirety to read as follows:

Accrued and unpaid interest on the Term Loan shall be due and payable as follows: (i) in the case of Prime Rate Advances, on each Monthly Payment Date; (ii) in the case of all Eurodollar Advances, on the last day of each Interest Period applicable thereto, and with respect to any Interest Period exceeding three (3) months, on the last day of the third month after the commencement of such Interest Period; and (iii) on the Maturity Date.

Section 2.6 Amendment to Interest on Revolving Credit Loan. Effective as of the Effective Date, the third sentence of Section 3.4 of the Loan Agreement shall be amended to read in its entirety as follows:

Accrued and unpaid interest on the Revolving Credit Advances shall be due and payable as follows: (i) in the case of all Prime Rate Advances, on each Monthly Payment Date; (ii) in the case of all Eurodollar Advances, on the last day of each Interest Period applicable thereto, and with respect to any Interest Period exceeding three (3) months, on the last day of the third month after the commencement of such Interest Period; and (iii) on the Termination Date.

Section 2.7 Amendment to Commitment Fee. Effective as of the Effective Date, Section 3.7 of the Loan Agreement is hereby amended in its entirety to read as follows:

Section 3.7 Commitment Fee. The Borrower agrees to pay to the Agent for the account of the Banks a Commitment Fee (herein so called) on the daily average unused amount of such Bank's Revolving Credit Commitment, for the period from and including the date of this Agreement to and including the Termination Date, at the rate of one-half of one percent (1/2%) per annum based on a 360 day year and the actual number of days elapsed; provided, however, that if at any time from and after December 1, 1995 the Funded Debt Ratio is less than 3.0 to 1.0, such rate shall be reduced to three-eighths of one percent (3/8%) per annum. The accrued Commitment Fee shall be payable in arrears on each Quarterly Payment Date and on the Termination Date. For the purpose of calculating the Commitment Fee, the Revolving Credit Commitments shall be deemed utilized to the extent of all outstanding Revolving Credit Advances and Letter of Credit Liabilities.

Section 2.8 Amendment to Mandatory Prepayment of Term Loan. Effective as of the Effective Date, subsection (a) of Section 4.3 of the Loan Agreement is deleted in its entirety.

Section 2.9 Amendment to Debt. Effective as of the Effective Date, Section 10.1 of the Loan Agreement is hereby amended to read in its entirety as follows:

Section 10.1 Debt. The Borrower will not incur, create, assume, or permit to exist, and will not permit any Subsidiary to incur, create, assume, or permit to exist, any Debt, except:

- (a) Debt to the Banks pursuant to the Loan Documents;
- (b) Existing Debt described on Schedule 3 hereto and any renewal or extension thereof which does not increase the outstanding amount thereof; and
- (c) Debt of the Borrower to any Subsidiary and of any

Subsidiary to the Borrower or another Subsidiary; and

(d) Capital Lease Obligations and purchase money Debt for purchases of equipment in the ordinary course of business not exceeding \$1,200,000 in the aggregate at any time.

Subject to obtaining the prior written approval of the Required Banks, which approval shall not be unreasonably withheld, the Borrower may incur purchase money Debt relating to the Borrower's reacquisition of area development rights.

Section 2.10 Amendment to Restricted Payments. Effective as of the Effective Date, Section 10.4 of the Loan Agreement is hereby amended in its entirety to read as follows:

10.4 Restricted Payments. The Borrower will not declare or pay any dividends or make any other payment or distribution (whether in cash, property, or obligations) on account of its capital stock, or redeem, purchase, retire, or otherwise acquire any of its capital stock, or permit any of its Subsidiaries to purchase or otherwise acquire any capital stock of the Borrower or another Subsidiary, or set apart any money for a sinking or other analogous fund for any dividend or other distribution on its capital stock or for any redemption, purchase, retirement, or other acquisition of any of its capital stock; provided that the foregoing restrictions do not prohibit (a) the purchase of common stock of the Borrower in open market transactions, so long as no Default or Event of Default exists at the time of such purchase nor would result after giving effect thereto; (b) dividend payments on any class of capital stock payable solely in shares of capital stock of the Borrower; (c) payments of dividends from any Subsidiary to the Borrower; (d) payments in lieu of taxes to the Borrower or a Subsidiary pursuant to a tax sharing agreement; (e) any exchange of stock not involving any cash consideration pursuant to a stock option plan for employees or directors of the Borrower; and (f) any other redemption, purchase, retirement or the acquisition of the Borrower's capital stock upon obtaining the prior written approval of the Required Banks.

Section 2.11 Amendment to Sale and Leaseback. Effective as of the Effective Date, Section 10.9 of the Loan Agreement is hereby amended in its entirety to read as follows:

Section 10.9 Sale and Leaseback. The Borrower will not enter into, and will not permit any Subsidiary to enter into, any arrangement with any Person pursuant to which it leases from such Person real or personal property that has been or is to be sold or transferred, directly or indirectly, by it to such Person, except sale and leaseback transactions involving expenditures not to exceed an aggregate of \$600,000 in any twelve (12) month period.

Section 2.12 Amendment to Current Ratio. Effective as of the Effective Date, Section 11.1 of the Loan Agreement is hereby amended in its entirety to read as follows:

Section 11.1 Current Ratio. The Borrower will maintain a Current Ratio of not less than the following amounts as of the following dates:

Amount	Dates
1.15	12/31/95
1.15	1/31/96
1.15	2/29/96
1.20	3/31/96
1.20	4/30/96
1.20	5/31/96
1.25	6/30/96

and as of the last day of each fiscal month thereafter.

Section 2.13 Amendment to Consolidated Net Worth. Effective as of the Effective Date, Section 11.2 of the Loan Agreement is hereby amended in its entirety to read as follows:

Section 11.2. Consolidated Net Worth. The Borrower will at all times maintain Consolidated Net Worth in an amount not

less than the sum of (i) \$7,000,000 as of December 24, 1995 and (ii) fifty percent (50%) of the cumulative total of all Consolidated Net Income earned in each fiscal quarter thereafter (without deduction for any net loss incurred in any fiscal quarter).

Section 2.14 Amendment to Leverage Ratio. Effective as of the Effective Date, Section 11.3 of the Loan Agreement is hereby amended in its entirety to read as follows:

Section 11.3 Leverage Ratio. The Borrower will at all times maintain a Leverage Ratio of not greater than 3.0.

Section 2.15 Deletion of Capital Expenditures. Effective as of the Effective Date, Section 11.4 of the Loan Agreement is hereby deleted in its entirety.

Section 2.16 Deletion of Interest Coverage Ratio. Effective as of the Effective Date, Section 11.5 of the Loan Agreement is hereby deleted in its entirety.

Section 2.17 Amendment to Funded Debt Ratio. Effective as of the Effective Date, Section 11.6 of the Loan Agreement is hereby amended in its entirety to read as follows:

Section 11.6 Funded Debt Ratio. The Borrower will at all times maintain a Funded Debt Ratio of not greater than 3.50.

Section 2.18 Amendment to Fixed Charge Coverage Ratio. Effective as of the Effective Date, Section 11.7 of the Loan Agreement is hereby amended in its entirety to read as follows:

Section 11.7 Fixed Charge Coverage Ratio. The Borrower will at all times maintain a Fixed Charge Coverage Ratio of not less than 1.50 to 1.0.

Section 2.19 Amendment to Certain Exhibits. Effective as of the Effective Date, Exhibits "A" and "B" of the Loan Agreement are hereby amended in their entireties to read as provided in Annexes I and II, respectively, attached hereto.

ARTICLE III

Consents

Section 3.1 Consent to Application of \$285,000 Prepayment to Scheduled Amortization. The Agent hereby acknowledges receipt of a \$285,000 principal prepayment from the Borrower on November 10, 1995 (the "\$285,000 Payment"). The Agent and FIBOT hereby agree that the \$285,000 Payment shall not be deemed a voluntary prepayment under Section 4.2 of the Loan Agreement but shall be credited against the Borrower's obligation under Section 2.3 of the Loan Agreement with respect to the scheduled principal payment due on November 30, 1995.

Section 3.2 Consent Regarding Pizza Inn Servicios De Gestao De Franchising, Lda. The Agent hereby consents to Borrower's and Pizza Inn of Delaware Inc.'s inability to perfect Agent's security interest in the quotas in Pizza Inn Servicios De Gestao De Franchising, Lda. (the "Madeira Sub"), by providing evidence of the perfection of the Lien on such quotas, provided that (i) Borrower agrees not to grant and not to cause Pizza Inn of Delaware, Inc. to grant a Lien upon the Madeira Sub quotas to any other Person; and (ii) Borrower agrees not to enter and not to cause Pizza Inn of Delaware, Inc. to enter into a negative pledge agreement with respect to the Madeira Sub quotas or any other agreement prohibiting the creation or perfection of any Lien upon the Madeira Sub quotas.

ARTICLE IV

Conditions Precedent

Section 4.1 Conditions. The effectiveness of this Amendment is subject to the satisfaction of the following conditions precedent on or prior to December 4, 1995, in which event this Amendment will become effective as of December 1, 1995 (the "Effective Date"):

(a) The Agent shall have received all of the following,

each dated (unless otherwise indicated) the Effective Date, in form and substance satisfactory to the Agent:

(1) Resolutions. Resolutions of the Board of Directors of the Borrower certified by its Secretary or an Assistant Secretary which authorize the execution, delivery, and performance by the Borrower of this Amendment and the other Loan Documents to which the Borrower is or is to be a party hereunder;

(2) Incumbency Certificate. A certificate of incumbency certified by the Secretary or an Assistant Secretary of the Borrower certifying the names of the officers of the Borrower authorized to sign this Amendment and each of the other Loan Documents to which the Borrower is or is to be a party hereunder (including the certificates contemplated herein), together with specimen signatures of such officers;

(3) Articles of Incorporation. The articles of incorporation of the Borrower certified by the appropriate government official of the state of incorporation of the Borrower within ten (10) days prior to the Closing Date;

(4) Bylaws. The bylaws of the Borrower certified by the Secretary or an Assistant Secretary of the Borrower;

(5) Governmental Certificates. Certificates of the appropriate government officials of the state of incorporation of the Borrower as to the existence and good standing of the Borrower, each dated within ten (10) days prior to the Effective Date;

(b) Borrower shall have paid to FIBOT, in consideration of this Amendment, an amendment fee in the amount of \$5,500.

(c) Borrower shall have paid to FIBOT an additional fee in the amount of \$11,000 in consideration of the acquisition by FIBOT from Provident of all of Provident's rights and obligations under the Loan Agreement and the other Loan Documents.

(d) FIBOT shall have consummated the acquisition from Provident, pursuant to Section 14.8 of the Loan Agreement, of all of Provident's rights and obligations under the Loan Agreement and the other Loan Documents.

(e) FIBOT shall have received new Notes, in substantially the form of Annex I and Annex II attached hereto, executed by the Borrower (in exchange for and restatement of those certain Notes dated December 2, 1994, executed by Borrower and payable to the order of Provident and FIBOT) and in the respective amounts of the Revolving Credit Commitment and the unpaid principal balance of the Term Loan.

(f) The representations and warranties contained herein and in all other Loan Documents, as amended hereby, shall be true and correct as of the date hereof as if made on the date hereof, and Borrower shall have delivered to the Agent any required revisions to the Schedules to the Loan Agreement;

(g) No Event of Default shall have occurred and be continuing and no event or condition shall have occurred that with the giving of notice or lapse of time or both would be an Event of Default.

(h) All corporate proceedings taken in connection with the transactions contemplated by this Amendment and all documents, instruments, and other legal matters incident thereto shall be satisfactory to the Agent and its legal counsel, Winstead Sechrest & Minick P.C.

ARTICLE V

Ratifications, Representations and Warranties

Section 5.1 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Loan Agreement and except as

expressly modified and superseded by this Amendment, the terms and provisions of the Loan Agreement are ratified and confirmed and shall continue in full force and effect. The Borrower, FIBOT and the Agent agree that the Loan Agreement as amended hereby shall continue to be legal, valid, binding and enforceable in accordance with its terms.

Section 5.2 Representations and Warranties. The Borrower hereby represents and warrants to FIBOT and the Agent that (i) the execution, delivery and performance of this Amendment and any and all other Loan Documents executed and/or delivered in connection herewith have been authorized by all requisite corporate action on the part of the Borrower and will not violate the articles of incorporation or bylaws of the Borrower, (ii) the representations and warranties contained in the Loan Agreement, as amended hereby, and any other Loan Document are true and correct on and as of the date hereof as though made on and as of the date hereof, (iii) no Event of Default has occurred and is continuing and no event or condition has occurred that with the giving of notice or lapse of time or both would be an Event of Default, and (iv) Borrower is in material compliance with all covenants and agreements contained in the Loan Agreement as amended hereby.

ARTICLE VI

Miscellaneous

Section 6.1 Survival of Representations and Warranties. All representations and warranties made in this Amendment or any other Loan Document including any Loan Document furnished in connection with this Amendment shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by the Agent or FIBOT or any closing shall affect the representations and warranties or the right of the Agent or FIBOT to rely upon them.

Section 6.2 Reference to Agreement. Each of the Loan Documents, including the Loan Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Loan Agreement as amended hereby, are hereby amended so that any reference in such Loan Documents to the Loan Agreement shall mean a reference to the Loan Agreement as amended hereby.

Section 6.3 Expenses of Banks. As provided in the Loan Agreement, the Borrower agrees to pay on demand all costs and expenses incurred by the Agent and FIBOT in connection with the preparation, negotiation, and execution of this Amendment and the other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including without limitation the costs and fees of the Agent's legal counsel, and all costs and expenses incurred by the Agent and FIBOT in connection with the enforcement or preservation of any rights under the Loan Agreement, as amended hereby, or any other Loan Document, including without limitation the costs and fees of the Agent's legal counsel.

Section 6.4 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

Section 6.5 Applicable Law. This Amendment and all other Loan Documents executed pursuant hereto shall be deemed to have been made and to be performable in Dallas, Dallas County, Texas and shall be governed by and construed in accordance with the laws of the State of Texas.

Section 6.6 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of the Agent, the Banks and the Borrower and their respective successors and assigns, except the Borrower may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Banks.

Section 6.7 Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

Section 6.8 Effect of Waiver. No consent or waiver, express or

implied, by the Banks to or for any breach of or deviation from any covenant, condition or duty by the Borrower or any of the Guarantors shall be deemed a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

Section 6.9 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 6.10 ENTIRE AGREEMENT. THIS AMENDMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

Section 6.11 BINDING ARBITRATION. THE PARTIES HERETO REAFFIRM THEIR AGREEMENT TO BE BOUND BY THE TERMS AND PROVISIONS OF THE FIRST INTERSTATE BANK OF TEXAS, N.A. ARBITRATION PROGRAM (DATED 9/1/92) WHICH WAS ATTACHED AS EXHIBIT "K" TO THE LOAN AGREEMENT AND IS INCORPORATED BY REFERENCE HEREIN, THE TERMS OF WHICH ARE ACKNOWLEDGED AS RECEIVED BY THE PARTIES HERETO, AND PURSUANT TO WHICH ANY AND ALL DISPUTES RELATING TO OR ARISING FROM THIS AMENDMENT SHALL BE RESOLVED BY MANDATORY BINDING ARBITRATION UPON THE REQUEST OF ANY PARTY.

Executed as of the date first written above.

Borrower:

PIZZA INN, INC.

By: /s/ C. Jeffrey Rogers
Name: C. Jeffrey Rogers
Title: President

Agent:

FIRST INTERSTATE BANK OF TEXAS, N.A.

By: /s/ Todd Robichaux
Name: Todd Robichaux
Title: Vice President

Bank:

FIRST INTERSTATE BANK OF TEXAS, N.A.

By: /s/ Todd Robichaux
Name: Todd Robichaux
Title: Vice President

Each of the Guarantors hereby consents and agrees to this Amendment and agrees that the Guaranty shall remain in full force and effect and shall continue to be the legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms.

Guarantors:

BARKO REALTY, INC.

By: /s/ Ronald W. Parker
Name: Ronald W. Parker
Title: President

R-CHECK, INC.

By: /s/ Ronald W. Parker
Name: Ronald W. Parker
Title: President

PIZZA INN OF DELAWARE, INC.

By: /s/ Ronald W. Parker
Name: Ronald W. Parker
Title: President

AMENDED AND RESTATED TERM NOTE

\$9,910,252.27

Dallas, Texas

December 1, 1995

FOR VALUE RECEIVED, the undersigned, PIZZA INN, INC., a Missouri corporation (the "Borrower"), hereby promises to pay to the order of FIRST INTERSTATE BANK, N.A. (the "Bank"), at the Agent's offices located at 1445 Ross Avenue, Dallas, Texas 75265 for the account of the Applicable Lending Office of the Bank, on or before November 30, 1998, in lawful money of the United States of America and in immediately available funds, the principal sum of Nine Million Nine Hundred Ten Thousand Two Hundred Fifty Two and 27/100 Dollars (\$9,910,252.27), and to pay interest on such principal amount, at such office, in like money and funds, for the period commencing on the date hereof until the loan evidenced hereby shall be paid in full, at the rates per annum and on the dates provided in the Loan Agreement.

The outstanding principal balance hereof shall be due and payable in twelve (12) consecutive quarterly installments as follows: (a) the first eleven principal installments shall be in the amount of \$500,000 each, the first such installment to be due and payable on March 1, 1995, with like successive installments of principal to be due and payable on each Quarterly Payment Date thereafter until and including September 1, 1998; and (b) a final installment in the amount of all outstanding principal, plus accrued and unpaid interest, shall be due and payable on November 30, 1998.

The Borrower hereby authorizes the Bank to endorse on the Schedule annexed to this Note the amount and Type of Term Loan Advances made to the Borrower by the Bank and all Continuations, Conversions and payments of principal in respect of such Advances, which endorsements shall, in the absence of manifest error, be conclusive as to the outstanding principal amount of all such Advances; provided, however, that the failure to make such notation with respect to any such Advance or payment shall not limit or otherwise affect the obligations of the Borrower under the Loan Agreement or this Note.

This Note has been executed and delivered by Borrower pursuant to the terms of that certain Loan Agreement dated as of December 1, 1994, among the Borrower, the Bank, certain other banks which are parties thereto and First Interstate Bank of Texas, N.A., as Agent for the Bank and such other banks, as amended by that certain First Amendment to Loan Agreement dated as of April 28, 1995, and as further amended by that certain Second Amendment to Loan Agreement dated as of November 30, 1995 (such Loan Agreement, as the same has been and may be amended, modified or supplemented from time to time, being referred to herein as the "Loan Agreement"), is one of the Term Notes described therein, and evidences Term Loan Advances made thereunder. The Loan Agreement, among other things, contains provisions for acceleration for the maturity of this Note upon the happening of certain stated events and also for prepayments of Advances prior to the maturity of this Note upon the terms and conditions specified in the Loan Agreement. Capitalized terms used in this Note have the respective meanings assigned to them in the Loan Agreement.

This Note is given as an amendment and restatement of, but not in extinguishment of, the indebtedness evidenced by that certain Term Note dated December 2, 1994, executed by Borrower and payable

to the order of the Bank in the principal amount of \$7,150,000.00 and that certain Term Note dated December 2, 1994, executed by Borrower, payable to the order of The Provident Bank and assigned to the Bank in the principal amount of \$7,150,000.00.

Notwithstanding anything to the contrary contained herein, no provision of this Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither the Borrower nor the sureties, guarantors, successors or assigns of the Borrower shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If for any reason interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to the Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, the Borrower and the Bank shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Note so that the interest for the entire term does not exceed the Maximum Rate.

This Note shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America. This Note is performable in Dallas County, Texas.

The Borrower and each surety, guarantor, endorser, and other party ever liable for payment of any sums of money payable on this Note jointly and severally waive notice, presentment, demand for payment, protest, notice of protest and non-payment or dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, diligence in collecting, grace, and all other formalities of any kind, and consent to all extensions without notice for any period or periods of time and partial payments, before or after maturity, and any impairment of any collateral securing this Note, all without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to release or substitute part or all of the collateral securing this Note, or to grant any other indulgences or forbearances whatsoever, without notice to any other party and without in any way affecting the personal liability of any party hereunder.

PIZZA INN, INC.

By: /s/ C. Jeffrey Rogers
C. Jeffrey Rogers
Title: President

Schedule

Date Made, Continued, Converted, or Paid	Type of Advance	Amount of Advance	Amount of Principal Continued, Converted, or Paid	Unpaid Principal Balance of Note
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FOR VALUE RECEIVED, the undersigned, PIZZA INN, INC., a Missouri corporation (the "Borrower"), hereby promises to pay to the order of FIRST INTERSTATE BANK, N.A. (the "Bank"), at the Agent's office located at 1445 Ross Avenue, Dallas, Texas 75265 for the account of the Applicable Lending Office of the Bank, on or before November 30, 1997, in lawful money of the United States of America and in immediately available funds, the principal sum of One Million and No/100 Dollars (\$1,000,000.00) or such lesser amount as shall equal the aggregate unpaid principal amount of the Revolving Credit Advances made by the Bank to the Borrower under Article III of the Loan Agreement referred to below, on the dates and in the principal amounts provided in the Loan Agreement, and to pay interest on the amount of each such Advance, at such office, in like money and funds, for the period commencing on the date of such Advance until such Advance shall be paid in full, at the rates per annum and on the dates provided in the Loan Agreement.

The Borrower hereby authorizes the Bank to endorse on the Schedule annexed to this Note the amount and Type of Revolving Credit Advances made to the Borrower by the Bank and all Continuations, Conversions, and payments of principal in respect of such Advances, which endorsements shall, in the absence of manifest error, be conclusive as to the outstanding principal amount of all such Advances; provided, however, that the failure to make such notation with respect to any such Advance or payment shall not limit or otherwise affect the obligations of the Borrower under the Loan Agreement or this Note.

This Note has been executed and delivered by Borrower pursuant to the terms of that certain Loan Agreement dated as of December 1, 1994, among the Borrower, the Bank, certain other banks which are parties thereto and First Interstate Bank of Texas, N.A., as Agent for the Bank and such other banks, as amended by that certain First Amendment to Loan Agreement dated as of April 28, 1995, and as further amended by that certain Second Amendment to Loan Agreement dated as of November 30, 1995 (such Loan Agreement, as the same has been and may be amended, modified, or supplemented from time to time, being referred to herein as the "Loan Agreement"), is one of the Revolving Credit Notes referred to therein, and evidences Revolving Credit Advances made by the Bank thereunder. The Loan Agreement, among other things, contains provisions for acceleration of the maturity of this Note upon the happening of certain stated events and also for prepayments of Advances prior to the maturity of this Note upon the terms and conditions specified in the Loan Agreement. Capitalized terms used in this Note have the respective meanings assigned to them in the Loan Agreement.

This Note is given in modification and renewal of, but not in extinguishment of, the indebtedness evidenced by that certain Revolving Credit Note dated December 2, 1994, executed by Borrower and payable to the order of the Bank in the principal amount of \$500,000.00 and that certain Revolving Credit Note dated December 2, 1994 executed by Borrower, payable to the order of The Provident Bank and assigned to the Bank in the principal amount of \$500,000.00.

Notwithstanding anything to the contrary contained herein, no provision of this Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither the Borrower nor the sureties, guarantors, successors or assigns of the Borrower shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If for any reason interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to the Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, the Borrower and the Bank shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects

thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Note so that the interest for the entire term does not exceed the Maximum Rate.

This Note shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America. This Note is performable in Dallas County, Texas.

The Borrower and each surety, guarantor, endorser, and other party ever liable for payment of any sums of money payable on this Note jointly and severally waive notice, presentment, demand for payment, protest, notice of protest and non-payment or dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, diligence in collecting, grace, and all other formalities of any kind, and consent to all extensions without notice for any period or periods of time and partial payments, before or after maturity, and any impairment of any collateral securing this Note, all without prejudice to the holder. The holder shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant any such party any extensions of time for payment of any of said indebtedness, or to release or substitute part or all of the collateral securing this Note, or to grant any other indulgences or forbearances whatsoever, without notice to any other party and without in any way affecting the personal liability of any party hereunder.

PIZZA INN, INC.

By: /s/ C. Jeffrey Rogers
Name: C. Jeffrey Rogers
Title: President

Schedule

Date Made, Continued, Converted, or Paid	Type of Advance	Amount of Advance	Amount of Principal Continued, Converted or Paid	Unpaid Principal Balance of Note
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6-MOS

JUN-30-1996

JUN-26-1995

DEC-24-1995

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9523		1878
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24812		
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33046		25873
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483		
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