

News Release

Luby's, Inc.

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FOR IMMEDIATE RELEASE

SAN ANTONIO, TEXAS – NOVEMBER 5, 2002. Luby's, Inc. today announced the results of operations for the fiscal year ended August 28, 2002. Sales were \$399 million compared with \$467 million for the prior year. The closure of 19 restaurants during the fiscal year ended August 31, 2001, and 18 closures during the fiscal year ended August 28, 2002, reduced sales by \$24.2 million, while three fewer days in the current fiscal year accounted for approximately \$3.5 million of the total sales decline. Excluding the effect of fewer restaurants and days, same-store sales this fiscal year declined \$40.4 million, or 9.3%, compared to last year.

The company's cost of food as a percent of sales increased slightly from fiscal 2001 to fiscal 2002 due to an increase in promotional offerings to help improve customer patronage. Labor declined as a percent of sales due to lower workers' compensation and general liability costs as a result of managing these programs in-house. Occupancy and other operating costs increased as a percent of sales primarily due to additional resources directed toward management compensation and an added focus on store maintenance. In fiscal 2001, the company recorded a charge of \$30.4 million as the total annual provision for store closings and impairments. Comparatively, in fiscal 2002, total closing and impairment costs were \$.3 million. The net loss for fiscal 2002 was \$9.7 million, or \$.43 per share, compared to a net loss of \$31.9 million, or \$1.42 per share, last year.

Sales for the fourth quarter covered 112 days and were \$119.5 million, compared to 92 days and \$119.4 million for the fourth quarter of 2001. As a percent of sales, food, labor, and occupancy and other operating costs varied from the fourth quarter of fiscal 2001 to the fourth quarter of fiscal 2002 due to similar reasons as noted above for the fiscal year. The net loss for the fourth quarter of fiscal 2002 was \$2.0 million, or \$.09 per share, compared to a net loss of \$19.4 million, or \$.86 per share, last year, which was primarily due to a store closing and impairment charge in fiscal 2001 of \$20.2 million. Comparatively, in the fourth quarter of fiscal 2002, total closing and impairment costs were \$.06 million.

Under its current credit facility, the company has quarterly and annual EBITDA (earnings before income taxes, depreciation, amortization, and noncash executive compensation) requirements. In fiscal 2002, the company achieved its first three quarterly requirements. The company was unable to meet its fourth-quarter EBITDA target, but met its annual covenant of \$16.6 million. Management is presently working to obtain a waiver and amendment that would cure the fourth-quarter default, reset the company's 2003 EBITDA targets, and extend the loan's term from April 2003 to September 2003. The company is uncertain about whether these efforts will be successful and, if so, whether the amendment will be executed before the required issuance of its Annual Report on Form 10-K. The company is also actively pursuing alternative financing.

Management is encouraged by the company's efforts in the fourth quarter to convert approximately five percent of its locations to buffets. There are a variety of approaches being used in those locations, including continuous buffet operations, lunch and/or dinner buffets, and breakfast buffets. A previously closed Luby's restaurant was converted and reopened as a steak buffet after the end of the fiscal year. These locations are showing promising results.

Chris Pappas, Luby's President and CEO, commented, "The turnaround of Luby's operating results will take time. Our management team is therefore focused on long-term strategies, which we will fine-tune as our efforts evolve."

The San Antonio-based company operates 193 Luby's restaurants in ten states, and its stock is traded on the New York Stock Exchange (symbol LUB).

The company wishes to caution readers that various factors could cause its actual financial and operational results to differ materially from those indicated by forward-looking statements made from time to time in news releases, reports, proxy statements, registration statements, and other written communications, as well as oral statements made from time to time by representatives of the company. Except for historical information, matters discussed in such oral and written communications are forward-looking statements that involve risks and uncertainties, including but not limited to general business conditions, the impact of competition, the success of operating initiatives, changes in the cost and supply of food and labor, the seasonality of the company's business, taxes, inflation, governmental regulations, and the availability of credit, as well as other risks and uncertainties disclosed in periodic reports on Form 10-K and Form 10-Q.

(more)

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

| | Quarter Ended | | Year Ended | |
|--|--|---|--|--|
| | August 28, <u>2002</u> <i>(112 days)</i> | August 31, <u>2001</u> <i>(92 days)</i> | August 28, <u>2002</u> <i>(362 days)</i> | August 31, <u>2001</u> <i>(365 days)</i> |
| Sales | \$119,544 | \$119,365 | \$399,065 | \$467,161 |
| Costs and Expenses: | | | | |
| Cost of food | 32,343 | 29,125 | 103,435 | 117,774 |
| Payroll and related costs | 38,599 | 48,564 | 131,919 | 166,404 |
| Occupancy and other operating expenses | 43,939 | 42,631 | 148,576 | 166,533 |
| General and administrative expenses | 5,896 | 5,918 | 21,311 | 25,355 |
| Provision for asset impairments | 55 | 20,202 | 314 | 30,402 |
| | 120,832 | 146,440 | 405,555 | 506,468 |
| Income (loss) from operations | (1,288) | (27,075) | (6,490) | (39,307) |
| Interest expense | (2,963) | (3,184) | (10,263) | (11,660) |
| Other income, net | 1,467 | 708 | 2,393 | 2,188 |
| Income (loss) before income taxes | (2,784) | (29,551) | (14,360) | (48,779) |
| Income tax expense (benefit) | (813) | (10,168) | (4,707) | (16,898) |
| NET INCOME (LOSS) | \$ (1,971) | \$ (19,383) | \$ (9,653) | \$ (31,881) |
| NET INCOME (LOSS) PER SHARE - basic and assuming dilution | \$ (0.09) | \$ (0.86) | \$ (0.43) | \$ (1.42) |
| EBITDA | \$ 5,927 | \$ 505 | \$ 16,777 | \$ 16,103 |
| EBITDA per share – basic and assuming dilution | \$ 0.26 | \$ 0.02 | \$ 0.75 | \$ 0.72 |
| Weighted-average number of shares outstanding | 22,433 | 22,423 | 22,428 | 22,422 |

Luby's, Inc.**CONDENSED CONSOLIDATED BALANCE SHEETS***(In thousands)*

| | August 28, 2002 | August 31, 2001 |
|--|--------------------|--------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash, cash equivalents, and short-term investments | \$ 25,706 | \$24,083 |
| Inventories, prepaid expenses, and other assets | 4,049 | 5,824 |
| Income tax receivable | 7,245 | 4,468 |
| Deferred income taxes | 2,726 | 3,192 |
| Total current assets | 39,726 | 37,567 |
| Property held for sale | 8,144 | 3,047 |
| Investments and other assets | 4,642 | 5,929 |
| Deferred income taxes | -- | 1,320 |
| Property, plant, and equipment - at cost, net | 289,967 | 305,180 |
| TOTAL ASSETS | \$342,479 | \$353,043 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 19,078 | \$ 13,696 |
| Accrued expenses and other liabilities | 21,735 | 28,193 |
| Short-term debt | 118,448 | -- |
| Total current liabilities | 159,261 | 41,889 |
| Long-term debt | -- | 122,000 |
| Net convertible subordinated notes (related party) | 5,883 | 5,401 |
| Accrued insurance | 5,142 | 6,392 |
| Deferred income taxes and other credits | 5,459 | 1,852 |
| Reserve for store closings | 3,114 | 4,506 |
| Shareholders' equity | 163,620 | 171,003 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$342,479 | \$353,043 |