

News Release

Luby's, Inc.
2211 Northeast Loop 410
P.O. Box 33069
San Antonio, Texas 78265-3069
210/654 -9000

For additional information contact: Ernest Pekmezaris
Senior Vice President and Chief Financial Officer

FOR IMMEDIATE RELEASE

SAN ANTONIO, TEXAS - JUNE 19, 2001. Luby's, Inc. announced today the results of operations for the quarter ended May 31, 2001. Sales were \$122 million compared to \$126 million in the corresponding quarter last year, a decline of 3.65%. Due to store closings over the past nine months, the Company operated 17 fewer restaurants during this quarter compared to the same quarter of the previous year; after adjusting to a same-store basis, sales declined 0.44%. The net loss for the quarter was \$1.1 million, or \$(0.05) per share compared to net income of \$5.8 million, or \$0.26 per share for the same period last year.

Sales for the nine months ended May 31, 2001, were \$348 million compared with \$371 million for the same period last year, a decline of 6.34%. The net loss was \$12.5 million, or \$(0.56) per share, for the first nine months of fiscal 2001, compared to net income of \$17.6 million, or \$0.79 per share, for the first nine months of fiscal 2000.

The Company has a signed commitment letter with its bank group to amend its existing credit facility. The amendment will cure the default status that occurred in the second quarter. It is expected that the amendment will be formally executed before the issuance of the third quarter 10-Q.

Chris Pappas, Luby's new President and CEO, commented, "We are making foundational changes and operational improvements that are driven by a systematic and contagious focus on excellence. We reinforce this every day and at every opportunity. The road to improved financial performance will not be easy, but Harris Pappas, our COO, and I are investing significant effort and resources in Luby's in a concerted effort to reach this objective."

The San Antonio-based company operates 215 Luby's restaurants in ten states, and its stock is traded on the New York Stock Exchange (symbol LUB).

(more)

Luby's, Inc.CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(In thousands except per share data)

	Three Months Ended		Nine Months Ended	
	May 31,		May 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	(Amounts in thousands except per share data)			
Sales	\$121,677	\$126,281	\$347,796	\$371,349
Costs and Expenses:				
Cost of food	30,305	32,954	88,649	93,177
Payroll and related costs	41,254	39,255	117,840	115,465
Occupancy and other operating expenses	42,512	39,381	123,903	118,066
Provision for asset impairments	---	---	10,199	---
General and administrative expenses	<u>6,415</u>	<u>5,244</u>	<u>19,437</u>	<u>16,105</u>
	<u>120,486</u>	<u>116,834</u>	<u>360,028</u>	<u>342,813</u>
Income (loss) from operations	1,191	9,447	(12,232)	28,536
Interest expense	(3,534)	(1,645)	(8,475)	(3,954)
Other income, net	<u>703</u>	<u>573</u>	<u>1,479</u>	<u>1,872</u>
Income (loss) before income taxes	(1,640)	8,375	(19,228)	26,454
Provision (benefit) for income taxes	<u>(574)</u>	<u>2,540</u>	<u>(6,730)</u>	<u>8,831</u>
NET INCOME (LOSS)	<u>\$ (1,066)</u>	<u>\$ 5,835</u>	<u>\$ (12,498)</u>	<u>\$ 17,623</u>
NET INCOME (LOSS) PER SHARE-				
basic and assuming dilution	<u><u>\$(0.05)</u></u>	<u><u>\$.26</u></u>	<u><u>\$(0.56)</u></u>	<u><u>\$.79</u></u>
Average number of shares outstanding	<u><u>22,423</u></u>	<u><u>22,420</u></u>	<u><u>22,421</u></u>	<u><u>22,420</u></u>

(more)

Luby's, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (In thousands)

ASSETS	May 31, <u>2001</u>	August 31, <u>2000</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,591	\$ 679
Income tax receivable	6,949	3,749
Inventories, prepaid expenses, and other assets	<u>8,241</u>	<u>10,277</u>
Total current assets	22,781	14,705
Property held for sale	8,230	13,156
Investments and other assets	7,831	4,858
Property, plant, and equipment - at cost, net	<u>324,186</u>	<u>338,124</u>
	<u>\$363,028</u>	<u>\$370,843</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 16,808	\$ 19,843
Dividends payable	---	2,242
Accrued expenses and other liabilities	<u>26,976</u>	<u>24,040</u>
	43,784	46,125
Long-term debt*	123,000	116,000
Deferred income taxes, derivative financial instruments, and other credits	11,527	10,162
Reserve for store closings	604	1,815
Shareholders' equity, net of treasury stock and accumulated comprehensive income (loss)	<u>184,113</u>	<u>196,741</u>
	<u>\$363,028</u>	<u>\$370,843</u>

*The Company has a signed commitment letter with its bank group to amend its existing credit facility. The amendment will cure the default status that occurred in the second quarter, which resulted in the Company's long-term debt being classified as a current liability as of February 28, 2001. It is expected that the amendment will be formally executed before the issuance of the third quarter 10-Q.

Certain statements in this press release could constitute "forward-looking" statements which represent the company's expectations or beliefs concerning future results and growth. The company cautions that a number of important factors could, individually or in the aggregate, cause actual results to differ materially from such forward-looking statements, including but not limited to general business conditions; the impact of competition; the seasonality of the company's business, taxes, inflation, and government regulations; as well as other risks and uncertainties disclosed in periodic reports on Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Efforts to close, sell, or improve operating results of underperforming stores depend on many factors not within the company's control, such as the negotiation of settlements of existing lease obligations under acceptable terms, availability of qualified buyers for owned locations, customer traffic, and general business conditions.