

News Release

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FOR IMMEDIATE RELEASE

Luby's Confirms Receipt of Official Notice - Company Finalizing Operational and Financial Restructuring Plan -

SAN ANTONIO, TEXAS – FEBRUARY 11, 2003. Luby's today confirmed that it had received written notification of default under its existing credit agreement, which arose from the failure to make an \$80 million payment due January 31, 2003. The default, which was previously announced by Luby's, was precipitated by the company's termination of negotiations with a third-party lender because of unacceptable changes in the structure of the proposed loan. The notice was expected, and although the lenders have reserved all rights and remedies they may have as a result of the default, they have advised Luby's that they do not intend to take any immediate action. Luby's management is presently coordinating with these and other potential lenders to explore a variety of financing options.

"We are working with our board to finalize an operational plan that will permit the restructuring of Luby's indebtedness in an acceptable manner and ensure a successful future for the company," said Chris Pappas, President and CEO. "The receipt of this formal notice does not mean that we cannot work through the current situation with our existing bank group. As we do so, our highest priority is to fix the problems that have affected performance and return Luby's to profitability."

Luby's provides its customers with delicious, home-style food, value pricing, and outstanding customer service at its 193 restaurants in ten states. Luby's 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.