

News Release



Luby's, Inc.

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FOR IMMEDIATE RELEASE

SAN ANTONIO, TEXAS - NOVEMBER 27, 2002. Luby's, Inc. (NYSE:LUB) announced today that it has entered into an agreement with its bank lenders amending the company's credit facility. Further, the company stated that it had accepted a commitment letter from another lender, which would provide \$80 million to refinance a major portion of its existing debt. This 15-year financing more closely matches the economic life and long-term basis of the assets securing the debt. A discussion of the terms of the amendment to the credit facility and the commitment letter for long-term financing is included in the Form 10-K filed by the company today.

The principal provisions of the amendment to the credit facility waive the previously announced violation of a quarterly EBITDA covenant, change the financial covenants from quarterly and annual EBITDA measurements to measurements of liquidity and future debt service, increase the applicable interest rate, and extend the maturity date of the debt to October 31, 2004. The amendment also requires the company to use the entire \$80 million long-term financing described in the commitment letter to reduce the existing debt on January 31, 2003.

The consummation of the financing covered by the commitment letter is subject to satisfaction of certain conditions, such as the completion of appraisals of properties serving as collateral for the financing, title work, and the lender's satisfaction with the financial condition of the company. Notwithstanding management's confidence in its ability to satisfy these conditions, the company's independent auditors were required by applicable auditing standards to include an explanatory paragraph addressing the company's debt situation. Their report and the company's audited financial statements were filed as part of the company's Form 10-K today. The inclusion of the explanatory paragraph was triggered by the fact that the transaction contemplated by the commitment letter is not yet closed and the amendment to the credit facility requires payment of the \$80 million on or before January 31, 2003.

"We are very pleased to have this commitment for long-term financing which will help us further strengthen our financial position," said Christopher J. Pappas, CEO of Luby's. "Converting the majority of our debt to long-term debt allows us to sustain our focus on our current operational priorities at the individual restaurant level without the distraction of dealing with short-term debt maturities."

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.