SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(MARK ONE)

[X]QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 26, 1999.

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____________ TO _______________.

COMMISSION FILE NUMBER 0-12919

PIZZA INN, INC.
(EXACT NAME OF REGISTRANT IN ITS CHARTER)

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

5050 QUORUM DRIVE
SUITE 500
DALLAS, TEXAS 75240
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

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

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

AT NOVEMBER 8, 1999, AN AGGREGATE OF 11,704,078 SHARES OF THE REGISTRANT'S COMMON STOCK, PAR VALUE OF $.01 EACH (BEING THE REGISTRANT'S ONLY CLASS OF COMMON STOCK), WERE OUTSTANDING.

PIZZA INN, INC.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL INFORMATION

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

	THREE MONTHS ENDED	
REVENUES:	SEPTEMBER 26, 1999	SEPTEMBER 27, 1998
Food and supply sales	$ 15,329	$ 14,442
Franchise revenue	1,469	1,454
Restaurant sales	577	596
Other income	19	92
	17,394	16,584
COSTS AND EXPENSES:		
Cost of sales	14,584	13,940
Franchise expenses	627	712
General and administrative expenses	907	1,139
Interest expense	139	113
	16,257	15,904
INCOME BEFORE INCOME TAXES	1,137	680
Provision for income taxes	390	210
NET INCOME	$ 747	$ 470
BASIC EARNINGS PER COMMON SHARE	$ 0.07	$ 0.04
DILUTED EARNINGS PER COMMON SHARE	$ 0.07	$ 0.04
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.06	$ 0.06
WEIGHTED AVERAGE COMMON SHARES	11,250	12,212
WEIGHTED AVERAGE COMMON AND POTENTIAL DILUTIVE COMMON SHARES	11,470	13,009

See accompanying Notes to Consolidated Financial Statements.

PIZZA INN, INC.
CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE DATA)

	SEPTEMBER 26, 1999	JUNE 27, 1999
ASSETS	(unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	$ 396	$ 509
Accounts receivable, less allowance for doubtful accounts of $829 and $808, respectively	4,937	4,588
Notes receivable, current portion, less allowance for doubtful accounts of $109 and $144, respectively	808	814
Inventories	2,042	2,393
Deferred taxes, net	1,459	1,149
Prepaid expenses and other	510	591
Total current assets	10,152	10,044
LONG-TERM ASSETS		
Property, plant and equipment, net	1,760	1,754
Property under capital leases, net	1,401	1,587
Deferred taxes, net	3,733	4,407
Long-term notes receivable, less allowance for doubtful accounts of $118 and $80,respectively	300	380
Deposits and other	387	414
	$ 17,733	$ 18,586
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	$ 2,389	$ 2,641
Accrued expenses	1,558	1,795
Current portion of capital lease obligations	456	428
Total current liabilities	4,403	4,864
LONG-TERM LIABILITIES		
Long-term debt	6,500	5,700
Long-term capital lease obligations	1,107	1,244
Other long-term liabilities	721	719
	12,731	12,527
SHAREHOLDERS' EQUITY		
Common Stock, $.01 par value; authorized 26,000,000 shares; outstanding 11,090,338 and 11,407,945 shares, respectively (after deducting shares in treasury: September - 3,851,731 and June -3,519,231)	111	114
Additional paid-in capital	4,671	4,765
Retained earnings	220	1,180
Total shareholders' equity	5,002	6,059
	$ 17,733	$ 18,586

See accompanying Notes to Consolidated Financial Statements.

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

	THREE MONTHS ENDED	
	SEPTEMBER 26, 1999	SEPTEMBER 27, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 747	$ 470
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	273	288
Provision for bad debt	25	60
Deferred income taxes	364	170

Changes in assets and liabilities:		
Notes and accounts receivable	(288)	336
Inventories	351	(243)
Accounts payable - trade	(252)	1,068
Accrued expenses	(237)	(27)
Prepaid expenses and other	153	32
CASH PROVIDED BY OPERATING ACTIVITIES	1,136	2,154
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(133)	(369)
CASH USED FOR INVESTING ACTIVITIES	(133)	(369)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term bank debt	1,000	1,952
Repayments of long-term bank debt and capital lease obligations	(309)	(14)
Dividends paid	(706)	(754)
Proceeds from exercise of stock options	30	15
Purchases of treasury stock	(1,131)	(4,269)
CASH USED FOR FINANCING ACTIVITIES	(1,116)	(3,070)
Net decrease in cash and cash equivalents	(113)	(1,285)
Cash and cash equivalents, beginning of period	509	2,335
Cash and cash equivalents, end of period	$ 396	$ 1,050

See accompanying Notes to Consolidated Financial Statements.

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

	THREE MONTHS ENDED	
	SEPTEMBER 26, 1999	SEPTEMBER 27, 1998
CASH PAYMENTS FOR:		
Interest	$ 73	$ 93
Income taxes	-	-
NONCASH FINANCING AND INVESTING ACTIVITIES:		
Capital lease obligations incurred	$ -	$ 290

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

(1) The accompanying consolidated financial statements of Pizza Inn, Inc. (the "Company") have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements have been omitted pursuant to such rules and regulations. The consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements in its Form 10-K for the fiscal year ended June 27, 1999. Certain prior year amounts have been reclassified to conform with current year presentation.

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

(2) On September 27, 1999, the Company's Board of Directors declared a quarterly dividend of $.06 per share on the Company's common stock, payable October 22, 1999 to shareholders of record on October 8, 1999.

(3) The Company entered into an agreement effective August 31, 1999 with its current lender to extend the term of its existing $9.5 million revolving credit line through August 2001 and to modify certain financial covenants.

(4) In October 1999, the Company loaned $2,506,754 to certain officers of the Company in the form of promissory notes due in June 2004 to acquire 900,000 shares of the Company's common stock through the exercise of vested stock options previously granted to them in 1995 by the Company. The notes bear interest at the same floating interest rate the Company pays on its credit facility with Wells Fargo and are collaterized by certain real property and existing Company stock owned by the officers. The notes will be reflected as a reduction to stockholders' equity, therefore, causing the transaction to have no net effect on stockholders' equity.

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

	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
THREE MONTHS ENDED SEPTEMBER 26, 1999			
BASIC EPS			
Income Available to Common Shareholders	$ 747	11,250	$ 0.07
Effect of Dilutive Securities - Stock Options		220	
DILUTED EPS			
Income Available to Common Shareholders & Assumed Conversions	$ 747	11,470	$ 0.07
THREE MONTHS ENDED SEPTEMBER 27, 1998			
BASIC EPS			
Income Available to Common Shareholders	$ 470	12,212	$ 0.04
Effect of Dilutive Securities - Stock Options		797	
DILUTED EPS			
Income Available to Common Shareholders & Assumed Conversions	$ 470	13,009	$ 0.04

(6) Summarized in the following tables are net sales and operating revenues, operating profit (loss), and geographic information (revenues) for the Company's reportable segments for the three months ended September 26, 1999, and September 27, 1998:

(In thousands)	SEPTEMBER 26, 1999	SEPTEMBER 27, 1998
NET SALES AND OPERATING REVENUES:		
Food and Equipment Distribution	$ 15,329	$ 14,442
Franchise and Other	2,046	2,050
Intersegment revenues	217	246
Combined	17,592	16,738
Other revenues	19	92
Less intersegment revenues	(217)	(246)
Consolidated revenues	17,394	16,584
OPERATING PROFIT:		
Food and Equipment Distribution (1)	$ 727	$ 417
Franchise and Other (1)	846	686
Intersegment profit	56	60
Combined	1,629	1,163
Other profit or loss	19	92
Less intersegment profit	(56)	(60)
Corporate administration and other	(455)	(515)
Income before taxes	1,137	680
GEOGRAPHIC INFORMATION (REVENUES):		
United States	$ 17,073	$ 16,206
Foreign countries	321	378
Consolidated total	17,394	16,584

(1) Does not include full allocation of corporate administration

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

Quarter ended September 26, 1999 compared to the quarter ended September 27, 1998.

Diluted earnings per share for the first quarter of the current fiscal year increased by 75% to $0.07 from $0.04 for the same period last year. Net income for the quarter increased 59% to $747,000 from $470,000 for the same quarter last year.

Food and supply sales increased 6% or $887,000 for the quarter compared to the same period last year. Food and supply sales to domestic franchise restaurants increased 4% or $623,000 compared to the same quarter last year due to greater sales volume to franchised restaurants and higher cheese prices. Equipment sales increased $362,000 due to additional sales to more full-service stores opened during the quarter. Last year's sales also included temporary closings of the Company's franchise restaurants in several larger revenue producing southeastern states that were effected by hurricanes.

Franchise revenue, which includes income from royalties, license fees and area development and foreign master license (collectively, "Territory") sales, increased 1% or $15,000 over the same period last year. Domestic and international royalties increased $61,000 due to higher chainwide sales. The first quarter of the prior year included final recognition of $53,000 in proceeds for Territory sales.

Restaurant sales, which consists of revenue generated by Company-owned stores, decreased 3% or $19,000 due to the closing of one Delco store in August 1998. Comparable store sales growth at Company-owned stores increased 4% for the quarter.

Other income, which consists primarily of interest income and non-recurring revenue items decreased 79% or $73,000 for the quarter compared to the same period last year. The prior year's quarter included recognition of $65,000 in vendor incentives.

Cost of sales increased 5% or $644,000 compared to the same period last year. This increase is due primarily to increased domestic retail sales as noted above and increased vehicle costs caused by higher fuel prices. Cost of sales, as a percentage of sales, decreased to 92% from 93% compared to the same quarter last year.

Franchise expenses include selling, general and administrative expenses directly related to the sale and service of franchises and Territories. These costs decreased 12% or $85,000 for the first quarter primarily due to lower compensation expense relating to franchise sales.

General and administrative expenses decreased 20% or $232,000 compared to the same quarter last year primarily due to decreased miscellaneous expenses and professional fees. Additionally, Company-owned store expenses were lower due to increased cost efficiencies.

Interest expense increased 23% or $26,000 for the quarter, as the result of higher debt balances and interest expense on the new capitalized leases.

LIQUIDITY AND CAPITAL RESOURCES

During the first quarter of fiscal 2000, the Company utilized cash provided by operations in the amount of $1,136,000, bank borrowings of $800,000 and a portion of its cash balances to purchase 332,500 shares of its own common stock for $1,131,000 and to pay dividends of $706,000.

Capital expenditures of $133,000 purchased during the first quarter included computer equipment and freezer upgrades.

In September 1999, the Company's Board of Directors declared a quarterly dividend of $0.06 per share on the Company's common stock, payable October 22, 1999 to shareholders of record on October 8, 1999.

The Company continues to realize substantial benefit from the utilization of its net operating loss carryforwards (which currently total $9.6 million and expire in 2005) to reduce its federal tax liability from the 31% to 34% tax rate 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, along with the reversal of temporary differences, to fully realize its net deferred tax asset balance ($5.2 million as of September 26, 1999) without reliance on material, non-routine income. Taxable income in future years at the same level as fiscal 1999 would be sufficient for full realization of the net tax asset.

The Company has assessed its computerized systems to determine their ability to correctly identify the year 2000 and is devoting the necessary

internal and external resources to replace, upgrade or modify all significant systems related to the year 2000. The Company's assessment, purchase of new equipment, installation of new software, conversion and testing of data are completed. The Company fully implemented the new system in May 1999 and has begun processing information.

Because third party computer failures could also have a material impact on our ability to conduct business, confirmations were requested from our material vendors and suppliers to certify that plans are being developed to address and become compliant with the year 2000 issues. As of September 26, 1999, 80% have replied and are comfortable with their preparations for the year 2000. The Company believes that any year 2000 impact on its franchisee base will have no material effect on the Company since sales information is not currently communicated through computer systems. Through the assessment of the Company's non-information technology systems, management has determined that no modifications are required for year 2000 compliance in this area. The Company will continue to assess and develop contingency plans, if needed, throughout the remainder of 1999.

New software, testing, and conversion of systems and applications have been completed and implemented. Total system upgrades are expected to position the Company for anticipated future growth and enhance corporate service capabilities. The cost of these upgrades will total approximately $1.2 million. Of this cost, approximately $930,000 already has been incurred as of September 26, 1999. All of the above capital expenditures are funded through a 36-month capitalized lease.

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

PART II. OTHER INFORMATION

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

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits:

10.1 Second Amendment to Amended and Restated Loan Agreement between the Company and Wells Fargo Bank (Texas), N.A. dated as of August 31, 1999.

10.2 Employment Agreement between the Company and C. Jeffrey Rogers dated as of July 1, 1999.

10.3 Employment Agreement between the Company and Ronald W. Parker dated as of July 1, 1999.

10.4 Promissory Note between the Company and C. Jeffrey Rogers dated as of October 6, 1999.

10.5 Promissory Note between the Company and Ronald W. Parker dated as of October 6, 1999.

10.6 Pledge Agreement between the Company and C. Jeffrey Rogers dated as of October 6, 1999.

10.7 Pledge Agreement between the Company and Ronald W. Parker dated as of October 6, 1999.

27.0 Financial Data Schedule

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/Shawn M. Preator
Shawn M. Preator
Controller and
Principal Accounting Officer

Dated: November 9, 1999

SECOND AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT

This Second Amendment to Amended and Restated Loan Agreement (this "Amendment") executed on September 30, 1999, is dated as of August 31, 1999 by and among PIZZA INN, INC., a Missouri corporation (the "Borrower"), and WELLS FARGO BANK (TEXAS), NATIONAL ASSOCIATION (the "Lender").

R E C I T A L S:

WHEREAS, Borrower and Lender have entered into that certain Amended and Restated Loan Agreement dated as of August 28, 1997, as amended by that certain First Amendment to Amended and Restated Loan Agreement dated as of September 14, 1998 (as the same has been and may be amended, modified or supplemented from time to time, the "Agreement"), pursuant to which Lender made revolving credit loans available to Borrower under the terms and provisions stated therein; and

WHEREAS, pursuant to the Agreement, Barko Realty, Inc., a Texas corporation, R-Check, Inc., a Texas corporation, and Pizza Inn of Delaware, Inc., a Delaware corporation (collectively, the "Guarantors") executed that certain Amended and Restated Guaranty Agreement dated as of August 28, 1997 (the "Guaranty") which guaranteed to Lender the payment and performance of the Obligations (as defined in the Agreement);

WHEREAS, Borrower has requested Lender to (a) amend certain provisions of the investment covenant, and (b) extend the Termination Date; and

WHEREAS, Lender is willing to amend the Agreement as hereinafter provided; and

WHEREAS, Borrower and Lender now desire to amend the Agreement as herein set forth.

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

1 ARTICLE

DEFINITIONS

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

2 ARTICLE

AMENDMENTS

2.1 Section Amendments to Section 1.1. Effective as of the date hereof, the definition of "Termination Date" in Section 1.1 of the Agreement is amended by deleting the reference to "August 30, 2000" and substituting therefor "August 30, 2001".

2.2 Section Amendment to Section 9.5(f). Effective as of the date hereof, Section 9.5(f) of the Agreement is amended in its entirety to read as follows:

(f) loans or advances to (i) employees of the Borrower in the ordinary course of business not to exceed $100,000 to any one individual or $250,000 in the aggregate and (ii) shareholders of the Borrower in an amount not to exceed $2,750,000 in the aggregate to enable such shareholders to exercise their vested options to purchase stock of the Borrower;

2.3 Section Deletion of Section 10.2. Effective as of the date hereof, Section 10.2 of the Agreement is deleted in its entirety.

3 ARTICLE

CONDITIONS PRECEDENT

3.1 Section Conditions. The effectiveness of this Amendment is subject to the satisfaction of the following conditions precedent:

(a) Lender shall have received all of the following, each dated (unless otherwise indicated) the date of this Amendment, in form and substance satisfactory to Lender:

(i) Amendment. This Amendment, duly executed by Borrower and each Guarantor;

(ii) Third Amended and Restated Revolving Credit Note. A Third Amended and Restated Revolving Credit Note in the form of Annex I attached hereto, duly executed by Borrower; and

(iii) Additional Information. Such additional documents, instruments and information as Lender or its legal counsel, Winstead Sechrest & Minick P.C., may reasonably request.

(b) 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.

(c) 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.

(d) 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 Lender and its legal counsel, Winstead Sechrest & Minick P.C.

4 ARTICLE

MISCELLANEOUS

4.1 Section Ratifications, Representations and Warranties. Except as expressly modified and superseded by this Amendment, the terms and provisions of the Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Borrower agrees that the representations and warranties contained herein and in all other Loan Documents, as amended hereby, are true and correct as of, and as if made on, the date hereof. Borrower and Lender agree that the Agreement as amended hereby and all other documents executed in connection with the Agreement or this Amendment to which Borrower or any Guarantor is a party shall continue to be legal, valid, binding and enforceable in accordance with their respective terms

4.2 Section Reference to the Agreement. Each of the Loan Documents, including the 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 Agreement as amended hereby, are hereby amended so that any reference in such Loan Documents to the Agreement shall mean a reference to the Agreement as amended hereby.

4.3 Section Expenses of Lender. As provided for in the Agreement, Borrower agrees to pay on demand all reasonable cost and expenses incurred by Lender in connection with the preparation, negotiation, 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 reasonable cost of Lender's legal counsel, and all reasonable costs and expenses incurred by Lender in connection with the enforcement or preservation of any rights under the Agreement, as amended hereby, or any other Loan Documents.

4.4 Section Severability. Any provisions of this Amendment held by 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 provisions so held to be invalid or unenforceable.

4.5 Section Applicable Law. This Amendment and all other Loan Documents executed pursuant hereto shall be governed by and construed in accordance with the laws of the State of Texas.

4.6 Section Successors and Assigns. This Amendment is binding upon and shall enure to the benefit of Lender and Borrower and their respective successors and assigns.

4.7 Section 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.

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

4.9 Section NO ORAL AGREEMENTS. THIS AMENDMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION HEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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EXECUTED as of the day and year first above written.

BORROWER:

PIZZA INN, INC.

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

LENDER:

WELLS FARGO BANK (TEXAS), NATIONAL ASSOCIATION

By: /s/ Austin D. Nettle
Name: Austin D. Nettle
Title: Banking Officer

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

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), executed on October 1, 1999, is made and entered into effective the 1st day of July, 1999, by and between C. JEFFREY ROGERS (hereinafter referred to as "Rogers"), and PIZZA INN, INC. (hereinafter referred to as the "Company").

W I T N E S S E T H:

WHEREAS, the Company and Rogers entered into that certain Employment Agreement dated July 26, 1990 and subsequent Employment Agreements dated September 25, 1992, July 1, 1994 and July 1, 1997 (together, the "Employment Agreement"); and

WHEREAS, pursuant to the Employment Agreement, the Company currently employs Rogers as its President and Chief Executive Officer, and the Company and Rogers desire to continue and extend such employment on the terms and conditions set forth; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Rogers hereby agree as follows:

ARTICLE I

AGREEMENT

1.01 Employment. Subject to the terms and conditions of this Agreement, the Company agrees to continue to employ Rogers as its President and Chief Executive Officer and Rogers hereby accepts such continued employment with the Company.

1.02 Term. The term (the "Term") of Rogers' employment hereunder shall commence on the effective date of this Agreement set forth above (the "Effective Date") and shall continue through June 30, 2004, unless earlier terminated as provided pursuant to Article V hereof.

1.03 Extensions. During each fiscal year of the Company, beginning with the fiscal year ending in June 2000, the Board of Directors of the Company may extend the term of this Agreement, by an additional fiscal year, without the need to execute an amendment to this Agreement by adopting appropriate resolutions which expressly extend the term of this Agreement for such additional fiscal year and which establish a target amount for pre-tax operating cash flow for such fiscal year pursuant to Section 3.02(c) of this Agreement.

ARTICLE II

TITLE AND AUTHORITY

2.01 Rogers agrees to act as President and/or Chief Executive Officer of the Company and to render such services as are normally delegated to such offices and positions and such additional services as may be delegated to him from time to time by the Board of Directors of the Company (the "Board of Directors") or otherwise stated in the Company's By-Laws, as amended. In performing such duties hereunder, Rogers shall give the Company the benefit of his special knowledge, skills, contacts and business experience and shall devote substantially all of his business time, attention, ability and energy exclusively to the business of the Company. It is agreed that Rogers may have other business investments and participate in other business ventures which may, from time to time, require minor portions of his time, but which shall not interfere or be inconsistent with his duties hereunder.

ARTICLE III

COMPENSATION

3.01 Base Salary. During the Term, the Company will pay to Rogers, as compensation for services rendered under this Agreement during the fiscal year ending June 25, 2000, an aggregate base salary (the "Base Salary") of Five Hundred Ninety-One Thousand Ten andNo/100 Dollars ($591,010.00) per annum. The Base Salary shall be paid in equal bi-weekly installments less applicable withholding, FICA and other taxes, if any. Such Base Salary shall be increased by 5% per year commencing on each anniversary of the Effective Date thereafter during the Term.

3.02 Cash Bonuses. The Company agrees to pay Rogers the cash bonuses provided below during the term of this Agreement. In the event the Company fails to meet the required criteria for Rogers to earn any portion of any of the bonuses listed below due to an extraordinary and/or non-recurring event or condition, the Compensation Committee of the Board of Directors has the authority, in its sole discretion, to authorize an additional bonus of an amount not exceeding the amount lost by Rogers due to such event or condition. The Compensation Committee also has the authority, in its sole discretion, to authorize an additional bonus to Rogers at each fiscal quarter end and fiscal year end in the event the Company experiences superior financial or stock price performance and the Compensation Committee deems such a bonus appropriate.

(a) Bonus No. 1. During the Term, the Company will pay to Rogers a cash incentive bonus (Bonus No. 1) equal to $150,000 per Company fiscal year if at least 50 new Pizza Inn units are opened during such fiscal year. Payments will be made on a semi-annual basis, 50% on January 1 and July 1 of each year, based upon the opening of at least 25 new Pizza Inn units during each semi-annual period of such fiscal year. To the extent that 25 new units are not opened in either semi-annual period, the entire unpaid amount of Bonus No. 1 shall be paid to Rogers at fiscal year end if 50 new units are opened by fiscal year end.

(b) Bonus No. 2. During the Term, the Company will pay to Rogers a cash incentive bonus (Bonus No. 2), payable quarterly, in the amount of $37,500 for each fiscal quarter in which the Company s operating results report pre-tax net income growth or earnings per share growth of at least 10% more than the same quarter in the preceding year. To the extent that there is a shortfall from such goal in any given quarter, the entire year-to-date unpaid amount of Bonus No. 2 shall be paid to Rogers if the total year-to-date pre-tax income growth for such fiscal year is at least 10% more than the previous fiscal year.

(c) Bonus No. 3. During the Term, the Company will pay to Rogers a cash incentive bonus (Bonus No. 3), payable at the end of each fiscal year, based on the targets set forth below for EBITDA cash flow. For the purposes of this Agreement, "EBITDA cash flow" shall mean pre-tax earnings before interest, taxes, depreciation, and amortization prior to this bonus accrual per Section 3.02. If EBITDA cash flow equals or exceeds the target amount for an applicable year, then Bonus No. 3 shall equal $200,000. If EBITDA cash flow equals or exceeds 75% but is less than 100% of the target amount for an applicable year, then Bonus No. 3 shall equal $150,000. There shall be no Bonus No. 3 if EBITDA cash flow is less than 75% of the target amount for an applicable year. If EBITDA cash flow exceeds the target amount for an applicable year by $300,000 or more, then Bonus No. 3 shall equal $250,000.

Fiscal Year Ending	EBITDA Cash Flow Target
June 2000	$ 6,000,000
June 2001	$ 6,500,000
June 2002	$ 7,000,000
June 2003	$ 7,500,000
June 2004	$ 8,000,000

3.03 Stock. It is acknowledged that Rogers owns a substantial number of shares of Common Stock. The issuance of any additional shares of stock to Rogers would be at the discretion of the Company's Board of Directors.

ARTICLE IV

BENEFITS

4.01 Rogers shall receive a $50,000 yearly allowance to purchase life and disability insurance on each January 1 during the Term. At his option, Rogers shall receive $10,000 yearly allowance to maintain secondary health, dental and other insurance payable at such time as the premiums for such insurance are due. In addition, Rogers may participate in the Company's benefit plans. Rogers shall receive an automobile allowance of $1,350 per month payable on the first day of each month during the Term plus reimbursement of gasoline and maintenance expenses.

ARTICLE V

TERMINATION

5.01 Disability of Rogers. If Rogers shall become disabled, ill or be injured or otherwise become incapacitated such that, in the good faith opinion of the Board of Directors, he cannot fully carry out and perform his duties hereunder, and such incapacity shall continue for a period of 90 consecutive days, the Board of Directors may, at any time thereafter, fully and finally terminate his employment under this Agreement by giving Rogers written notice of such termination; provided, however, Rogers shall continue to receive 25% of his Base Salary for the remainder of the Term. Termination under this Paragraph 5.01 shall be effective as of the date of such notice. The right to terminate Rogers hereby shall expire (if not invoked) at such time as the event causing such incapacity is fully cured.

5.02 Death of Rogers. This Agreement shall automatically terminate upon the death of Rogers; provided, however, that the estate of Rogers shall receive for one (1) year after the date of death, upon the dates that such payments would have been made to Rogers, payments of Base Salary, Bonus No. 1, Bonus No. 2, and Bonus No. 3 pursuant to this Agreement.
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5.03 Termination by the Company for Cause. In addition to any other remedies which the Company may have at law or in equity, the Board of Directors may immediately terminate Rogers' employment under this Agreement in the event of the occurrence of any of the following events:

(a) Rogers willfully engages in an act of dishonesty (including, but not limited to, conviction of a felony) which act in and of itself materially injures or damages the Company; or

(b) Rogers willfully fails to substantially perform his duties within fifteen (15) days after written demand for substantial performance is delivered to Rogers by the Board of Directors, which demand specifically identifies the manner in which the Board believes that Rogers has not substantially performed his duties.

The Board of Directors shall provide at least ten (10) days prior written notice to Rogers of its intention to discharge Rogers for cause, and such notice must specify in detail the nature of the cause alleged and provide Rogers an opportunity to be heard by the Board of Directors prior to the expiration of such ten day period.

5.04 Termination by the Company Without Cause. The Board of Directors may terminate Rogers without cause (cause being as defined in Paragraph 5.03 above) upon 30 days prior written notice.

5.05 Termination by Rogers. Rogers may, with or without cause, terminate his employment under this Agreement at any time by giving the Company at least 30 days prior written notice of such termination.

5.06 Change of Control. Rogers may terminate this Agreement with or without any reason at any time within six months after a Change of Control has occurred by giving the Company at least ten days prior written notice of such termination. Change of Control shall mean any of the following: (a) all or substantially all of the assets of the Company are sold, leased, exchanged or otherwise transferred to any person or entity or group of persons or entities acting in concert as a partnership, limited partnership, syndicate or other group (a "Group of Persons") other than a person or entity or Group of Persons at least 50% of the combined voting power of which is held by Rogers; or (b) the Company is merged or consolidated with or into another corporation with the effect that the then existing stockholders of the Company hold less than 50% of the combined voting power of the then outstanding securities of the surviving corporation of such merger or the corporation resulting from such consolidation ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors; or (c) a person or entity or Group of Persons (other than (i) the Company or (ii) an employee benefit plan sponsored by the Company) shall, as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934) of securities of the Company representing 50% or more of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors; or (d) individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a

result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Securities Exchange Act of 1934) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

5.07 Termination by Rogers for Good Reason. Rogers may terminate his employment for good reason within twelve months following a Change of Control by giving the Company at least ten days prior written notice of such termination. For purposes of this Agreement, good reason shall mean, without Rogers express written consent, that, following a Change of Control, (i) Rogers is required to relocate, (ii) Rogers is assigned a diminished position or diminished responsibilities with the Company, or (iii) Rogers annual base salary, bonus or benefits, as the same may be contractually adjusted from time to time, are reduced in any manner other than as provided for in Section 3.02 in this Agreement.

ARTICLE VI

RIGHTS UPON TERMINATION

6.01 If the Company terminates this Agreement pursuant to Paragraphs 5.01 or 5.03 hereof, or if this Agreement is automatically terminated pursuant to Paragraph 5.02 hereof, or if Rogers terminates this Agreement pursuant to Paragraph 5.05 hereof, then Rogers or Rogers' estate, as the case may be, will only be entitled to the salary (under Paragraph 3.01) which has been received or accrued to the date of termination, and Rogers or Rogers' estate, as the case may be, will not be entitled to any additional salary for the remainder of the Term (except as otherwise provided in Paragraph 5.01 or 5.02 hereof). Rogers will not be entitled to any bonus (including any bonuses set forth herein), further equity participation, employee benefit, or any other payment except for bonuses which may have accrued prior to the date of termination (except as otherwise provided in Paragraph 5.02 hereof).

6.02 If the Company terminates this Agreement pursuant to Paragraph 5.04 hereof, or if Rogers terminates this Agreement pursuant to Paragraph 5.06 or 5.07 hereof, Rogers will be entitled to a lump sum payment within 30 days of termination of all ordinary salary payments as provided in Paragraph 3.01 which would have been paid had Rogers remained in the employment of the Company during the complete Term together with an amount equal to (i) two times the sum of Bonus No. 1, Bonus No. 2 and Bonus No. 3 Rogers would have received in the fiscal year of such termination assuming the Company's financial and operational results for such fiscal year attained the highest levels set forth in Paragraph 3.02 hereof, less (ii) any Bonus No. 1, Bonus No. 2, and Bonus No. 3 actually received in such fiscal year based on operating results of such fiscal year.

6.03 The parties hereto acknowledge and agree that the amount set forth in Paragraph 6.02 is not a penalty or a forfeiture; rather, the amount specified is a reasonable and fair reflection of damages that Rogers might incur in the event this Agreement is terminated pursuant to such paragraph.

6.04(a) If any payment received or to be received by Rogers in connection with a change in control of the Company or termination of Rogers' employment (whether payable pursuant to the terms of this Agreement or any other plan, arrangement, or agreement with the Company, any person whose actions result in a change in control of the Company, or any person affiliated with the Company or such person (together with the severance payment, the "total payments"), will be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, the Company will pay to Rogers, within 30 days of any payments giving rise to excise tax, an additional amount (the "gross-up payment") such that the net amount retained or to be retained by Rogers, after deduction of any excise tax on the total payments and any federal and state and local income tax and excise tax on the gross-up payment provided for by this section, will equal the total payments.

6.04(b) For purposes of determining the amount of the gross-up payment, Rogers will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year that the payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the executive's residence on the date of termination or the date that excise tax is withheld by the Company, net of the maximum reduction in federal income taxes that could be obtained by deducting such state and local taxes.

6.04(c) For purposes of determining whether any of the total payments would not be deductible by the Company and would be subject to the excise tax, and the amount of such excise tax, (i) total payments will be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Internal Revenue Code, and all parachute payments in excess of the base amount within the meaning of Section 280G(b)(3) will be treated as subject to the excise tax unless, in the opinion of tax counsel selected by the Company's independent auditors and acceptable to Rogers such total payments (in whole or in part) are not parachute payments, or such parachute payments in excess of the base amount (in whole or in part) are otherwise not subject to the excise tax, and (ii) the value of any non-cash benefits or any deferred payment or benefit will be determined by the Company's independent auditors in accordance with Sections 280G(d)(3) and (4) of the Internal Revenue Code.

ARTICLE VII

EXPENSE REIMBURSEMENT

7.01 Rogers is authorized to incur reasonable business expenses in promoting the business of the Company, including expenditures for entertainment and travel. Such expenses shall include economy airfare for commuting between Rogers' residence (which may be his primary or secondary residence) and the Company's corporate office (or such other locations as Rogers needs to conduct the Company's business from time to time). The Company shall reimburse Rogers from time to time for all business expenses which are determined by the Board of Directors to be reasonable. The Company shall reimburse Rogers' legal and resultant accounting expenses incurred in connection with this Agreement.

ARTICLE VIII

BOARD OF DIRECTORS

8.01 In the event of termination of this Agreement, Rogers shall tender his resignation from the Board of Directors.

ARTICLE IX

TRADE SECRETS AND NON COMPETITION

9.01 Trade Secrets. During the Term and at all times thereafter, Rogers shall not use for his personal benefit, or disclose, communicate or divulge to, or use for the direct or indirect benefit of any person, firm, association or company other than the Company or any affiliate or subsidiary of the Company, any material referred to in Paragraph 10.01 or 10.02 or any information regarding the business methods, business policies, procedures, techniques, research or development projects or results, trade secrets or other knowledge or processes of a proprietary nature belonging to, or developed by, the Company or any other confidential information relating to or dealing with the business operations or activities of the Company or any affiliate or subsidiary of the Company, made known to Rogers or learned or acquired by Rogers while in the employ of the Company.

9.02 Non-Competition. For a period of three years after the termination of his employment with the Company, Rogers shall not become employed by, consult with or otherwise assist in any manner any company (or any affiliate thereof) the primary business of which involves or relates to the sale of pizza in the continental United States.

9.03 Remedies. Rogers acknowledges that the restrictions contained in the foregoing Paragraphs 9.01 and 9.02 (the "Restrictions"), in view of the nature of the business in which the Company and its affiliates and subsidiaries are engaged, are reasonable and necessary in order to protect the legitimate interests of the Company and its affiliates and subsidiaries, and that any violation thereof would result in irreparable injury to the Company, and Rogers therefore further acknowledges that, in the event Rogers violates, or threatens to violate, any such Restrictions, the Company and its affiliates and subsidiaries shall be entitled to obtain from any court of competent jurisdiction, without the posting of any bond or other security, preliminary and permanent injunctive relief as well as damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights shall be cumulative and in addition to any other rights or remedies in law or equity to which the Company or any affiliate or subsidiary of the Company may be entitled.

9.04 Invalid Provisions. If any Restriction, or any part thereof, is determined in any judicial or administrative proceeding to be invalid or unenforceable, the remainder of the Restrictions shall not thereby be affected and shall be given full effect, without regard to the invalid provisions.

9.05 Judicial Reformation. If the period of time or the area specified in the Restrictions should be adjudged unreasonable in any judicial or administrative proceeding, then the court or administrative body shall have the power to reduce the period of time or the area covered and, in its reduced form, such provision shall then be enforceable and shall be enforced.

9.06 Tolling. If Rogers violates any of the Restrictions, the restrictive period shall not run in favor of Rogers from the time of the commencement of any such violation until such time as such violation shall be cured by Rogers to the satisfaction of the Company.

ARTICLE X

PROPRIETARY INFORMATION

10.01 Disclosure of Information. It is recognized that Rogers will have access to certain confidential information of the Company and its affiliates and subsidiaries, and that such information constitutes valuable, special and unique property of the Company and its affiliates and subsidiaries. Rogers shall not at any time disclose any such confidential information to any party for any reason or purpose except as may be made in the normal course of business of the Company or its affiliates and subsidiaries and for the Company's or its affiliates' or subsidiaries' benefits.

10.02 Return of Information. All advertising, sales and other materials or articles of information, including without limitation data processing reports, invoices, or any other materials or data of any kind furnished to Rogers by the Company or developed by Rogers on behalf of the Company or at the Company's direction or for the Company's use or otherwise in connection with Rogers' employment hereunder, are and shall remain the sole and confidential property of the Company; if the Company requests the return of such materials at any time during, upon or after the termination of Rogers' employment, Rogers shall immediately deliver the same to the Company.

ARTICLE XI

ARBITRATION

11.01 Any controversy or claim arising out of or relating to this Agreement or the breach thereof of Rogers' employment relationship with the Company shall be settled by arbitration in the City of Dallas in accordance with the laws of the State of Texas by three arbitrators, one of whom shall be appointed by the Company, one by Rogers, and the third of whom shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the appointment of a third arbitrator, then the third arbitrator shall be appointed by the Chief Judge of the United States Court of Appeals for the Fifth Circuit. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be as provided in this Article XI. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction.

ARTICLE XII

MISCELLANEOUS

12.01 Notices. Any notices to be given hereunder by either party to the other shall be in writing and may be effected either by personal delivery or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the following addresses:

If to Company: Pizza Inn, Inc.
5050 Quorum Drive
Suite 500
Dallas, Texas 75240
Attn: Chairman of the Board

If to Rogers: C. Jeffrey Rogers
5050 Quorum Drive
Suite 500
Dallas, Texas 75240

Any party may change his or its address by written notice in accordance with this Paragraph 12.01. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three days after proper mailing.

12.02 Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Rogers by the Company, including, but without limitation, the Employment Agreement, and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever.

12.03 Law Governing Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and all obligations shall be performable in Dallas County, Texas.

12.04 Waivers. No term or condition of this Agreement shall be deemed to have been waived nor shall there be any estoppel to enforce any of the terms or provisions of this Agreement except by written instrument of the party charged with such waiver or estoppel, and, if the Company is the waiving party, such waiver must be approved by the Board of Directors. Further, it is agreed

that no waiver at any time of any of the terms or provisions of this Agreement shall be construed as a waiver of any of the other terms or provisions of this Agreement, and that a waiver at any time of any of the terms or provisions of this Agreement shall not be construed as a waiver at any subsequent time of the same terms or provisions.

12.05 Amendments. No amendment or modification of this Agreement shall be deemed effective unless and until executed in writing by all of the parties hereto and approved by the Board of Directors.

12.06 Severability and Limitation. All agreements and covenants contained herein are severable and in the event any of them shall be held to be invalid by any competent court, this Agreement shall be interpreted as if such invalid agreements or covenants were not contained herein. Should any court or other legally constituted authority determine that for any such agreement or covenant to be effective that it must be modified to limit its duration or scope, the parties hereto shall consider such agreement or covenant to be amended or modified with respect to duration and scope so as to comply with the orders of any such court or other legally constituted authority, and, as to all other portions of such agreements or covenants, they shall remain in full force and effect as originally written.

12.07 Headings. All headings set forth in this Agreement are intended for convenience only and shall not control or affect the meaning, construction or effect of this Agreement or of any of the provisions thereof.

12.08 Assignment. Rogers agrees that his representations, warranties, covenants, promises and obligations contained herein may be assigned by the Company to any person, partnership, firm, association, corporation or other business entity to which the Company may transfer all or substantially all of its business or assets.

12.09 Survival. Articles VI, IX and XI shall survive the termination of this Agreement.

EXECUTED as of the date and year first above written.

PIZZA INN, INC.

By: /s/ Ronald W. Parker
____
Ronald W. Parker, Executive Vice President

/s/ C. Jeffrey Rogers
____
C. Jeffrey Rogers

EXECUTIVE COMPENSATION AGREEMENT

THIS EXECUTIVE COMPENSATION AGREEMENT ("Agreement"), executed on October 1, 1999, is made and entered into and executed effective the 1st day of July, 1999, by and between Ronald W. Parker (hereinafter referred to as "Executive") and Pizza Inn, Inc. (hereinafter referred to as the "Company").

W I T N E S S E T H:

WHEREAS, the Company currently employs Executive as its Executive Vice President and Chief Operating Officer, and the Company and Executive desire to continue and extend such employment on the terms and conditions set forth;

NOW THEREFORE, for and in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Executive hereby agree as follows:

ARTICLE I

COMPENSATION

1.01 During the period of employment of Executive by the Company, the Board of Directors of the Company (the "Board") or the Compensation Committee or Stock Award Plan Committee thereof shall determine, based on the recommendations of the Company's Chief Executive Officer from time to time, the compensation of Executive, including salary, bonus, grants of stock options, and other benefits; provided, however, that Executive shall receive an annual salary, bonus and all other benefits not less than his then current annual salary, bonus and all other benefits, except stock options, including such increases as the Board or the Compensation Committee approve from time to time.

ARTICLE II

TERMINATION OF EMPLOYMENT

TERMINATION BY THE COMPANY FOR CAUSE

2.01 In addition to any other remedies which the Company may have at law or in equity, the Company may at any time terminate Executive's employment for Cause. The Company shall provide at least ten (10) days prior written notice to Executive of its intention to discharge Executive for Cause, and such notice must specify in detail the nature of the Cause alleged and provide Executive an opportunity to be heard by the Board prior to the expiration of such ten-day period. "Cause" shall mean the occurrence of any of the following events:

(a) Executive willfully engages in an act of dishonesty (including, but not limited to, conviction of a felony) which act in and of itself materially injures or damages the Company; or

(b) Executive willfully fails to substantially perform his duties within fifteen (15) days after written demand for substantial performance is delivered to Executive by the Board, which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed his duties.

TERMINATION BY EXECUTIVE IN WINDOW PERIOD

2.02 Executive's employment may be terminated by Executive with or without any reason at any time within six months after a Change of Control (the "Window Period") by giving the Company at least ten days prior written notice of such termination. "Change of Control" shall mean any of the following: (a) all or substantially all of the assets of the Company are sold, leased, exchanged or otherwise transferred to any person or entity or group of persons or entities acting in concert as a partnership, limited partnership, syndicate or other group (a "Group of Persons") other than a person or entity or Group of Persons at least 50% of the combined voting power of which is held by Executive; or (b) the Company is merged or consolidated with or into another corporation with the effect that the then existing stockholders of the Company hold less than 50% of the combined voting power of the then outstanding securities of the surviving corporation of such merger or the corporation resulting from such consolidation ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors; or (c) a person or entity or Group of Persons (other than (i) the Company or (ii) an employee benefit plan sponsored by the Company) shall, as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934) of securities of the Company representing 50% or more of the

combined voting power of the then outstanding securities of the Company ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors; or (d) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Securities Exchange Act of 1934) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

TERMINATION BY EXECUTIVE FOR GOOD REASON

2.03 Executive may terminate his employment for good reason within twelve months following a Change of Control (the "Good Reason Period"). For purposes of this Agreement, "good reason" shall mean, without the Executive's express written consent, that, following a Change of Control, (i) Executive is required to relocate, (ii) Executive is assigned a diminished position or diminished responsibilities with the Company, or (iii) Executive's annual base salary or benefits, as the same may be increased from time to time, are reduced.

NOTICE AND DATE OF TERMINATION

2.04 Any termination by the Company or by Executive shall be communicated by written notice. "Date of Termination" means (i) if Executive's employment is terminated by the Company for Cause or by Executive, the date of receipt of the notice of termination or any later date specified therein, as the case may be, or (ii) if Executive's employment is terminated by the Company other than for Cause, the Date of Termination shall be the date on which the Company notifies Executive of such termination.

ARTICLE III

OBLIGATIONS OF THE COMPANY UPON TERMINATION

WINDOW PERIOD; OTHER THAN FOR CAUSE

3.01 If the Company terminates Executive's employment other than for Cause or Executive terminates employment during the Window Period or Executive terminates his employment for good reason during the Good Reason period, the Company shall pay to Executive in a lump sum in cash within thirty (30) days after the Date of Termination an amount equal to: (a) three (3) multiplied by (b) the sum of (i) Executive's then current annual salary (provided that such salary shall be deemed to be no lower than Executive's highest salary during any one of the immediately preceding three fiscal years) plus (ii) the highest amount of bonus and any other cash compensation (except salary) received by Executive during any one of the immediately preceding three (3) fiscal years.

OUTSIDE THE WINDOW PERIOD; FOR CAUSE

3.02 If (a) Executive terminates employment outside of the Window Period without good reason, (b) Executive's employment is terminated by the Company for Cause, (c) Executive terminates his employment outside the Good Reason Period, or (d) Executive's employment is terminated due to death or disability (as defined in the Company's long-term disability plan), this Agreement shall terminate without further obligations to Executive other than the obligation to pay to Executive, within thirty (30) days of the Date of Termination, salary plus accrued bonus and other benefits due Executive through the Date of Termination and the amount of any compensation previously deferred by Executive, in each case to the extent theretofore unpaid.

NOT A PENALTY OR FORFEITURE

3.03 The parties hereto acknowledge and agree that any payment under this Agreement is not a penalty or a forfeiture; rather, the amount specified is a reasonable and fair reflection of damages that Executive may incur in the event of Executive's termination.

TAX LIMITATION

3.04(a) If any payment received or to be received by Executive in connection with a Change in Control of the Company or termination of Executive's employment (whether payable pursuant to the terms of this Agreement or any other plan, arrangement, or agreement with the Company, any person whose actions result in a Change in Control of the Company, or any person affiliated with the Company or such person (the "Total Payments")), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, the Company will pay to Executive, within 30 days of any payments giving rise to excise tax, an additional amount (the "gross-up payment") such that the net amount retained or to be retained by Executive, after deduction of any excise tax on the total payments and any federal and state and local income tax and excise tax on the gross-up payment provided for by this section, will equal the total payments.

3.04(b) For purposes of determining the amount of the gross-up payment, Executive will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year that the payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the executive's residence on the date of termination or the date that excise tax is withheld by the Company, net of the maximum reduction in federal income taxes that could be obtained by deducting such state and local taxes.

3.04(c) For purposes of determining whether any of the total payments would not be deductible by the Company and would be subject to the excise tax, and the amount of such excise tax, (i) total payments will be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Internal Revenue Code, and all parachute payments in excess of the base amount within the meaning of Section 280G(b)(3) will be treated as subject to the excise tax unless, in the opinion of tax counsel selected by the Company's independent auditors and acceptable to Executive such total payments (in whole or in part) are not parachute payments, or such parachute payments in excess of the base amount (in whole or in part) are otherwise not subject to the excise tax, and (ii) the value of any non-cash benefits or any deferred payment or benefit will be determined by the Company's independent auditors in accordance with Sections 280G(d)(3) and (4) of the Internal Revenue Code.

ARTICLE IV

TERM

4.01 The term (the "Term") of this Agreement shall commence on the date of this Agreement as set forth above (the "Effective Date") and shall continue through June 30, 2004. During each fiscal year of the Company, beginning with the fiscal year ending in June, 2000, the Board may extend the Term by an additional year, by adopting an appropriate resolution which expressly extends the Term for such additional year but without the need to execute an amendment to this Agreement.

ARTICLE V

NONCOMPETE, ETC.

TRADE SECRETS AND NONCOMPETITION

5.01(a) Trade Secrets. During his employment by the Company and at all times thereafter, Executive shall not use for his personal benefit, or disclose, communicate or divulge to, or use for the direct or indirect benefit of any person, firm, association or company other than the Company or any affiliate or subsidiary of the Company, any material referred to in Paragraph 5.02(a) or (b) or any information regarding the business methods, business policies, procedures, techniques, research or development projects or results, trade secrets or other knowledge or processes of a proprietary nature belonging to, or developed by, the Company or any other confidential information relating to or dealing with the business operations or activities of the Company or any affiliate or subsidiary of the Company, made known to Executive or learned or acquired by Executive while in the employ of the Company.

5.01(b) Non-Competition. In the event that Executive receives payment from the Company pursuant to Paragraph 3.01 of this Agreement, Executive shall not become employed by, consult with or otherwise assist in any manner any company (or any affiliate thereof) the primary business of which involves or relates to the sale of pizza in the continental United States for a period of years equal to the number by which Executive's annual salary and bonus is multiplied pursuant to Paragraph 3.01(a).

5.01(c) Remedies. Executive acknowledges that the restrictions contained in the foregoing Paragraphs 5.01(a) and (b) (the "Restrictions"), in view of the nature of the business in which the Company and its affiliates and subsidiaries are engaged, are reasonable and necessary in order to protect the legitimate interests of the Company and its affiliates and subsidiaries, and that any violation thereof would result in irreparable injury to the Company, and Executive therefore further acknowledges that, in the event Executive violates, or threatens to violate, any such Restrictions, the Company and its affiliates and subsidiaries shall be entitled to obtain from any court of competent jurisdiction, without the posting of any bond or other security, preliminary and permanent injunctive relief as well as damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights shall be cumulative and in addition to any other rights or remedies in law or equity to which the Company or any affiliate or subsidiary of the Company may be entitled.

5.01(d) Invalid Provisions. If any Restriction, or any part thereof, is determined in any judicial or administrative proceeding to be invalid or unenforceable, the remainder of the Restrictions shall not thereby be affected and shall be given full effect, without regard to the invalid provisions.

5.01(e) Judicial Reformation. If the period of time or the area specified in the Restrictions should be adjudged unreasonable in any judicial or administrative proceeding, then the court or administrative body shall have the power to reduce the period of time or the area covered and, in its reduced form, such provision shall then be enforceable and shall be enforced.

5.01(f) Tolling. If Executive violates any of the Restrictions, the restrictive period shall not run in favor of Executive from the time of the commencement of any such violation until such time as such violation shall be cured by Executive to the satisfaction of the Company.

PROPRIETARY INFORMATION

5.02(a) Disclosure of Information. It is recognized that Executive will have access to certain confidential information of the Company and its affiliates and subsidiaries, and that such information constitutes valuable, special and unique property of the Company and its affiliates and subsidiaries. Executive shall not at any time disclose any such confidential information to any party for any reason or purpose except as may be made in the normal course of business of the Company or its affiliates and subsidiaries and for the Company's or its affiliates' or subsidiaries' benefits.

5.02(b) Return of Information. All advertising, sales and other materials or articles of information, including without limitation data processing reports, invoices, or any other materials or data of any kind furnished to Executive by the Company or developed by Executive on behalf of the Company or at the Company's direction or for the Company's use or otherwise in connection with Executive' employment hereunder, are and shall remain the sole and confidential property of the Company; if the Company requests the return of such materials at any time during, upon or after the termination of Executive's employment, Executive shall immediately deliver the same to the Company.

ARTICLE VI

TITLE AND AUTHORITY

6.01 In performing such duties hereunder, Executive shall give the Company the benefit of his special knowledge, skills, contacts and business experience and shall devote substantially all of his business time, attention, ability and energy exclusively to the business of the Company. It is agreed that Executive may have other business investments and participate in other business ventures which may, from time to time, require minor portions of his time, but which shall not interfere or be inconsistent with his duties hereunder.

ARTICLE VII

ARBITRATION

7.01 Any controversy or claim arising out of or relating to this Agreement or the breach thereof of Executive's employment relationship with the Company shall be settled by arbitration in the City of Dallas in accordance with the laws of the State of Texas by three arbitrators, one of whom shall be appointed by the Company, one by Executive, and the third of whom shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the appointment of a third arbitrator, then the third arbitrator shall be appointed by the Chief Judge of the United States Court of Appeals for the Fifth Circuit. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be as provided in this Article VII. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction.

ARTICLE VIII

MISCELLANEOUS

NOTICES

8.01 Any notices to be given hereunder by either party to the other shall be in writing and may be effected either by personal delivery or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the following addresses:

If to Company:
Pizza Inn, Inc.
5050 Quorum Drive
Suite 500
Dallas, Texas 75240
Attn: Chairman of the Board

If to Executive:
Ronald W. Parker
5050 Quorum Drive

Suite 500
Dallas, Texas 75240

Any party may change his or its address by written notice in accordance with this Paragraph 8.01. Notice delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three days after proper mailing.

INCLUSION OF ENTIRE AGREEMENT HEREIN

8.02 This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Executive by the Company upon a Change of Control and contains all of the covenants and agreements between the parties with respect thereto. This Agreement does not deal with compensation or any other employment terms of Executive prior to a Change of Control, except as specifically provided herein for termination and in Section 1.01, and does not impact additional benefits to which Executive may be entitled upon termination pursuant to Company benefit plans or by other written or oral agreement.

LAW GOVERNING AGREEMENT

8.03 This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and all obligations shall be performable in Dallas County, Texas.

WAIVERS

8.04 No term or condition of this Agreement shall be deemed to have been waived nor shall there be any estoppel to enforce any of the terms or provisions of this Agreement except by written instrument of the party charged with such waiver or estoppel, and, if the Company is the waiving party, such waiver must be approved by the Board. Further, it is agreed that no waiver at any time of any of the terms or provisions of this Agreement shall be construed as a waiver of any of the other terms or provisions of this Agreement, and that a waiver at any time of any of the terms or provisions of this Agreement shall not be construed as a waiver at any subsequent time of the same terms or provisions.

AMENDMENTS

8.05 No amendment or modification of this Agreement shall be deemed effective unless and until executed in writing by all of the parties hereto and approved by the Board.

SEVERABILITY AND LIMITATION

8.06 All agreements and covenants contained herein are severable and in the event any of them shall be held to be invalid by any competent court, this Agreement shall be interpreted as if such invalid agreements or covenants were not contained herein. Should any court or other legally constituted authority determine that for any such agreement or covenant to be effective that it must be modified to limit its duration or scope, the parties hereto shall consider such agreement or covenant to be amended or modified with respect to duration and scope so as to comply with the orders of any such court or other legally constituted authority, and, as to all other portions of such agreements or covenants, they shall remain in full force and effect as originally written.

HEADINGS

8.07 All headings set forth in this Agreement are intended for convenience only and shall not control or affect the meaning, construction or effect of this Agreement or of any of the provisions thereof.

SURVIVAL

8.08 Articles III, V and VII shall survive termination of this Agreement.

EXECUTED as of the date and year first above written.

PIZZA INN, INC.

By: /s/ C. Jeffrey Rogers

C. JEFFREY ROGERS, President
and Chief Executive Officer

/s/ Ronald W. Parker

Ronald W. Parker

PROMISSORY NOTE

$1,949,697.51 Dallas, Texas October 6, 1999

FOR VALUE RECEIVED, the undersigned, C. JEFFREY ROGERS, an individual resident of Dallas County, Texas ("Maker"), hereby promises to pay to the order of PIZZA INN, INC., a Missouri corporation ("Payee"), at its offices at 5050 Quorum Drive, Suite 500, Dallas, Texas, on June 30, 2004, in lawful money of the United States of America and in immediately available funds, the principal sum of ONE MILLION NINE HUNDRED FORTY-NINE THOUSAND SIX HUNDRED NINETY-SEVEN AND 43/100 DOLLARS ($1,949,697.51), together with interest on the outstanding principal balance from day to day remaining, at a rate per annum which shall from day to day be equal to the weighted average rate paid by the Payee from time to time under that certain Loan Agreement, dated as of August 28, 1997, between Payee and Wells Fargo Bank (Texas), National Association, as amended (the "WF Loan Agreement"), or any successor credit agreement of Payee. All accrued and unpaid interest on this Note shall be due and payable on February 1, May 1, August 1 and November 1 of each year, commencing on November 1, and at maturity.

Interest on the indebtedness evidenced by this Note shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) unless such calculation would result in a usurious rate, in which case interest shall be calculated on the basis of a year of 365 or 366 days, as the case may be. This is the promissory note referenced in that certain Pledge Agreement, dated as of the date hereof, by and between Maker and Payee (the "Pledge Agreement"). Terms defined in the Pledge Agreement are used in this Note as defined in the Pledge Agreement unless otherwise defined herein.

All payments of principal, interest, and other amounts to be made by Maker shall be made to the Payee at its principal office in Dallas, Texas in U.S. dollars and immediately available funds, without setoff, deduction, or counterclaim, not later than 11:00 a.m., Dallas, Texas, time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding business day). The Maker shall, at the time of making each such payment, specify to the Payee the sums payable by the Maker to which such payment is to be applied (and in the event the Maker fails to so specify, or if an Event of Default has occurred and is continuing, the Payee may apply such payment to the Obligations in such order and manner as it may elect in its sole discretion). Whenever any payment under this Note or the Pledge Agreement shall be stated to be due on a day that is not a business day, such payment shall be made on the next succeeding business day, and such extension of time shall in such case be included in the computation of the payment of interest and commitment fee, as the case may be.

As used in this Note, the following terms shall have the respective meanings indicated below:

"<u>Pledge Agreement</u>" means that certain Pledge Agreement dated as of the date hereof between Maker and Payee, as the same has been or may be amended or modified from time to time.

"<u>Maximum Rate</u>" is as defined in the WF Loan Agreement.

"<u>Mortgage</u>" means that certain Mortgage dated October 6, 1999 by Maker to Payee relating to certain real property located in Douglas County, Nevada.

Maker may prepay the principal of this Note in whole at any time or from time to time in part without premium or penalty but with accrued interest to the date of prepayment on the amount so prepaid.

Notwithstanding anything to the contrary contained herein, no provisions 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 Maker nor the sureties, guarantors, successors or assigns of Maker 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 Maker. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Maker and Payee 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.

If any Event of Default, as such term is defined in the Pledge Agreement or the Mortgage, shall occur and be continuing, the holder hereof may, at its option, declare the entire unpaid principal of and accrued interest on this Note immediately due and payable without notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable, and the holder hereof shall have the right to foreclose or otherwise enforce all liens or security interests securing payment hereof, or any part hereof, and offset against this Note any sum or sums owed by the holder hereof to Maker. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

If the holder hereof expends any effort in any attempt to enforce payment of all or any part or installment of any sum due the holder hereunder, or if this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceedings, Maker agrees to pay all costs, expenses, and fees incurred by the holder, including reasonable attorneys' fees, plus accrued and unpaid interest hereunder.

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 has been entered into in Dallas County, Texas, and it shall be performable for all purposes in Dallas County, Texas.

Maker 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.

/s/ C. Jeffrey Rogers____________

C. JEFFREY ROGERS

PROMISSORY NOTE

$557,056.43 Dallas, Texas October 6, 1999

FOR VALUE RECEIVED, the undersigned, RONALD W. PARKER, an individual resident of Collin County, Texas, and ANNE G. PARKER, an individual resident of Collin County, Texas (each individually a "Maker", and collectively "Makers"), hereby jointly and severally promise to pay to the order of PIZZA INN, INC., a Missouri corporation ("Payee"), at its offices at 5050 Quorum Drive, Suite 500, Dallas, Texas, on June 30, 2004, in lawful money of the United States of America and in immediately available funds, the principal sum of FIVE HUNDRED FIFTY-SEVEN THOUSAND FIFTY-SIX AND 43/100 DOLLARS ($557,056.43), together with interest on the outstanding principal balance from day to day remaining, at a rate per annum which shall from day to day be equal to the weighted average rate paid by the Payee from time to time under that certain Loan Agreement, dated as of August 28, 1997, between Payee and Wells Fargo Bank (Texas), National Association, as amended (the "WF Loan Agreement"), or any successor credit agreement of the Payee. All accrued and unpaid interest on this Note shall be due and payable on February 1, May 1, August 1 and November 1 of each year, commencing on November 1, and at maturity.

Interest on the indebtedness evidenced by this Note shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) unless such calculation would result in a usurious rate, in which case interest shall be calculated on the basis of a year of 365 or 366 days, as the case may be. This is the promissory note referenced in that certain Pledge Agreement, dated as of the date hereof, by and between Makers and Payee (the "Pledge Agreement"). Terms defined in the Pledge Agreement are used in this Note as defined in the Pledge Agreement unless otherwise defined herein.

All payments of principal, interest, and other amounts to be made by Makers shall be made to the Payee at its principal office in Dallas, Texas in U.S. dollars and immediately available funds, without setoff, deduction, or counterclaim, not later than 11:00 a.m., Dallas, Texas, time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding business day). The Makers shall, at the time of making each such payment, specify to the Payee the sums payable by the Makers to which such payment is to be applied (and in the event the Makers fail to so specify, or if an Event of Default has occurred and is continuing, the Payee may apply such payment to the Obligations in such order and manner as it may elect in its sole discretion). Whenever any payment under this Note or the Pledge Agreement shall be stated to be due on a day that is not a business day, such payment shall be made on the next succeeding business day, and such extension of time shall in such case be included in the computation of the payment of interest and commitment fee, as the case may be.

As used in this Note, the following terms shall have the respective meanings indicated below:

"Pledge Agreement" means that certain Pledge Agreement dated as of the date hereof between Makers and Payee, as the same has been or may be amended or modified from time to time.

"Maximum Rate" is as defined in the WF Loan Agreement.

"Mortgages" means those certain Mortgages dated October 6, 1999 by Maker to Payee relating to certain real property located in Wood County and Collin County, Texas.

Makers or either Maker may prepay the principal of this Note in whole at any time or from time to time in part without premium or penalty but with accrued interest to the date of prepayment on the amount so prepaid.

Notwithstanding anything to the contrary contained herein, no provisions 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 Makers nor the sureties, guarantors, successors or assigns of Makers or either Maker 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 Makers. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Makers and Payee 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.

If any Event of Default, as such term is defined in the Pledge Agreement or the Mortgagees, shall occur and be continuing, the holder hereof may, at its option, declare the entire unpaid principal of and accrued interest on this Note immediately due and payable without notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable, and the holder hereof shall have the right to foreclose or otherwise enforce all liens or security interests securing payment hereof, or any part hereof, and offset against this Note any sum or sums owed by the holder hereof to either Maker. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

If the holder hereof expends any effort in any attempt to enforce payment of all or any part or installment of any sum due the holder hereunder, or if this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceedings, each Maker agrees to pay all costs, expenses, and fees incurred by the holder, including reasonable attorneys' fees, plus accrued and unpaid interest hereunder.

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 has been entered into in Dallas County, Texas, and it shall be performable for all purposes in Dallas County, Texas.

Each Maker 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.

/s/ Ronald W. Parker

Ronald W. Parker

/s/ Anne G. Parker

Anne G. Parker

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT dated as of October 6, 1999, is by and between C. JEFFREY ROGERS, an individual resident of Dallas County, Texas (the "Pledgor"), and PIZZA INN, INC., a Missouri corporation (the "Secured Party").

R E C I T A L S:

A. Secured Party has agreed to loan to Pledgor $1,949,697.51 pursuant to the terms of a promissory note made by Pledgor payable to the order of Secured Party as of October 6, 1999 (the "Note").

B. Secured Party has conditioned its obligations under the Note upon the execution and delivery of this Agreement by Pledgor and that certain mortgage dated as of the date hereof by Pledgor in favor of the Secured Party (the "Mortgage").

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

ARTICLE I

Security Interest and Pledge

Section 1 Security Interest and Pledge. As collateral security for the prompt payment in full when due of all obligations, indebtedness and liabilities of the Pledgor to the Secured Party, now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, whether at stated maturity, by acceleration, or otherwise, under this Agreement, the Mortgage and the Note, and all interest receiving thereon and all attorneys' fees and other expenses incurred in the enforcement or collection thereof (the "Obligations"), Pledgor hereby pledges and grants to Secured Party a security interest in the following property (such property being hereinafter sometimes called the "Collateral"):

(a) 2,449,000 shares of common capital stock of Secured Party, evidenced by certificate numbers P1 12370, P1 12397, P1 2152, P1 12326, P1 13354, and P1 13744;

(b) 300,000 additional shares of common capital stock of Secured Party, evidenced by certificates to be delivered to Wells Fargo Bank (Texas), National Association ("Wells Fargo") within five (5) business days of the date hereof;

(c) all shares of common capital stock of Secured Party hereafter delivered by Pledgor to Wells Fargo, pursuant to the terms of that certain Loan Agreement, dated as of August 28, 1997, by and between Pledgor and Wells Fargo and the related loan documents, each as amended (the "Wells Fargo Loan Documents");

(d) all shares of common capital stock of Secured Party hereinafter delivered by Pledgor to Secured Party pursuant to the terms hereof;

(e) all products, proceeds, revenues, distributions, dividends, stock dividends, securities, and other property, rights, and interests that Pledgor receives or is at any time entitled to receive on account of the same; and

(f) certain real property described in the Mortgage.

ARTICLE II

Representations and Warranties

Pledgor represents and warrants to Secured Party that:

Section 2.1 Title. Pledgor owns, and with respect to Collateral acquired after the date hereof, Pledgor will own, legally and beneficially, the Collateral free and clear of any lien, mortgage, security interest, tax lien, financing statement, pledge, charge, hypothecation, assignment, preference, priority, or other encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise (each a "Lien"), or any right or option on the part of any third person or entity to purchase or otherwise acquire the Collateral or any part thereof, except for the security interest granted hereunder and a first priority security interest granted to Wells Fargo (the "WF Lien") pursuant to the terms of the Wells Fargo Loan Documents. The Collateral is not subject to any restriction on transfer or assignment except for compliance with applicable federal and state securities

laws and regulations promulgated thereunder and the WF Lien. Pledgor has the unrestricted right to pledge the Collateral as contemplated hereby. All of the Collateral has been duly and validly issued and is fully paid and nonassessable.

Section 2.2 Marital Status. The Collateral constitutes the separate property of Pledgor and no person (including Diane P. Rogers) possesses a community property interest in any part of the Collateral.

Section 2.3 Security Interest. This Agreement creates in favor of Secured Party a second priority security interest in the Collateral. There are no conditions precedent to the effectiveness of this Agreement that have not been fully and permanently satisfied.

Section 2.4 Information Regarding Collateral to be Pledged. Pledgor has completed the Information Regarding Shares to be Pledged form (the "Rule 144 Questionnaire"), and the information contained therein is true, accurate and complete. The Rule 144 Questionnaire contains no untrue statement of a material fact nor does it omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Section 2.5 No Breach. The execution, delivery, and performance by the Pledgor of this Agreement, the Mortgage and the Note and compliance with the terms and provisions hereof and thereof do not and will not (a) violate or conflict with, or result in a breach of, or require any consent under (i) any applicable law, rule, or regulation or any order, writ, injunction, or decree of any governmental authority or arbitrator, or (ii) any agreement or instrument to which the Pledgor is a party or by which his property is bound or subject, or (b) constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien (except as provided in this Agreement and the Mortgage) upon any of the revenues or assets of the Pledgor.

Section 2.6 Litigation and Judgments. There is no action, suit, investigation, or proceeding before or by any governmental authority or arbitrator pending, or to the knowledge of the Pledgor, threatened against or affecting the Pledgor.

Section 2.7 Enforceability. This Agreement, the Mortgage and the Note constitute valid, and binding obligations of the Pledgor, enforceable against the Pledgor in accordance with their respective terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to the enforcement of creditors' rights.

Section 2.8 Approvals. No authorization, approval, or consent of, and no filing or registration with, any governmental authority or third party is or will be necessary for the execution, delivery, or performance by the Pledgor of this Agreement, the Mortgage and the Note or the validity or enforceability thereof, except for filings provided for herein or in the Wells Fargo Loan Documents.

Section 2.9 Disclosure. No statement, information, report, representation, or warranty made by the Pledgor in this Agreement or the Note or furnished to the Secured Party in connection with this Agreement, the Mortgage or any of the transactions contemplated hereby contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to the Pledgor which has a material adverse effect, or which might in the future have a material adverse effect, on the condition (financial or otherwise), prospects, or properties of the Pledgor that has not been disclosed in writing to the Secured Party.

Section 2.10 Agreements. The Pledgor is not a party to any indenture, loan, or credit agreement, or to any lease or other agreement or instrument, which could have a material adverse effect on the business, condition (financial or otherwise), prospects, or properties of the Pledgor, or the ability of the Pledgor to pay and perform his obligations under the Note.

ARTICLE III

Affirmative and Negative Covenants

Pledgor covenants and agrees with Secured Party that:

Section 3.1 Delivery. Within five (5) business days of the date hereof, Pledgor shall deliver to Wells Fargo certificate(s) representing the shares of capital stock identified in Section 1(b) hereof, accompanied by undated stock powers only executed in blank. In the event that Wells Fargo relinquishes the WF Lien on any of the Collateral, Pledgor shall deliver to

Secured Party all certificate(s) representing such Collateral, accompanied by undated stock powers duly executed in blank.

Section 3.2 Encumbrances. Pledgor shall not create, permit, or suffer to exist, and shall defend the Collateral against, any Lien, security interest, or other encumbrance on the Collateral except the pledge and security interest of Secured Party hereunder and liens permitted in the Wells Fargo Loan Documents, and shall defend Pledgor's rights in the Collateral and Secured Party's security interest in the Collateral against the claims of all persons or entities.

Section 3.3 Sale of Collateral. With the exception of the WF Lien, Pledgor shall not sell, assign, or otherwise dispose of the Collateral or any part thereof without the prior written consent of Secured Party.

Section 3.4 Distributions. If Pledgor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase, or reduction of capital or issued in connection with any reorganization), option or rights, whether in substitution of, or in exchange for any Collateral, Pledgor agrees to accept the same as Secured Party's agent and to hold the same in trust for Secured Party, and to deliver the same forthwith to Secured Party in the exact form received, with the appropriate endorsement of Pledgor when necessary and/or appropriate undated stock powers duly executed in blank, to be held by Secured Party as additional Collateral for the Obligations, subject to the terms hereof. Upon the occurrence of an Event of Default, Pledgor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase, or reduction of capital or issued in connection with any reorganization), option or rights, whether as an addition to, in substitution of, or in exchange for any Collateral or otherwise, Pledgor agrees to accept the same as Secured Party's agent and to hold the same in trust for Secured Party, and to deliver the same forthwith to Secured Party in the exact form received, with the appropriate endorsement of Pledgor when necessary and/or appropriate undated stock powers duly executed in blank, to be held by Secured Party as additional Collateral for the Obligations, subject to the terms hereof. Any sums paid upon or in respect of the Collateral upon the liquidation or dissolution of the issuer thereof shall be paid over to Secured Party to be held by it as additional Collateral for the Obligations subject to the terms hereof; and in case any distribution of capital shall be made on or in respect of the Collateral or any property shall be distributed upon or with respect to the Collateral pursuant to any recapitalization or reclassification of the capital of the issuer thereof or pursuant to any reorganization of the issuer thereof, the property so distributed shall be delivered to the Secured Party to be held by it, as additional Collateral for the Obligations, subject to the terms hereof. All sums of money and property so paid or distributed in respect of the Collateral that are received by Pledgor shall, until paid or delivered to Secured Party, be held by Pledgor in trust as additional security for the Obligations. Secured Party agrees and acknowledges that during such time as the WF Lien remains in effect, Wells Fargo may have a first priority interest in certain of the Collateral described in this Section 3.4 entitling Wells Fargo to possession of certain of the certificates described herein.

Section 3.5 Further Assurances. At any time and from time to time, upon the request of Secured Party, and at the sole expense of Pledgor, Pledgor shall promptly execute and deliver all such further instruments and documents and take such further action as Secured Party may reasonably deem necessary or desirable to preserve and perfect its security interest in the Collateral and carry out the provisions and purposes of this Agreement, including, without limitation, the execution and filing of such financing statements as Secured Party may require. A carbon, photographic, or other reproduction of this Agreement or of any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement and may be filed as a financing statement. Secured Party shall at all times have the right to exchange any certificates representing Collateral for certificates of smaller or larger denominations for any purpose consistent with this Agreement.

Section 3.6 Taxes. Pledgor agrees to pay or discharge prior to delinquency all taxes, assessments, levies, and other governmental charges imposed on him or his property, except Pledgor shall not be required to pay or discharge any tax, assessment, levy, or other governmental charge if (i) the amount or validity thereof is being contested by Pledgor in good faith by appropriate proceedings diligently pursued, and (ii) such proceedings do not involve any risk of sale, forfeiture, or loss of the Collateral or any interest therein.

Section 3.7 Notification. Pledgor shall promptly notify Secured Party of (i) any Lien, security interest, encumbrance, or claim made or threatened against the Collateral, (ii) any material change in the Collateral, including, without limitation, any material decrease in the value of the Collateral, (iii) the occurrence or existence of any Event of Default under this Agreement, the Note, the Mortgage or the Wells Fargo Loan Documents or the occurrence or

existence of any condition or event that, with the giving of notice or lapse of time or both, would be an Event of Default under any such agreements or the Wells Fargo Loan Documents, and (iv) any matter that could reasonably be expected to have a material adverse effect on the condition (financial or otherwise) prospects or properties of the Pledgor.

Section 3.8 Compliance with Agreements. Pledgor shall comply in all material respects with all agreements, contracts, and instruments binding on him or affecting his properties or employment.

Section 3.9 Compliance with Laws. Pledgor shall comply in all material respects with all applicable laws, rules, regulations, and orders of any court or governmental authority.

Section 3.10 Provide Information. Pledgor shall fully cooperate, to the extent requested by Secured Party, in the completion of any notice, form, schedule, or other document filed by Secured Party on its own behalf or on behalf of Pledgor, including, without limitation, any required notice or statement of beneficial ownership or of the acquisition of beneficial ownership of equity securities constituting part of the Collateral and any notice of proposed sale of any such securities pursuant to Rule 144 as promulgated by the SEC under the Securities Act of 1933, as amended. Without limiting the generality of the foregoing, Pledgor shall furnish to Secured Party any and all information which Secured Party may reasonably request for purposes of any such filing, regarding Pledgor, the Collateral, and any issuer of any of the Collateral.

Section 3.11 Notification of Changes in Beneficial Ownership. Pledgor shall promptly notify Secured Party of any sale of securities of Secured Party by Pledgor or by any person or entity named on the Rule 144 Questionnaire and shall furnish promptly to Secured Party a copy of any Form 144 filed in respect of any such sale. In addition, if Pledgor or any other person or entity named in the Rule 144 Questionnaire shall file with the SEC a form or other document reporting any change in the beneficial ownership of the common stock of Secured Party, Pledgor shall promptly furnish to Secured Party a copy of such form or document.

Section 3.12 Restriction on Sales after Default. Pledgor shall not sell or suffer or permit any person or entity named in the Rule 144 Questionnaire to sell any shares of the same class of securities as the Collateral at any time after any Event of Default shall have occurred.

Section 3.13 Limitations on Liens. Pledgor will not incur, create, assume, or permit to exist any Lien upon the Collateral or the real property and interests in real property owned by Pledgor and located at 2 Cedarbrook, Glenbrook, Nevada 89448 as described in Schedule A attached hereto, and all improvements and fixtures thereon and all appurtenances thereto (the "Nevada Property"), except liens permitted herein, in the Mortgage or in the Wells Fargo Loan Documents. With the exception of Wells Fargo, the Pledgor will not grant to any other Person a negative pledge with respect to the Collateral or the Nevada Property.

Section 3.14 Limitation on Debt. Pledgor will not incur, create, assume, or permit to exist any debt except debt described in the April 16, 1998, financial statement of the Pledgor delivered to the Secured Party, debt to Wells Fargo in the maximum amount of the total debt to Wells Fargo as of the date of this Agreement, debt to Farmers & Merchants Bank in the maximum amount of the total debt to Farmers & Merchants Bank as of the date of this Agreement, debt to Secured Party, and other debt in the aggregate not to exceed $250,000 at any time outstanding.

ARTICLE IV

Rights of Secured Party and Pledgor

Section 4.1 Power of Attorney. Pledgor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof (other than Pledgor), with full power of substitution, as Pledgor's true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead and in the name of Pledgor or in its own name, from time to time in Secured Party's discretion, so long as an Event of Default exists, to take any and all action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right on behalf of Pledgor and in its own name to do any of the following (subject to the rights of Pledgor under Sections 4.2 and 4.3 hereof), without notice to or the consent of Pledgor:

(i) to demand, sue for, collect, or receive in the name of Pledgor or in its own name, any money or property at any time payable or receivable on

account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, or any other instruments for the payment of money under the Collateral;

(ii) to pay or discharge taxes, Liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral;

(iii) (A) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party shall direct; (B) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any drafts, assignments, proxies, stock powers, verifications, notices, and other documents relating to the Collateral; (D) to commence and prosecute any suit, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action, or proceeding brought against Pledgor with respect to any Collateral; (F) to settle, compromise, or adjust any suit, action, or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate; (G) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depositary, transfer agent, registrar, or other designated agency upon such terms as Secured Party may determine; (H) to add or release any guarantor, indorser, surety, or other party to any of the Collateral or the Obligations; (I) to renew, extend, or otherwise change the terms and conditions of any of the Collateral or Obligations; (J) to insure any of the Collateral; (K) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Pledgor's expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve, or realize upon the Collateral and Secured Party's security interest therein; and (L) to complete, execute and file with the SEC one or more notices of proposed sale of securities pursuant to Rule 144.

This power of attorney is a power coupled with an interest and shall be irrevocable. Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to Secured Party in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. Secured Party shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on Secured Party solely to protect, preserve, and realize upon its security interest in the Collateral.

Section 4.2 Voting Rights. Unless and until an Event of Default shall have occurred and be continuing, Pledgor shall be entitled to exercise any and all voting rights pertaining to the Collateral or any part thereof for any purpose not inconsistent with the terms of this Agreement. Secured Party shall execute and deliver to the Pledgor all such proxies and other instruments as Pledgor may reasonably request for the purpose of enabling Pledgor to exercise the voting rights which he is entitled to exercise pursuant to this Section.

Section 4.3 Dividends. Unless and until an Event of Default shall have occurred and be continuing, Pledgor shall be entitled to receive and retain any dividends on the Collateral paid in cash.

Section 4.4 Performance by Secured Party. If Pledgor fails to perform or comply with any of the agreements contained herein after being given notice of such failure by Secured Party, Secured Party itself may, at its sole discretion, cause or attempt to cause performance or compliance with such agreement and the expenses of Secured Party, together with interest thereon at the Default Rate, shall be payable by Pledgor to Secured Party on demand and shall constitute Obligations secured by this Agreement. Notwithstanding the foregoing, it is expressly agreed that Secured Party shall not have any liability or responsibility for the performance of any obligation of Pledgor under this Agreement.

Section 4.5 Secured Party's Duty of Care. Other than the exercise of reasonable care in the physical custody of the Collateral while held by Secured Party hereunder, Secured Party shall have no responsibility for or obligation or duty with respect to all or any part of the Collateral or any matter or proceeding arising out of or relating thereto, including, without limitation, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights against prior parties or any other rights pertaining thereto, it being understood and agreed that Pledgor shall be responsible for preservation of all rights in the Collateral. Without limiting the generality of the foregoing, Secured Party shall be conclusively deemed to have exercised reasonable care in the custody of the Collateral if Secured Party takes such action, for purposes of preserving rights in the Collateral, as Pledgor may reasonably request in writing, but no failure or omission or delay by Secured

Party in complying with any such request by Pledgor, and no refusal by Secured Party to comply with any such request by Pledgor, shall be deemed to be a failure to exercise reasonable care.

Section 4.6 Setoff. If an Event of Default shall have occurred and be continuing, Secured Party shall have the right to set off and apply against the Obligations in such manner as the Secured Party may determine, at any time and without notice to the Pledgor, any and all sums at any time credited by or owing from the Secured Party to the Pledgor whether or not the Obligations are then due. In addition to the Secured Party's right of setoff and as further security for the Obligations, the Pledgor hereby grants to the Secured Party a security interest in all sums at any time credited by or owing from the Secured Party to the Pledgor. The rights and remedies of the Secured Party hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Secured Party may have.

ARTICLE V

Default

Section 5.1 Events of Default. Each of the following shall be deemed an "Event of Default":

(1) The Pledgor shall fail to pay when due the Obligations or any part thereof and such failure shall continue for ten (10) days.

(2) Any representation or warranty made or deemed made by the Pledgor in this Agreement, the Mortgage, the Note or the Wells Fargo Loan Documents, or in any certificate, report, notice, or financial statement furnished at any time in connection with any such agreements shall be false, misleading, or erroneous in any material respect when made or deemed to have been made.

(3) The Pledgor shall fail to perform, observe, or comply with any covenant, agreement, or term contained in this Agreement, the Mortgage, the Note or the Wells Fargo Loan Documents (other than as provided in (1) and (2) of this Section), and such failure shall continue for ten (10) days after the earlier of (i) the Pledgor has knowledge of such failure, or (ii) the Secured Party sends the Pledgor written notice of such failure.

(4) The Pledgor shall commence a voluntary proceeding seeking liquidation, reorganization, or other relief with respect to himself or his debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of him or a substantial part of his property or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against him or shall make a general assignment for the benefit of creditors or shall generally fail to pay his debts as they become due or shall take any corporate action to authorize any of the foregoing.

(5) An involuntary proceeding shall be commenced against the Pledgor seeking liquidation, reorganization, or other relief with respect to him or his debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official for him or a substantial part of its property, and such involuntary proceeding shall remain undismissed and unstayed for a period of sixty (60) days.

(6) The Pledgor shall fail to pay when due any principal of or interest on any debt with a then-current outstanding principal balance in excess of $50,000 (other than the Obligations) and such failure shall continue beyond expiration of any cure period therefor, if any, or the maturity of any such debt shall have been accelerated, or any such debt shall have been required to be prepaid prior to the stated maturity thereof, or any event shall have occurred that permits (or, with the giving of notice or lapse of time or both, would permit) any holder or holders of such debt or any person or entity acting on behalf of such holder or holders to accelerate the maturity thereof or require any such prepayment.

(7) This Agreement, the Mortgage or the Note shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by the Pledgor, or the Pledgor shall deny that it has any further liability or obligation under this Agreement, the Mortgage or the Note, or any lien or security interest created by this Agreement, the Mortgage or the Note shall for any reason cease to be a valid, perfected security interest in and lien upon any of the Collateral purported to be covered thereby.

(8) The Pledgor shall cease to be active in the management of Pizza Inn, Inc.

(9) The Pledgor or any of his properties, revenues or assets shall become subject to an order of forfeiture, seizure or divestiture (whether under RICO or otherwise) and the same shall not have been discharged within thirty (30) days from the date of entry thereof.

Section 5.2 Rights and Remedies. If any Event of Default shall exist, Secured Party shall have the following rights and remedies:

(i) In addition to all other rights and remedies granted to Secured Party in this Agreement and in any other instrument or agreement securing, evidencing, or relating to the Obligations, Secured Party shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as adopted by the State of Texas. Without limiting the generality of the foregoing, Secured Party may (A) without demand or notice to Pledgor, collect, receive, or take possession of the Collateral or any part thereof, (B) sell or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at Secured Party's offices or elsewhere, for cash, on credit, or for future delivery, and/or (C) bid and become a purchaser at any sale free of any right or equity of redemption in Pledgor, which right or equity is hereby expressly waived and released by Pledgor. Upon the request of Secured Party, Pledgor shall assemble the Collateral and make it available to Secured Party at any place designated by Secured Party that is reasonably convenient to Pledgor and Secured Party. Pledgor agrees that Secured Party shall not be obligated to give more than five (5) days written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. Secured Party shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Pledgor shall be liable for all expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees and other expenses incurred by Secured Party in connection with the collection of the Obligations and the enforcement of Secured Party's rights under this Agreement, all of which expenses and fees shall constitute additional Obligations secured by this Agreement. Secured Party may apply the Collateral against the Obligations in such order and manner as Secured Party may elect in its sole discretion. Pledgor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Obligations. Pledgor waives all rights of marshalling in respect of the Collateral.

(ii) Secured Party may cause any or all of the Collateral held by it to be transferred into the name of Secured Party or the name or names of Secured Party's nominee or nominees.

(iii) Secured Party may collect or receive all money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so.

(iv) Secured Party shall have the right, but shall not be obligated to, exercise or cause to be exercised all voting, consensual, and other powers of ownership pertaining to the Collateral, and Pledgor shall deliver to Secured Party, if requested by Secured Party, irrevocable proxies with respect to the Collateral in form satisfactory to Secured Party.

(v) Pledgor hereby acknowledges and confirms that Secured Party may be unable to effect a public sale of any or all of the Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obligated to agree, among other things, to acquire any shares of the Collateral for their own respective accounts for investment and not with a view to distribution or resale thereof. Pledgor further acknowledges and confirms that any such private sale may result in prices or other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner, in accordance with the Uniform Commercial Code, as adopted in the State of Texas, and Secured Party shall be under no obligation to take any steps in order to permit the Collateral to be sold at a public sale. Secured Party shall be under no obligation to delay a sale of any of the Collateral for any period of time necessary to permit any issuer thereof to register such Collateral for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws.

(vi) If Secured Party determines that it will sell all or part of the Collateral pursuant to Section 5.2 hereof, and if, in the opinion of Secured Party it is necessary or advisable to have the Collateral, or that portion thereof to be sold, registered under the Securities Act of 1933, as amended, and any applicable state securities laws designated by Secured Party, Pledgor will, at Pledgor's expense, use reasonable efforts to cause each issuer of the Collateral, or that portion thereof to be sold, to execute and deliver, and cause the directors and officers of each such issuer to execute and deliver all such instruments and documents and cause such issuer(s), directors, and officers to do or use reasonable efforts to cause to be done all such other acts and things as may be necessary or, in Secured Party's opinion, advisable to register the Collateral, or that portion thereof to be sold, under the Securities Act of 1933, as amended, and any applicable state securities laws designated by Secured Party, and to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Collateral, or that portion thereof to be sold, and to make all amendments thereto and to the related prospectus that, in Secured Party's opinion, are necessary or advisable, all in conformity with the

requirements of the Securities Act of 1933, as amended, and any applicable state securities laws designated by Secured Party, and the rules and regulations of the SEC applicable thereto and any applicable state securities laws designated by Secured Party. Pledgor agrees to use reasonable efforts to cause each issuer of the Collateral, or that portion thereof to be sold, to comply with Securities Act of 1933, as amended, and the blue sky laws of any jurisdiction that Secured Party shall designate and cause each such issuer to make available to its security holders, as soon as practical, an earnings statement (which need not be audited) that will satisfy the provisions of the Securities Act of 1933, as amended.

(vii) On any sale of the Collateral, Secured Party is hereby authorized to comply with any limitation or restriction with which compliance is necessary, in the view of Secured Party's counsel, in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable governmental authority.

Section 5.3 Performance by the Secured Party. If the Pledgor shall fail to perform any covenant or agreement contained in this Agreement or the Note after being given notice of such failure by the Secured Party, the Secured Party may perform or attempt to perform such covenant or agreement on behalf of the Pledgor. In such event, the Pledgor shall, at the request of the Secured Party, promptly pay any amount expended by the Secured Party in connection with such performance or attempted performance to the Secured Party, together with interest thereon at the Default Rate from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that the Secured Party shall not have any liability or responsibility for the performance of any obligation of the Pledgor under this Agreement, the Note or the Wells Fargo Loan Documents.

ARTICLE VI

Miscellaneous

Section 6.1 No Waiver; Cumulative Remedies. No failure on the part of Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 6.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Pledgor and Secured Party and their respective heirs, personal representatives, successors, and assigns, except that Pledgor may not assign any of his rights or delegate any of his obligations under this Agreement without the prior written consent of Secured Party.

Section 6.3 AMENDMENT; ENTIRE AGREEMENT. THIS AGREEMENT, THE MORTGAGE AND THE NOTE 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 THE SUBJECT MATTER HEREOF 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. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the parties hereto.

Section 6.4 Limitation of Liability. Neither the Secured Party nor any affiliate, officer, director, employee, attorney, or agent of the Secured Party shall have any liability with respect to, and the Pledgor hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by the Pledgor in connection with, arising out of, or in any way related to, this Agreement, the Mortgage or the Note, or any of the transactions contemplated by, in connection with, arising out of, or in any way related to this Agreement, the Mortgage or the Note. The Pledgor hereby waives, releases, and agrees not to sue the Secured Party or any of the Secured Party's affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement, the Mortgage or the Note, or any of the transactions contemplated by, in connection with, arising out of, or in any way related to this Agreement, the Mortgage or the Note. Nothing in this Section shall impair or restrict the Pledgor's right to sue the Secured Party for actual damages arising as a result of the gross negligence or willful misconduct of the Secured Party.

Section 6.5 No Duty. All attorneys, accountants, appraisers, and other professional persons or entities and consultants retained by the Secured Party shall have the right to act exclusively in the interest of the Secured Party and shall have no duty of disclosure, duty of loyalty, duty of care, or

other duty or obligation of any type or nature whatsoever to the Pledgor or any other person or entity.

Section 6.6 Equitable Relief. The Pledgor recognizes that in the event the Pledgor fails to pay, perform, observe, or discharge any or all of the Obligations, any remedy at law may prove to be inadequate relief to the Secured Party. The Pledgor therefore agrees that the Secured Party, if the Secured Party so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

Section 6.7 Notices. All notices and other communications provided for in this Agreement shall be given as provided on the signature page hereof.

Section 6.8 Applicable Law; Venue; Service of Process. This Agreement 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 Agreement has been entered into in Dallas County, Texas, and it shall be performable for all purposes in Dallas County, Texas.

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

Section 6.10 Survival. All representations and warranties made in this Agreement shall survive the execution and delivery of this Agreement, and no investigation by Secured Party shall affect the representations and warranties of Pledgor herein or the right of Secured Party to rely upon them.

Section 6.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 6.12 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.13 Construction. Pledgor and Secured Party acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by Pledgor and Secured Party.

Section 6.14 Obligations Absolute. The obligations of Pledgor under this Agreement shall be absolute and unconditional and shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any release of any other collateral or any guarantor, or any subordination or impairment of any collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any exercise or failure to exercise any right, remedy, power, or privilege in respect of the Obligations.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

PLEDGOR:

/s/ C. Jeffrey Rogers

C. JEFFREY ROGERS

Address for Notices:
5050 Quorum Drive, Suite 500
Dallas, TX 75240

Fax No.: (972) 702-9510
Telephone No.: (972) 701-9955

SECURED PARTY:
- --------------

PIZZA INN, INC.

By:/s/ Ronald W. Parker

Ronald W. Parker, Executive Vice President

Address for Notices:
5050 Quorum Drive, Suite 500
Dallas, TX 75240

Fax No.: (972) 702-9507
Telephone No.: (972) 701-9955

Attention: Ronald W. Parker

THIS PLEDGE AGREEMENT dated as of October 6, 1999, is by and between RONALD W. PARKER and ANNE G. PARKER, each an individual resident of Collin County, Texas (each individually a Pledgor and collectively, the "Pledgors"), and PIZZA INN, INC., a Missouri corporation (the "Secured Party").

R E C I T A L S:

A. Secured Party has agreed to loan to Pledgors $577,056.43 pursuant to the terms of a promissory note made by Pledgors payable to the order of Secured Party as of October 6, 1999 (the "Note").

B. Secured Party has conditioned its obligations under the Note upon the execution and delivery of this Agreement by Pledgors and those certain mortgages dated as of the date hereof by Pledgors in favor of Secured Party (the "Mortgages").

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

ARTICLE I

Security Interest and Pledge

Section 1 Security Interest and Pledge. As collateral security for the prompt payment in full when due of all obligations, indebtedness and liabilities of the Pledgors to the Secured Party, now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, whether at stated maturity, by acceleration, or otherwise under this Agreement, the Mortgages and the Note, and all interest receiving thereon and all attorneys' fees and other expenses incurred in the enforcement or collection thereof (the "Obligations"), Pledgors hereby pledge and grant to Secured Party a security interest in the following property (such property being hereinafter sometimes called the "Collateral"):

(a) 100,000 shares of common capital stock of Secured Party, evidenced by certificates to be delivered to Secured Party within five (5) business days of the date hereof;

(b) all shares of common capital stock of Secured Party hereinafter delivered by Pledgor to Secured Party pursuant to the terms hereof;

(c) all products, proceeds, revenues, distributions, dividends, stock dividends, securities, and other property, rights, and interests that Pledgors receive or is at any time entitled to receive on account of the same; and

(d) certain real property described in Schedule A and Schedule B attached hereto (the "Property").

ARTICLE II

Representations and Warranties

Pledgors represent and warrant to Secured Party that:

Section 2.1 Title. Pledgors own, and with respect to Collateral acquired after the date hereof, Pledgors will own, legally and beneficially, the Collateral free and clear of any lien, mortgage, security interest, tax lien, financing statement, pledge, charge, hypothecation, assignment, preference, priority, or other encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise (each a "Lien"), or any right or option on the part of any third person or entity to purchase or otherwise acquire the Collateral or any part thereof, except for the security interest granted hereunder and a first priority security interest granted to First Union Mortgage Corp. on the property described on Schedule B (the "Property Lien") and the security interest granted hereunder. The Collateral is not subject to any restriction on transfer or assignment except for compliance with applicable federal and state securities laws and regulations promulgated thereunder and the Property Lien. Pledgors have the unrestricted right to pledge the Collateral as contemplated hereby. All of the Collateral received by Secured Party under Sections 1(a) will be, upon receipt by Secured Party, duly and validly issued and fully paid and nonassessable.

Section 2.2 First Priority Security Interest. With the exception of the property listed on Schedule B and liens permitted in the Mortgages, this

Agreement creates in favor of Secured Party a first priority security interest in the Collateral. This Agreement creates a second priority lien on the property listed on Schedule B. There are no conditions precedent to the effectiveness of this Agreement that have not been fully and permanently satisfied.

Section 2.3 Information Regarding Collateral to be Pledged. Pledgors have completed the Information Regarding Shares to be Pledged form (the "Rule 144 Questionnaire"), and the information contained therein is true, accurate and complete. The Rule 144 Questionnaire contains no untrue statement of a material fact nor does it omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Section 2.4 No Breach. The execution, delivery, and performance by the Pledgors of this Agreement, the Mortgages and the Note and compliance with the terms and provisions hereof and thereof do not and will not (a) violate or conflict with, or result in a breach of, or require any consent under (i) any applicable law, rule, or regulation or any order, writ, injunction, or decree of any governmental authority or arbitrator, or (ii) any agreement or instrument to which either Pledgor is a party or by which their property is bound or subject, or (b) constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien (except as provided in this Agreement and the Mortgages) upon any of the revenues or assets of the Pledgors.

Section 2.5 Litigation and Judgments. There is no action, suit, investigation, or proceeding before or by any governmental authority or arbitrator pending, or to the knowledge of either Pledgor, threatened against or affecting the Pledgors.

Section 2.6 Enforceability. This Agreement, the Mortgages and the Note constitute valid, and binding obligations of the Pledgors, enforceable against the Pledgors in accordance with their respective terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to the enforcement of creditors' rights.

Section 2.7 Approvals. No authorization, approval, or consent of, and no filing or registration with, any governmental authority or third party is or will be necessary for the execution, delivery, or performance by the Pledgors of this Agreement, the Mortgages and the Note or the validity or enforceability thereof, except for filings provided for herein.

Section 2.8 Disclosure. No statement, information, report, representation, or warranty made by the Pledgors in this Agreement or the Note or furnished to the Secured Party in connection with this Agreement, the Mortgages or any of the transactions contemplated hereby contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to the Pledgors which has a material adverse effect, or which might in the future have a material adverse effect, on the condition (financial or otherwise), prospects, or properties of the Pledgors that has not been disclosed in writing to the Secured Party.

Section 2.9 Agreements. The Pledgors are not a party to any indenture, loan, or credit agreement, or to any lease or other agreement or instrument, which could have a material adverse effect on the business, condition (financial or otherwise), prospects, or properties of the Pledgors, or the ability of the Pledgors to pay and perform their obligations under the Note.

ARTICLE III

Affirmative and Negative Covenants

Pledgors covenant and agree with Secured Party that:

Section 3.1 Delivery. Within five (5) business days of the date hereof, Pledgors shall deliver to Secured Party certificate(s) representing the shares of capital stock identified in Section 1(a) hereof, accompanied by undated stock powers duly executed in blank.

Section 3.2 Real Estate. Pledgors will deliver to the Secured Party within ninety (90) days of the date hereof a paid mortgagee policy of title insurance in an amount not less than the most recent appraised value of the Property, insuring that the mortgage dated as of October 6, 1999 between Pledgors and Secured Party, and all amendments, restatements and modifications thereof creates in favor of the Secured Party a first priority lien on the Property, except for the Property Lien and other encumbrances of record

acceptable to the Secured Party in its sole discretion. The mortgagee policy of title insurance shall have been issued at the Pledgors' expense by a title insurance company acceptable to the Secured Party, shall show a state of title and exceptions thereto, if any, acceptable to the Secured Party, and shall contain such endorsements as may be required by the Secured Party. The Pledgors will deliver to Secured Party a survey of the Property in form and substance reasonably acceptable to Secured Party and certified to the Secured Party by a registered public surveyor acceptable to the Secured Party, showing (a) a metes and bounds description of the Property, (b) all recorded or visible boundary lines, building locations, locations of utilities, easements, rights-of-way, rights of access, building or set-back lines, dedications, and natural and manufactured objects affecting the Property, (c) any encroachments upon or protrusions from the Property, (d) any area federally designated as a flood hazard, and (e) any other matters as the Secured Party may require.

Section 3.3 Encumbrances. Pledgors shall not create, permit, or suffer to exist, and shall defend the Collateral against, any Lien, security interest, or other encumbrance on the Collateral except the pledge and security interest of Secured Party hereunder, liens permitted in the Mortgages and the Property Lien, and shall defend Pledgors' rights in the Collateral and Secured Party's security interest in the Collateral against the claims of all persons or entities.

Section 3.4 Sale of Collateral. With the exception of the Property Lien, Pledgors shall not sell, assign, or otherwise dispose of the Collateral or any part thereof without the prior written consent of Secured Party.

Section 3.5 Distributions. If Pledgors shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase, or reduction of capital or issued in connection with any reorganization), option or rights, whether in substitution of, or in exchange for any Collateral, Pledgors agree to accept the same as Secured Party's agent and to hold the same in trust for Secured Party, and to deliver the same forthwith to Secured Party in the exact form received, with the appropriate endorsement of Pledgors when necessary and/or appropriate undated stock powers duly executed in blank, to be held by Secured Party as additional Collateral for the Obligations, subject to the terms hereof. Upon the occurrence of an Event of Default, Pledgors shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase, or reduction of capital or issued in connection with any reorganization), option or rights, whether as an addition to, in substitution of, or in exchange for any Collateral or otherwise, Pledgors agree to accept the same as Secured Party's agent and to hold the same in trust for Secured Party, and to deliver the same forthwith to Secured Party in the exact form received, with the appropriate endorsement of Pledgors when necessary and/or appropriate undated stock powers duly executed in blank, to be held by Secured Party as additional Collateral for the Obligations, subject to the terms hereof. Any sums paid upon or in respect of the Collateral upon the liquidation or dissolution of the issuer thereof shall be paid over to Secured Party to be held by it as additional Collateral for the Obligations subject to the terms hereof; and in case any distribution of capital shall be made on or in respect of the Collateral or any property shall be distributed upon or with respect to the Collateral pursuant to any recapitalization or reclassification of the capital of the issuer thereof or pursuant to any reorganization of the issuer thereof, the property so distributed shall be delivered to the Secured Party to be held by it, as additional Collateral for the Obligations, subject to the terms hereof. All sums of money and property so paid or distributed in respect of the Collateral that are received by Pledgors shall, until paid or delivered to Secured Party, be held by Pledgors in trust as additional security for the Obligations.

Section 3.6 Further Assurances. At any time and from time to time, upon the request of Secured Party, and at the sole expense of Pledgors, Pledgors shall promptly execute and deliver all such further instruments and documents and take such further action as Secured Party may reasonably deem necessary or desirable to preserve and perfect its security interest in the Collateral and carry out the provisions and purposes of this Agreement, including, without limitation, the execution and filing of such financing statements as Secured Party may require. A carbon, photographic, or other reproduction of this Agreement or of any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement and may be filed as a financing statement. Secured Party shall at all times have the right to exchange any certificates representing Collateral for certificates of smaller or larger denominations for any purpose consistent with this Agreement.

Section 3.7 Taxes. Pledgors agree to pay or discharge prior to delinquency all taxes, assessments, levies, and other governmental charges imposed on them or their property, except Pledgor shall not be required to pay or discharge any tax, assessment, levy, or other governmental charge if (i) the amount or validity thereof is being contested by Pledgors in good faith by appropriate proceedings diligently pursued, and (ii) such proceedings do not involve any risk of sale, forfeiture, or loss of the Collateral or any interest

therein.

Section 3.8 Notification. Pledgors shall promptly notify Secured Party of (i) any Lien, security interest, encumbrance, or claim made or threatened against the Collateral, (ii) any material change in the Collateral, including, without limitation, any material decrease in the value of the Collateral, (iii) the occurrence or existence of any Event of Default under this Agreement, the Note, the Mortgages or the Wells Fargo Loan Documents or the occurrence or existence of any condition or event that, with the giving of notice or lapse of time or both, would be an Event of Default under any such agreements, and (iv) any matter that could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), prospects or properties of the Pledgors. Wells Fargo Loan Documents shall mean that certain Loan Agreement, dated as of June 30, 1997, by and between Pledgors and Wells Fargo Bank (Texas), National Association and the related loan documents, each as amended.

Section 3.9 Compliance with Agreements. Pledgors shall comply in all material respects with all agreements, contracts, and instruments binding on them or affecting their properties or employment.

Section 3.10 Compliance with Laws. Pledgors shall comply in all material respects with all applicable laws, rules, regulations, and orders of any court or governmental authority.

Section 3.11 Provide Information. Pledgors shall fully cooperate, to the extent requested by Secured Party, in the completion of any notice, form, schedule, or other document filed by Secured Party on its own behalf or on behalf of Pledgors, including, without limitation, any required notice or statement of beneficial ownership or of the acquisition of beneficial ownership of equity securities constituting part of the Collateral and any notice of proposed sale of any such securities pursuant to Rule 144 as promulgated by the SEC under the Securities Act of 1933, as amended. Without limiting the generality of the foregoing, Pledgors shall furnish to Secured Party any and all information which Secured Party may reasonably request for purposes of any such filing, regarding Pledgors, the Collateral, and any issuer of any of the Collateral.

Section 3.12 Notification of Changes in Beneficial Ownership. Pledgors shall promptly notify Secured Party of any sale of securities of Secured Party by either Pledgor or by any person or entity named on the Rule 144 Questionnaire and shall furnish promptly to Secured Party a copy of any Form 144 filed in respect of any such sale. In addition, if either Pledgor or any other person or entity named in the Rule 144 Questionnaire shall file with the SEC a form or other document reporting any change in the beneficial ownership of the common stock of Secured Party, Pledgors shall promptly furnish to Secured Party a copy of such form or document.

Section 3.13 Restriction on Sales after Default. Pledgors shall not sell or suffer or permit any person or entity named in the Rule 144 Questionnaire to sell any shares of the same class of securities as the Collateral at any time after any Event of Default shall have occurred.

Section 3.14 Limitations on Liens. The Pledgors will not incur, create, assume, or permit to exist any Lien upon the Collateral, except liens permitted herein, liens in the Mortgages or the Property Lien.

ARTICLE IV

Rights of Secured Party and Pledgors

Section 4.1 Power of Attorney. Pledgors hereby irrevocably constitute and appoint Secured Party and any officer or agent thereof (other than Pledgor), with full power of substitution, as Pledgors' true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead and in the name of Pledgors or in its own name, from time to time in Secured Party's discretion, so long as an Event of Default exists, to take any and all action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right on behalf of Pledgors and in its own name to do any of the following (subject to the rights of Pledgors under Sections 4.2 and 4.3 hereof), without notice to or the consent of Pledgors:

(i) to demand, sue for, collect, or receive in the name of Pledgors or in its own name, any money or property at any time payable or receivable on

account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, or any other instruments for the payment of money under the Collateral;

(ii) to pay or discharge taxes, Liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral;

(iii) (A) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party shall direct; (B) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any drafts, assignments, proxies, stock powers, verifications, notices, and other documents relating to the Collateral; (D) to commence and prosecute any suit, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action, or proceeding brought against Pledgors with respect to any Collateral; (F) to settle, compromise, or adjust any suit, action, or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate; (G) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depositary, transfer agent, registrar, or other designated agency upon such terms as Secured Party may determine; (H) to add or release any guarantor, indorser, surety, or other party to any of the Collateral or the Obligations; (I) to renew, extend, or otherwise change the terms and conditions of any of the Collateral or Obligations; (J) to insure any of the Collateral; (K) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Pledgors' expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve, or realize upon the Collateral and Secured Party's security interest therein; and (L) to complete, execute and file with the SEC one or more notices of proposed sale of securities pursuant to Rule 144.

This power of attorney is a power coupled with an interest and shall be irrevocable. Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to Secured Party in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. Secured Party shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on Secured Party solely to protect, preserve, and realize upon its security interest in the Collateral.

Section 4.2 Voting Rights. Unless and until an Event of Default shall have occurred and be continuing, Pledgors shall be entitled to exercise any and all voting rights pertaining to the Collateral or any part thereof for any purpose not inconsistent with the terms of this Agreement. Secured Party shall execute and deliver to the Pledgors all such proxies and other instruments as Pledgors may reasonably request for the purpose of enabling Pledgors to exercise the voting rights which they are entitled to exercise pursuant to this Section.

Section 4.3 Dividends. Unless and until an Event of Default shall have occurred and be continuing, Pledgors shall be entitled to receive and retain any dividends on the Collateral paid in cash.

Section 4.4 Performance by Secured Party. If Pledgors fail to perform or comply with any of the agreements contained herein after being given notice of such failure by Secured Party, Secured Party itself may, at its sole discretion, cause or attempt to cause performance or compliance with such agreement and the expenses of Secured Party, together with interest thereon at the Default Rate, shall be payable by Pledgors to Secured Party on demand and shall constitute Obligations secured by this Agreement. Notwithstanding the foregoing, it is expressly agreed that Secured Party shall not have any liability or responsibility for the performance of any obligation of Pledgors under this Agreement.

Section 4.5 Secured Party's Duty of Care. Other than the exercise of reasonable care in the physical custody of the Collateral while held by Secured Party hereunder, Secured Party shall have no responsibility for or obligation or duty with respect to all or any part of the Collateral or any matter or proceeding arising out of or relating thereto, including, without limitation, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights against prior parties or any other rights pertaining thereto, it being understood and agreed that Pledgors shall be responsible for preservation of all rights in the Collateral. Without limiting the generality of the foregoing, Secured Party shall be conclusively deemed to have exercised reasonable care in the custody of the Collateral if Secured Party takes such action, for purposes of preserving rights in the Collateral, as Pledgors may reasonably request in writing, but no failure or omission or delay by Secured

Party in complying with any such request by Pledgors, and no refusal by Secured Party to comply with any such request by Pledgors, shall be deemed to be a failure to exercise reasonable care.

Section 4.6 Setoff. If an Event of Default shall have occurred and be continuing, Secured Party shall have the right to set off and apply against the Obligations in such manner as the Secured Party may determine, at any time and without notice to the Pledgors, any and all sums at any time credited by or owing from the Secured Party to the Pledgors whether or not the Obligations are then due. In addition to the Secured Party's right of setoff and as further security for the Obligations, the Pledgors hereby grant to the Secured Party a security interest in all sums at any time credited by or owing from the Secured Party to the Pledgors. The rights and remedies of the Secured Party hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Secured Party may have.

ARTICLE V

Default

Section 5.1 Events of Default. Each of the following shall be deemed an "Event of Default":

(1) The Pledgors shall fail to pay when due the Obligations or any part thereof and such failure shall continue for ten (10) days.

(2) Any representation or warranty made or deemed made by the Pledgor in this Agreement, the Mortgages, the Note or the Wells Fargo Loan Documents, or in any certificate, report, notice, or financial statement furnished at any time in connection with any such agreements shall be false, misleading, or erroneous in any material respect when made or deemed to have been made.

(3) The Pledgors shall fail to perform, observe, or comply with any covenant, agreement, or term contained in this Agreement, the Mortgages, the Note or the Wells Fargo Loan Documents (other than as provided in (1) and (2) of this Section), and such failure shall continue for ten (10) days after the earlier of (i) either Pledgor has knowledge of such failure, or (ii) the Secured Party sends either Pledgor written notice of such failure.

(4) Either Pledgor shall commence a voluntary proceeding seeking liquidation, reorganization, or other relief with respect to themselves or their debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of them or a substantial part of their property or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against them or shall make a general assignment for the benefit of creditors or shall generally fail to pay their debts as they become due or shall take any corporate action to authorize any of the foregoing.

(5) An involuntary proceeding shall be commenced against either Pledgor seeking liquidation, reorganization, or other relief with respect to them or their debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official for them or a substantial part of its property, and such involuntary proceeding shall remain undismissed and unstayed for a period of sixty (60) days.

(6) The Pledgors shall fail to pay when due any principal of or interest on any debt with a then-current outstanding principal balance in excess of $50,000 (other than the Obligations) and such failure shall continue beyond expiration of any cure period therefor, if any, or the maturity of any such debt shall have been accelerated, or any such debt shall have been required to be prepaid prior to the stated maturity thereof, or any event shall have occurred that permits (or, with the giving of notice or lapse of time or both, would permit) any holder or holders of such debt or any person or entity acting on behalf of such holder or holders to accelerate the maturity thereof or require any such prepayment.

(7) This Agreement , the Mortgages or the Note shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by either Pledgor, or either Pledgor shall deny that he or she has any further liability or obligation under this Agreement, the Mortgages or the Note, or any lien or security interest created by this Agreement, the Mortgagees or the Note shall for any reason cease to be a valid, perfected security interest in and lien upon any of the Collateral purported to be covered thereby.

(8) Ronald W. Parker shall cease to be active in the management of Pizza Inn, Inc.

(9) The Pledgors or any of their properties, revenues or assets shall become subject to an order of forfeiture, seizure or divestiture (whether under RICO or otherwise) and the same shall not have been discharged within thirty (30) days from the date of entry thereof.

Section 5.2 Rights and Remedies. If any Event of Default shall exist, Secured Party shall have the following rights and remedies:

(1) In addition to all other rights and remedies granted to Secured Party in this Agreement and in any other instrument or agreement securing, evidencing, or relating to the Obligations, Secured Party shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as adopted by the State of Texas. Without limiting the generality of the foregoing, Secured Party may (A) without demand or notice to Pledgors, collect, receive, or take possession of the Collateral or any part thereof, (B) sell or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at Secured Party's offices or elsewhere, for cash, on credit, or for future delivery, and/or (C) bid and become a purchaser at any sale free of any right or equity of redemption in Pledgors, which right or equity is hereby expressly waived and released by Pledgors. Upon the request of Secured Party, Pledgors shall assemble the Collateral and make it available to Secured Party at any place designated by Secured Party that is reasonably convenient to Pledgors and Secured Party. Pledgors agree that Secured Party shall not be obligated to give more than five (5) days written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. Secured Party shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Pledgors shall be liable for all expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees and other expenses incurred by Secured Party in connection with the collection of the Obligations and the enforcement of Secured Party's rights under this Agreement, all of which expenses and fees shall constitute additional Obligations secured by this Agreement. Secured Party may apply the Collateral against the Obligations in such order and manner as Secured Party may elect in its sole discretion. Pledgors shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Obligations. Pledgors waive all rights of marshalling in respect of the Collateral.

(2) Secured Party may cause any or all of the Collateral held by it to be transferred into the name of Secured Party or the name or names of Secured Party's nominee or nominees.

(3) Secured Party may collect or receive all money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so.

(4) Secured Party shall have the right, but shall not be obligated to, exercise or cause to be exercised all voting, consensual, and other powers of ownership pertaining to the Collateral, and Pledgors shall deliver to Secured Party, if requested by Secured Party, irrevocable proxies with respect to the Collateral in form satisfactory to Secured Party.

(5) Pledgors hereby acknowledge and confirm that Secured Party may be unable to effect a public sale of any or all of the Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obligated to agree, among other things, to acquire any shares of the Collateral for their own respective accounts for investment and not with a view to distribution or resale thereof. Pledgors further acknowledge and confirm that any such private sale may result in prices or other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner, in accordance with the Uniform Commercial Code, as adopted in the State of Texas, and Secured Party shall be under no obligation to take any steps in order to permit the Collateral to be sold at a public sale. Secured Party shall be under no obligation to delay a sale of any of the Collateral for any period of time necessary to permit any issuer thereof to register such Collateral for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws.

(6) If Secured Party determines that it will sell all or part of the Collateral pursuant to Section 5.2 hereof, and if, in the opinion of Secured Party it is necessary or advisable to have the Collateral, or that portion thereof to be sold, registered under the Securities Act of 1933, as amended, and any applicable state securities laws designated by Secured Party, Pledgors will, at Pledgors' expense, use reasonable efforts to cause each issuer of the Collateral, or that portion thereof to be sold, to execute and deliver, and cause the directors and officers of each such issuer to execute and deliver all such instruments and documents and cause such issuer(s), directors, and officers to do or use reasonable efforts to cause to be done all such other acts and things as may be necessary or, in Secured Party's opinion, advisable to register the Collateral, or that portion thereof to be sold, under the Securities Act of 1933, as amended, and any applicable state securities laws designated by Secured Party, and to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Collateral, or that portion thereof to be sold, and to make all amendments thereto and to the related prospectus that, in Secured Party's opinion, are necessary or advisable, all in conformity with the

requirements of the Securities Act of 1933, as amended, and any applicable state securities laws designated by Secured Party, and the rules and regulations of the SEC applicable thereto and any applicable state securities laws designated by Secured Party. Pledgors agree to use reasonable efforts to cause each issuer of the Collateral, or that portion thereof to be sold, to comply with Securities Act of 1933, as amended, and the blue sky laws of any jurisdiction that Secured Party shall designate and cause each such issuer to make available to its security holders, as soon as practical, an earnings statement (which need not be audited) that will satisfy the provisions of the Securities Act of 1933, as amended.

(7) On any sale of the Collateral, Secured Party is hereby authorized to comply with any limitation or restriction with which compliance is necessary, in the view of Secured Party's counsel, in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable governmental authority.

Section 5.3 Performance by the Secured Party. If the Pledgors shall fail to perform any covenant or agreement contained in this Agreement or the Note after being given notice of such failure by the Secured Party, the Secured Party may perform or attempt to perform such covenant or agreement on behalf of the Pledgor. In such event, the Pledgor shall, at the request of the Secured Party, promptly pay any amount expended by the Secured Party in connection with such performance or attempted performance to the Secured Party, together with interest thereon at the Default Rate from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that the Secured Party shall not have any liability or responsibility for the performance of any obligation of the Pledgors under this Agreement on the Note.

ARTICLE VI

Miscellaneous

Section 6.1 No Waiver; Cumulative Remedies. No failure on the part of Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 6.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Pledgors and Secured Party and their respective heirs, personal representatives, successors, and assigns, except that Pledgors may not assign any of their rights or delegate any of their obligations under this Agreement without the prior written consent of Secured Party.

Section 6.3 AMENDMENT; ENTIRE AGREEMENT. THIS AGREEMENT, THE MORTGAGES AND THE NOTE 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 THE SUBJECT MATTER HEREOF 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. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the parties hereto.

Section 6.4 Limitation of Liability. Neither the Secured Party nor any affiliate, officer, director, employee, attorney, or agent of the Secured Party shall have any liability with respect to, and the Pledgors hereby waive, release, and agree not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by the Pledgors in connection with, arising out of, or in any way related to, this Agreement, the Mortgages or the Note, or any of the transactions contemplated by, in connection with, arising out of, or in any way related to this Agreement, the Mortgages or the Note. The Pledgors hereby waive, release, and agree not to sue the Secured Party or any of the Secured Party's affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement, the Mortgages or the Note, or any of the transactions contemplated by, in connection with, arising out of, or in any way related to this Agreement, the Mortgages or the Note. Nothing in this Section shall impair or restrict the Pledgors' right to sue the Secured Party for actual damages arising as a result of the gross negligence or willful misconduct of the Secured Party.

Section 6.5 No Duty. All attorneys, accountants, appraisers, and other professional persons or entities and consultants retained by the Secured Party shall have the right to act exclusively in the interest of the Secured Party and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to the Pledgors or any

other person or entity.

Section 6.6 Equitable Relief. The Pledgors recognize that in the event the Pledgors fail to pay, perform, observe, or discharge any or all of the Obligations, any remedy at law may prove to be inadequate relief to the Secured Party. The Pledgors therefore agree that the Secured Party, if the Secured Party so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

Section 6.7 Notices. All notices and other communications provided for in this Agreement shall be given as provided on the signature page hereof.

Section 6.8 Applicable Law; Venue; Service of Process. This Agreement 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 Agreement has been entered into in Dallas County, Texas, and it shall be performable for all purposes in Dallas County, Texas.

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

Section 6.10 Survival. All representations and warranties made in this Agreement shall survive the execution and delivery of this Agreement, and no investigation by Secured Party shall affect the representations and warranties of Pledgors herein or the right of Secured Party to rely upon them.

Section 6.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 6.12 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.13 Construction. Pledgors and Secured Party acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by Pledgors and Secured Party.

Section 6.14 Obligations Absolute. The obligations of Pledgors under this Agreement shall be absolute and unconditional and shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any release of any other collateral or any guarantor, or any subordination or impairment of any collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any exercise or failure to exercise any right, remedy, power, or privilege in respect of the Obligations.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

PLEDGOR:

/s/ Ronald W. Parker

Ronald W. Parker

/s/ Anne G. Parker
- ---------------------
Anne G. Parker

Address for Notices:
5050 Quorum Drive, Suite 500
Dallas, TX 75240

Fax No.: (972) 702-9510
Telephone No.: (972) 701-9955

SECURED PARTY:
- --------------

PIZZA INN, INC.

By:/s/ C. Jeffrey Rogers

C. Jeffrey Rogers, President and
Chief Executive Officer

Address for Notices:
5050 Quorum Drive, Suite 500
Dallas, TX 75240

Fax No.: (972) 702-9507
Telephone No.: (972) 701-9955

Attention: C. Jeffrey Rogers

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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