

News Release

Luby's, Inc.

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FOR IMMEDIATE RELEASE

SAN ANTONIO, TEXAS - May 30, 2002. Luby's, Inc. today announced the results of operations for the quarter ended May 8, 2002. Sales for the third quarter of fiscal 2002 covered a period of 84 days and were \$93.1 million compared with 92 days and \$121.7 million for the third quarter of last year. The Company reported a net loss of \$174,000, or \$0.01 per share, compared to a net loss of \$1.1 million, or \$0.05 per share, for the third quarter of fiscal year 2001.

Eight fewer days in the current quarter accounted for approximately \$9.1 million of the total sales decline. Revenues were also lower due to prior store closures. Excluding the effect of fewer days and stores in this quarter, same-store sales declined \$14.0 million, or 13.21%, which reflects significantly decreased marketing efforts over last year, as well as weakened economic conditions in its core Texas markets.

Sales for the first three quarters of fiscal 2002 covered 250 days and were \$279.5 million compared with \$347.8 million for 273 days over the first nine months of last year. Twenty-three fewer days in this fiscal year to date accounted for approximately \$28.6 million of the total sales decline. Additionally, revenues were lower due to prior store closures. Excluding the effect of fewer days and stores in this quarter, same-store sales declined \$24.1 million, or 8.12%. The Company reported a net loss of \$7.7 million, or \$0.34 per share, compared to a net loss of \$12.5 million, or \$0.56 per share, for the first nine months of fiscal year 2001.

With regard to food enhancements, the Company began efforts during the third quarter to build customer identification in specific entrees such as fried shrimp, prime rib, and chicken fried steak in value combinations. Similarly, the Company continued to enhance training and development processes for its store management team, as well as its store crew. All restaurants were challenged to implement specific procedural efficiencies where possible. As a result of this more intense focus, overall costs were better controlled.

Chris Pappas, President and CEO, said, "We will maintain our focus on building sales through excellence in food quality and guest service, while continuing our efforts to prudently manage our costs."

The San Antonio-based company operates 196 Luby's in ten states, and its stock is traded on the New York Stock Exchange (symbol LUB).

Certain statements in this press release could constitute "forward-looking" statements that 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.

(more)

Luby's, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(In thousands except per share data)

	Quarter Ended		Three Quarters Ended	
	May 8, <u>2002</u> (84 days)	May 31, <u>2001</u> (92 days)	May 8, <u>2002</u> (250 days)	May 31, <u>2001</u> (273 days)
SALES	\$93,069	\$121,677	\$279,521	\$347,796
COSTS AND EXPENSES:				
Cost of food	23,902	30,305	71,092	88,649
Payroll and related costs	28,397	41,254	93,319	117,840
Occupancy and other operating expenses	34,044	42,512	104,637	123,903
Provision for asset impairments	128	—	259	10,199
General and administrative expenses	4,707	6,415	15,415	19,437
	91,178	120,486	284,722	360,028
Income (loss) from operations	1,891	1,191	(5,201)	(12,232)
Interest expense	(2,317)	(3,534)	(7,300)	(8,475)
Other income, net	169	703	926	1,479
Income (loss) before income taxes	(257)	(1,640)	(11,575)	(19,228)
Income tax expense (benefit)	(83)	(574)	(3,894)	(6,730)
NET INCOME (LOSS)	\$ (174)	\$ (1,066)	\$ (7,681)	\$(12,498)
NET INCOME (LOSS) PER SHARE -				
basic and assuming dilution	\$ (0.01)	\$ (0.05)	\$ (0.34)	\$ (0.56)
EBITDA	\$ 7,277	\$ 7,239	\$ 10,851	\$ 15,597
EBITDA per share	\$ 0.32	\$ 0.32	\$ 0.48	\$ 0.70
Weighted-average number of shares outstanding	22,430	22,423	22,425	22,422

Luby's, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	May 8, <u>2002</u> (unaudited)	August 31, <u>2001</u> (audited)	May 31, <u>2001</u> (unaudited)
ASSETS			
CURRENT ASSETS:			
Cash, cash equivalents, and short-term investments	\$ 26,052	\$ 24,083	\$ 13,526
Income tax receivable	5,343	4,468	6,949
Inventories, prepaid expenses, and other assets	4,956	5,824	6,034
Total current assets	36,351	34,375	26,509
Property held for sale	5,496	3,047	8,230
Investments and other assets	8,621	5,929	1,896
Deferred income taxes	1,779	4,931	2,207
Property, plant, and equipment - at cost, net	292,246	305,180	324,186
TOTAL ASSETS	\$344,493	\$353,462	\$363,028
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 19,167	\$ 13,696	\$ 16,808
Accrued expenses and other liabilities	27,553	34,585	26,976
Total current liabilities	46,720	48,281	43,784
Long-term debt	120,944	122,000	123,000
Net convertible subordinated notes (related party)	5,735	5,401	—
Deferred income taxes and other credits	2,990	2,271	10,336
Reserve for restaurant closings	3,151	4,506	604
Derivative financial instruments	—	—	1,191
Shareholders' equity	164,953	171,003	184,113
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$344,493	\$353,462	\$363,028