

Pizza Inn Completes Sale of Corporate Real Estate and Outsourcing of Distribution Services

THE COLONY, Texas, Dec. 20 /PRNewswire-FirstCall/ -- Pizza Inn, Inc. (Nasdaq: [PZZI](#) - [News](#)) today announced that it has successfully completed another key step in the Company's restructuring plan through the monetization of its corporate real estate. The Company also recently completed the outsourcing of distribution services previously provided by its Norco Restaurant Services division. Together, these actions have eliminated the Company's debt and provided both the Company and its franchisees with an improved long-term operating cost structure.

On December 19, 2006, Pizza Inn completed the previously announced sale of its headquarters office building and distribution facility to Vintage Interests, L.P. for \$11.5 million. The Company used the proceeds from the sale to pay off all of its existing bank debt, and the remaining proceeds will be used to fund the remaining payments under previously announced litigation settlements. The Company also entered into a ten-year lease for the office building, which it continues to occupy. The Company had previously leased the distribution facility to The SYGMA Network, a subsidiary of SYSCO Corporation (NYSE: [SYY](#) - [News](#)), and that lease was assigned to Vintage at the closing of the sale.

In addition, on November 5, 2006, Pizza Inn commenced the outsourcing of certain distribution services, including warehousing and delivery services, to SYGMA and Institutional Jobbers Company ("IJ"). SYGMA currently distributes food and other supplies to Pizza Inn locations in the midwestern and western parts of the United States while IJ distributes to locations in the eastern part of the country. As a result of the outsourcing, the Company realized a significant reduction to its operating cost structure and was able to reduce the prices of products distributed to franchisees. The Company continues to directly provide other distribution services to franchisees, including ordering, billing, customer support, development of new products, and quality assurance.

"The cornerstone of our turnaround plan has been the creation of a healthy operating environment for our current and future franchisees," said Tim Taft, President and Chief Executive Officer of Pizza Inn. "As a result of accomplishing these two very important initiatives, we are seeing our franchisees reinvest in their restaurants and become increasingly more engaged in the future of the Pizza Inn brand."

Larry Rust, President of the Pizza Inn Franchise Association, commented, "We as franchisees are pleased to be benefiting from the recent price reductions on key food and paper items. In addition, Pizza Inn's management is continuing to work with the franchisee committees to help us further improve our cost structure and increase our sales. We are thankful for management's leadership in pursuing these initiatives."

Certain statements in this press release, other than historical information, may be considered forward-looking statements, within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, and are subject to various risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ from those anticipated, estimated or expected. Among the key factors that may have a direct bearing on Pizza Inn's operating results, performance or financial condition are its ability to implement its growth strategies, national, regional and local economic conditions affecting the restaurant/ entertainment industry, competition within each of the restaurant and entertainment industries, store sales cannibalization, success of its franchise operations, negative publicity, fluctuations in quarterly results of operations, including seasonality, government regulations, weather, commodity, insurance and labor costs.

Pizza Inn, Inc. (<http://www.pizzainn.com>) is headquartered in The Colony, Texas, along with its distribution division, Norco Restaurant Services Company. Pizza Inn franchises approximately 362 restaurants and owns three restaurants with annual domestic and international chain-wide sales of approximately \$150 million.

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