

PIZZA INN HOLDINGS, INC.
CODE OF BUSINESS CONDUCT

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CORPORATE CODE OF CONDUCT

Acknowledgement of Receipt of Code of Business Conduct

By her or his signature below, the undersigned employee of Pizza Inn Holdings, Inc., or its Norco Restaurant Services Company division, acknowledges receipt of the attached Pizza Inn Holdings, Inc. Code of Business Conduct. The employee also acknowledges and agrees that this Code of Business Conduct is to be read and interpreted with the Pizza Inn Holdings, Inc. Employee Handbook, and that together the Code of Business Conduct and the Employee Handbook, as each may be modified from time to time, outline policies governing individual and corporate activities and behavior. The employee agrees to read and comply with each provision of the Code of Business Conduct and the Employee Handbook. The employee is responsible for addressing with his or her supervisor, department vice president, the head of Human Resources, or the General Counsel, any questions she or he may have regarding any of the policies contained in this Code of Business Conduct or the Employee Handbook.

Nothing contained in this Code of Business Conduct or in the Employee Handbook shall constitute a contract or guarantee of continuing employment.

Employee Signature

Employee Name Printed

Date

OVERVIEW AND REPORTING VIOLATIONS

It is essential that the highest standards of conduct be observed in all contacts made by Company employees with franchisees, customers, shareholders, suppliers, governmental officials, fellow employees, and the general public. To further this objective, Pizza Inn Holdings, Inc. (“Company”) has a set of written policies dealing with rules of conduct to be used in conducting the business affairs of the Company.

There are no easy answers to many ethical issues we face in our daily business activities. In some cases the right thing to do will be obvious, but in other more complex situations, it may be difficult for an employee to decide what to do. When employees are faced with a tough ethical decision or whenever they have any doubts as to the right thing to do, they should talk to their supervisor, another manager, or the General Counsel. The Company has also established a system for reporting violations of any of the Company policies, as well as any suspected misconduct by any employee or representative of the Company. This may be done anonymously by telephone in the manner described below.

CONCERNS OR POSSIBLE VIOLATIONS MAY BE REPORTED TO:

1.800.211.4332

This reporting “hotline” offers the caller complete anonymity, and is not answered, monitored, recorded, or reviewed by Company employees. All reports of potential violations are received and addressed by members of the Audit Committee of the Company’s Board of Directors who are considered “independent” directors under the various laws and regulations governing the Company and its conduct. The Audit Committee will make all determinations regarding action on all reported concerns and potential violations.

The Company reserves the right to amend, supplement, alter, or terminate some or all of these policies at any time for any reason.

The Company will not permit any form of retribution against any person who, in good faith, reports actual or suspected violations of Company policy.

APPLICATION OF THE POLICIES

It is the Company's policy to comply with all applicable laws, to act fairly, impartially, and in a reasonable and proper manner. The highest standards of conduct are expected of our employees and all persons who act on the Company's behalf. Violations of policies can result in disciplinary action, up to and including termination of employment. It is also Company practice to encourage all employees to ask questions, seek guidance, and express any concerns they may have.

This Code of Conduct is to be read and interpreted in conjunction with the Company's Employee Handbook. Together these documents form the framework of policies and procedures that each employee must understand and follow. Where applicable, the following policies and procedures refer to complimentary policies specified in the Employee Handbook. Senior financial managers must also adhere to the Code of Conduct for Financial Managers that is specifically designed for their unique positions and responsibilities.

However, no set of policy guidelines can hope to cover all situations our employees may encounter. When in doubt, employees should ask themselves the following questions:

- Would my actions inspire trust?
- Is my action ethical? Are my actions honest in every respect?
- Is anyone's life, health, or safety endangered by this action?
- Can I defend this action with a clear conscience before my supervisor, my fellow employees, and the general public?
- Would my supervisor act this way, and would it be helpful to ask my supervisor about this before I act?
- Would I be proud to read about my actions in the newspaper?

CONFIDENTIAL INFORMATION

The Company believes its confidential proprietary information is an important asset in the operation of its business and prohibits the unauthorized use or disclosure of this information. The Company respects the property rights of other companies to their proprietary information and requires its employees to comply with the spirit and the letter of U.S. and foreign laws and regulations protecting such rights. Our success is dependent upon the strict adherence by employees to this policy and applicable standards and procedures.

Competitive Information

Collecting information on our competitors from legitimate sources to evaluate the relative merits of their products, services, and marketing methods is proper and often necessary. However, there are limits to the ways information should be acquired. Any form of questionable information gathering is strictly prohibited. If an employee comes into possession of information regarding a competitor and the nature or form of the information leads the employee to reasonably conclude that such information may not be intended for public distribution, or if the employee is presented with the opportunity to acquire information in a similar fashion, the first thing the employee must do is to consult his or her manager, another manager, or the Legal Department.

Refer to Policy 410 in the Employee Handbook.

CONFLICTS OF INTEREST

Company employees have an obligation to give their complete loyalty to the best interests of the Company. They should avoid any action that may involve, or may appear to involve, a conflict of interest with the Company and its interests. Our employees should not have any financial or other business relations with suppliers, customers, or competitors that might impair, or even appear to impair, the independence of any judgment they may need to make on behalf of the Company. Solicitation of vendors or their employees for gifts or donations for personal gain or benefit shall not be allowed.

Therefore, it is the Company's policy that employees may not:

- Perform services for or have a financial interest in a company that is, or may become, a supplier, customer, or competitor of the Company. If the company is publicly traded, the employee may not own, or have any direct or indirect interest of, more than 5% of the total net worth of the company.
- Perform outside work or otherwise engage in any outside activity or enterprise that might interfere in any way with job performance or create a conflict with the Company's best interests.

Employees are under a continuing obligation to disclose to their supervisors any situation that presents the possibility of a conflict or disparity of interest between the employee and the Company. *Disclosure of any potential conflict is the key to remaining in compliance with this policy.*

Conflict of Interest Provisions for Directors and Executive Officers

The Company may not extend, renew, or maintain credit to a director or executive officer, directly or indirectly, or arrange for such, in the form of a personal loan (or its equivalent). This prohibition also extends to loans and extensions of credit made to family members of directors and executive officers, and to companies controlled by or affiliated with directors or executive officers. Certain limited exceptions may exist for loans or credit extensions made in the ordinary course of the Company's business.

Refer to Policy 430 in the Employee Handbook.

CUSTOMER, SUPPLIER, AND COMPETITOR RELATIONS

The Company believes that the Company, the economy, and the public benefit when businesses compete vigorously. The Company, its employees, franchisees, and representatives will treat customers, business allies, and suppliers fairly and will not engage in anticompetitive practices or unlawfully restrict the free market economy. **NO AGREEMENT OF ANY NATURE MAY BE ENTERED INTO WITHOUT PRIOR REVIEW BY THE LEGAL DEPARTMENT.**

Bribes

The Company's objective is to compete in the marketplace on the basis of superior products, services, and competitive prices. No payment in any form shall be made directly or indirectly to anyone for any purpose of obtaining or retaining business, or to obtain any other favorable action. A violation of the policy will subject the employee to disciplinary action as well as potential criminal prosecution.

Gifts

No gift should be accepted from a supplier, vendor, franchisee, or customer unless the gift has insubstantial value and a refusal to accept it would be discourteous or otherwise harmful to the Company. Employees must receive approval from their supervisors before they accept any gift having more than an insubstantial value. Value may be determined on a case-by-case basis. This applies equally to giving gifts to suppliers or vendors or non-government customers. (See below for a discussion of gifts to government representatives.)

Entertainment

Appropriate business entertainment of non-government employees occurring in connection with business discussions or the development of business relationships is generally deemed appropriate for the conduct of official business. This may include business-related meals and trips, refreshments before or after a business meeting, and occasional athletic, theatrical, or cultural events. Entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted. This applies equally to giving or receiving entertainment.

Government Representatives

What is acceptable practice in the commercial business environment may be against the law under policies of federal, state, or local governments. Therefore, no gifts or business entertainment of any kind may be given to any government employee without the prior approval of the Legal Department, except for items of nominal value (e.g., pens, coffee mugs, etc.).

Compliance with Antitrust Laws

Company employees are expected to comply with both the letter and spirit of all applicable state and foreign antitrust laws. When any doubt exists as to the legality of any action or arrangement the matter should be discussed with the Legal Department.

Agreements with Competitors

Formal or informal agreements with competitors that seek to limit or restrict competition are often illegal. Unlawful agreements include those that seek to fix or control prices, allocate products, markets or territories, or boycott certain customers or suppliers. To ensure compliance with antitrust law, discussions with competitors regarding any of these potential agreements is a violation of Company policy and will subject the employee to disciplinary action as well as potential criminal prosecution.

Agreements with Franchisees

Certain understandings between the Company and a franchisee may also be considered anti-competitive and illegal. These include agreements that fix resale prices or that result in discriminatory pricing between customers for the same product. These types of restrictive understandings must not be discussed or agreed to with a franchisee.

Trade Association Activity

Contact with competitors at trade shows or trade association meetings is unavoidable. However, these contacts are not immune from antitrust law. Consequently, contact with competitors necessitated by these meetings should be as limited as possible and kept strictly to the subjects on the agenda for the meeting. In addition, employee participants in trade associations should consult with the Legal Department regarding any proposed association activity that would have a potential effect on competition, such as the development of product standards or an industry code of practice.

International Application

International operations of the Company may be subject to the antitrust laws of the United States, the Foreign Corrupt Practices Act, and other laws and regulations of the U.S. and of countries in which the Company does business. Advice regarding requirements of applicable U.S. and foreign jurisdictions should be sought from the Legal Department.

DELEGATION OF AUTHORITY

Only employees who are specifically authorized may commit the Company to others. A "commitment" by the Company includes the execution of any written agreement or any other undertaking that obligates or binds the Company in any respect, whether or not it involves the payment of money. An employee must never execute a document or otherwise commit the Company unless he or she has clear authority to do so. He or she should check with a supervisor or the Legal Department to determine what authority limits have been delegated to him or her. Failure to comply with this policy may subject the employee to disciplinary action.

Public Statements

Employees should refrain from making public statements regarding issues or matters about which they are not authorized spokespersons. Only the Office of the Chief Executive Officer, the Chief Financial Officer, or the General Counsel may comment publicly about the Company. If an employee is contacted by the media, a shareholder, an analyst, or others seeking information regarding the Company, the employee should refer the contact to the Office of the Chief Executive Officer, the Chief Financial Officer, or to the General Counsel.

DISCLOSURE OF COMPANY INFORMATION

Information is the lifeblood of any business. Open and effective dissemination of this information is critical to our success. However, some of the information concerning the Company's business activities is confidential. The disclosure of this information outside the Company could seriously damage the Company's interests. Safeguarding this information is each employee's responsibility.

To protect this information, it is Company policy that:

- Confidential information of the Company should be disclosed within the Company only on a need-to-know basis.
- Confidential information of the Company (paper or electronic) may, if practicable, be marked with additional handling instructions designated by the Legal Department.
- Confidential information of the Company should be disclosed outside the Company only as required by law or when necessary to further the Company's business activities. Any such disclosure should be in accordance with the Company's disclosure guidelines, or as authorized by the Legal Department.

Employees with any questions regarding these standards and procedures should contact the Legal Department. Violation of these standards and procedures may subject the employee to disciplinary action, up to and including termination of employment.

The Company also has an obligation to protect the confidential information provided by franchisees, customers, and suppliers during the course of business. They expect this from the Company just as the Company expects it from them.

Refer to Policy 410 in the Employee Handbook.

EMPLOYEE RELATIONS

All employees and supervisors, regardless of level, shall endeavor to meet the following objectives:

- Respect each employee, worker, and representative of franchisees, customers, and suppliers, showing courtesy and consideration and fostering personal dignity. Members of the management team should use good judgment and exercise appropriate use of their influence and authority in their interactions with employees, franchisees, customers, suppliers, and contractors.
- Make a commitment to and endeavor to demonstrate equal treatment of employees without regard to race, color, gender, religion, age, national origin, citizenship status, veteran status, or disability.
- Provide employment opportunities to qualified individuals with disabilities.
- Encourage employees to voice their opinions freely about the policies and practices of the Company by communicating and practicing the Company's open door policy.
- Provide a workplace free of harassment on the basis of race, color, gender, religion, age, national origin, citizenship status, veteran status, or disability.
- Keep employees generally informed of the policies, plans, and progress of the Company through regular communications.
- Afford employees a reasonable opportunity, consistent with the needs of the Company, to obtain training to become better skilled in their jobs.
- Encourage promotion from within, consistent with the needs of the Company, whenever qualified employees are available.
- Provide and maintain a safe, healthy, and orderly workplace.
- Assure uniformly fair compensation and benefit practices that will attract, reward, and retain quality employees.

Equal Employment Opportunity

The Company endeavors to ensure equal treatment for all employees and applicants, regardless of race, color, religion, national origin, age, sex, veteran status, or disability. This policy applies to all Company activities, including, but not limited to, recruiting, hiring, training, transfers, promotions, and benefits.

Non-Harassment and Sexual Harassment

The Company attempts to provide a workplace free from tensions involving matters that do not relate to the Company's business. In particular, an atmosphere of tension created by ethnic, racial, sexual or religious remarks, unwelcome sexual advances, or requests for sexual favors, will not be tolerated.

Harassment of employees, applicants, franchisees, customers, contractors, or suppliers by employees is a violation of Company policy. Harassment includes, without limitation, any form of verbal harassment, physical harassment, and visual harassment.

Objectionable conduct need not be unlawful to violate Company policy. Company policy prohibits all inappropriate harassing conduct, whether or not the conduct is so severe as to be considered a violation of law.

Unlawful sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and verbal or physical conduct of a sexual nature, (1) when submission to or rejection of such requests is made either explicitly or implicitly a term or condition of employment; (2) or is used as a basis for employment decisions; or (3) when such conduct has the purpose or effect of unreasonably interfering with an individual's work performance by creating an intimidating, hostile, humiliating, or sexually offensive work environment.

While it is not possible to provide an exhaustive list of conduct that violates the Company's sexual harassment policy, what follows are examples of conduct that may constitute policy violations, regardless of intent:

- Sexual advances
- Requests for sexual favors
- The exchange of sexual favors for actual or promised job benefit or salary enhancement
- Use of sexual epithets
- Inappropriate references to male or female anatomy
- Written or verbal references to sexual conduct
- Gossip regarding one's sexual activities or prowess
- Repeated requests for dates
- Leering, whistling, or touching
- Inquiries or comments about another's sex life
- Assault or coerced sexual activity
- Displaying sexually suggestive objects, pictures, cartoons
- Telling sexual jokes

Employees who observe, learn of, or are subjected to, harassment, are responsible for immediately reporting the conduct to their supervisor, manager, the head of Human Resources, the Chief Executive Officer, or the General Counsel for prompt investigation. Investigations will be conducted in as discrete and as confidential a manner as is practicable.

Retaliation against individuals who report such violations of policy, or against those who provide information in an investigation of such violations, is also a violation of policy.

The Company will act to take corrective action and appropriate discipline with respect to any harassment or retaliation, up to and including termination of offending individuals. Investigation and resolution procedures are set forth in Sections V through XI of Policy 465 in the Employee Handbook.

Refer to Policies 115, 120, 135, 465, and 520 in the Employee Handbook.

TRADE (EXPORT AND IMPORT)

Compliance with the U.S. Export Administration Regulations issued by the U.S. Department of Trade and Commerce should be strictly enforced. The Legal Department has the lead role within the Company to ensure compliance with the laws and regulations pertaining to importing and exporting for all countries where the Company does business or has licensees or franchisees. The export regulations are very complex and employees who are unfamiliar with them should not make decisions regarding equipment licenses, consignees who may receive products under a license, or record retention requirements.

INSIDER TRADING

Employees shall not trade in securities while in possession of material inside information. To avoid even the appearance of insider trading, employees shall not trade in options in the Company's stock and shall avoid speculating in the Company's stock. All employees shall follow the guidelines on securities trading issued by the Company as set forth in Policy 450 in the Employee Handbook.

Trading Stock & Securities

Federal law and Company policy prohibit employees, directly or indirectly through their families or others, from purchasing or selling Company stock while in the possession of material, non-public information concerning the Company. This same prohibition applies to trading in the stock of other publicly held companies on the basis of material, non-public information. To avoid even the appearance of impropriety, Company policy also prohibits employees from trading options on any open market in Company stock under any circumstances.

Material, non-public information is any information that could reasonably be expected to affect the price of a stock. If an employee is considering buying or selling a stock because of inside information they possess, they should assume that such information is material. It is also important for the employee to keep in mind that if any trade they make becomes the subject of an investigation by the government, the trade will be viewed after-the-fact with the benefit of hindsight. Consequently, employees should always carefully consider how their trades would look from this perspective.

Employees may not buy or sell the Company's stock during certain "blackout" periods (Policy 450, Section II). The Legal Department can advise as to the existence and duration of such "blackout" periods. These requirements apply equally to trades by the employee, members of the employee's immediate family, brokers, or anyone who engages in such transactions at the employee's direction.

Tipping

Employees may not provide information or advice to family members or friends regarding buying or selling Company stock. Federal law and Company policy also prohibit the employee from "tipping" family or friends regarding material, non-public information that the employee learns about the Company, or other publicly traded company, in the course of employment. The same penalties apply, regardless of whether the employee derives any benefit from the trade.

Refer to Policy 450 in the Employee Handbook.

POLITICAL ACTIVITY AND CONTRIBUTIONS

Company funds may not be used to make political contributions of any kind for any candidate, political party, or other political cause or purpose. This prohibition covers not only direct contributions but also in-kind assistance or support of candidates or political parties through the purchase of tickets to special dinners or other fund-raising events, and the furnishing of any other goods, services, or equipment for political parties or committees. Political contributions or activities by individuals on their own behalf are, of course, permissible. No person may be reimbursed directly or indirectly by the Company for any political contribution or for the cost of attending any political event.

RECORDS MANAGEMENT

The Legal Department and the Finance Department have responsibility for developing, administering, and coordinating the record management program, and issuing retention guidelines for specific types of documents. Records should be maintained to comply with applicable statutes, and regulatory or contractual requirements, as well as those pursuant to prudent business practices. Employees should contact the Legal or Finance Departments for additional information on record retention.

Alteration or Destruction of Documents

Employees are prohibited from knowingly altering, destroying, mutilating, concealing, covering up, falsifying, or making a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation of or proper administration of any matter within the jurisdiction or any department or agency of the U.S. or any case filed under Title 11, or in relation to or contemplation of any such matter or case. Any employee doing so, is subject to discipline up to and including termination, and may be subject to criminal prosecution.

Employees, particularly those subject to the Company's Code of Ethical Conduct for Financial Managers, are subject to a prohibition on altering, destroying, mutilating, or concealing a record, document, or object made, received, or generated in connection with a financial audit or review of the Company. Criminal penalties apply to knowing and willful violations of these records retention rules for audit materials.

When in doubt always check with the Legal Department or Finance Department prior to destroying Company records.

REPORTING TRANSACTIONS

The Company shall make and keep books, invoices, records, and accounts that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company. Each employee shall prepare accurate and fair records of transactions, time reports, expense accounts, and other Company records. The Company shall devise and maintain a system of internal controls sufficient to provide reasonable assurances that transactions are properly authorized, executed, and recorded.

Facilitating Payments

The law prohibits the Company and its employees and agents from making payments to foreign officials for the purpose of obtaining or keeping business. However, the law also recognizes that in a number of countries, tips and gratuities of a minor nature are customarily required by lower level governmental representatives performing ministerial or clerical duties to secure the timely and efficient execution of their responsibilities. If an employee believes that such a facilitating or expediting payment is unavoidable, it should be made only to facilitate the execution of a government representative's routine duties. Such payments may not be made to induce foreign officials to neglect their duties or perform them improperly. Any questions regarding these types of payments should be directed to the Legal Department in advance.

Company Records

All Company books, records, accounts, funds, and assets must be maintained to reflect fairly and accurately the underlying transactions and disposition of Company business in reasonable detail. No entries will be made that intentionally conceal or disguise the true nature of any Company transaction.

In this respect, the following guidelines must be followed:

- No undisclosed, unrecorded, or "off book" funds or assets should be established for any purpose.
- No false or fictitious invoices should be paid or created.
- No false or artificial entries should be made or misleading reports issued.
- Assets and liabilities of the Company shall be recognized and stated in accordance with the Company's standard practices and GAAP.

If an employee believes that the Company's books and records are not being maintained in accordance with these requirements, the employee should report the matter directly to his or her supervisor or to the Legal Department.

Code of Ethics for Financial Managers

The Company's Chief Financial Officer, Controller, and directors and managers of accounting functions, are in unique positions by virtue of their responsibilities to gain insight and access to the Company's financial matters, and are therefore subject to heightened ethical and professional responsibilities toward the Company, its employees, and its shareholders. All such employees are required to understand and acknowledge these responsibilities by agreeing to the Company's Code of Ethical Conduct for Financial Managers, which is provided to each along with this Code of Conduct.

USE OF COMPANY ASSETS

The Company's assets are to be used only for the legitimate business purposes of Pizza Inn Holdings, Inc. and its divisions and affiliates and only by authorized employees or their designees. This includes both tangible and intangible assets.

Some examples of tangible assets include office equipment such as phones, copiers, computers, furniture, supplies, and production equipment.

The Company's electronic mail (e-mail) system should be restricted primarily to Company business. Highly confidential information should be handled appropriately. The Company reserves the right at any time to monitor and inspect, without notice, all electronic communications data and information transmitted on the its computer network and electronic files located on personal computers owned by the Company or computers on the premises used in Company business.

Third party software is provided as a productivity tool for employees to perform their job functions. Please note that just because third party product or utility software is located on a corporate utility server it is not necessarily licensed for use as a stand-alone software product. Employees may be liable individually for illegal software use, and unauthorized or improper use can also subject the employee to disciplinary action.

To the extent permitted under applicable law, employees, contractors, and temporary employees must assign to the Company any invention, work of authorship, composition, or other form of intellectual property created during the period of employment.