

News Release

Luby's, Inc.

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Teleconference information:

Date: December 13, 2001
Time: 10:00 a.m. Central
Dial-in #: 800-619-8846 (Pass Code: Luby's)
Playback #: 402-220-5311 (until 12/16/01)

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FOR IMMEDIATE RELEASE

SAN ANTONIO, TEXAS - DECEMBER 12, 2001. Luby's, Inc. today announced the results of operations for the quarter ended November 21, 2001, the first under the Company's new 13-period accounting year.¹ This initial quarter of fiscal year 2002 covered 82 days and brought in sales of \$95 million compared with \$114 million for the 91-day first-quarter period last year. The Company reported a net loss of \$5.3 million, or \$0.24 per share, compared to a net loss of \$2.0 million, or \$0.09 per share, for the first quarter of fiscal year 2001.

Nine fewer days in the current quarter accounted for approximately \$12 million of the total sales decline. Revenues were also lower due to the closure of 30 stores since September 2000. Excluding the effect of fewer days and stores in this quarter, same-store sales declined \$2.6 million, or 2.73%, which was primarily pressured by recent recessionary developments. The lower than expected same-store sales performance resulted in the Company missing its first-quarter credit-facility EBITDA target, in response to which it obtained a first-quarter covenant waiver as well as an amendment that reset the EBITDA and capital spending provisions for the remainder of the fiscal year.

Chris Pappas, President and CEO, said, "We are meeting these current challenges head on. We have made financial adjustments and operationally are forging ahead with our recently launched programs to perform more consistently, improve quality, and better control costs. Resources, including cash and short-term investments, are being effectively managed as we work through these long-term goals."

The San Antonio-based company operates 202 Luby's in ten states, and its stock is traded on the New York Stock Exchange (symbol LUB).

¹ Beginning with the 2002 fiscal year, the Company changed its accounting intervals from 12 calendar months to 13 four-week periods. To properly accommodate this change, the first period began September 1, 2001, and covered 26 days; subsequent periods cover 28 days. The first, second, third, and fourth quarters of fiscal year 2002 include 82, 84, 84, and 112 days, respectively. Fiscal year 2002 will therefore be 362 days in length compared to 365 days in fiscal year 2001. Fiscal year 2003 and most years going forward will be 364 days in length.

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.

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CONSOLIDATED STATEMENTS OF INCOME (unaudited)

(In thousands except per share data)

	Quarters Ended	
	November 21, <u>2001</u> <i>(82 days)</i>	November 30, <u>2000</u> <i>(91 days)</i>
<u>SALES</u>	\$ 95,195	\$113,900
<u>COSTS AND EXPENSES:</u>		
Cost of food	24,650	29,360
Payroll and related costs	34,593	39,210
Occupancy and other operating expenses	36,384	39,712
Provision for asset impairments	130	755
General and administrative expenses	5,348	6,194
	<u>101,105</u>	<u>115,231</u>
Income (loss) from operations	(5,910)	(1,331)
Interest expense	(2,570)	(2,257)
Other income, net	448	499
Income (loss) before income taxes	(8,032)	(3,089)
Provision (benefit) for income taxes	(2,687)	(1,081)
	<u>\$ (5,345)</u>	<u>\$ (2,008)</u>
<u>NET INCOME (LOSS) PER SHARE -</u>		
<u>basic and assuming dilution</u>	<u>\$ (0.24)</u>	<u>\$ (0.09)</u>
<u>Average number of shares outstanding</u>	<u>22,423</u>	<u>22,420</u>

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CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	November 21, 2001 (unaudited)	August 31, 2001
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash, cash equivalents, and short-term investments	\$ 26,014	\$ 24,083
Income tax receivable	7,072	4,468
Inventories, prepaid expenses, and other assets	10,797	10,755
Total current assets	43,883	39,306
Property held for sale	1,759	3,047
Investments and other assets	12,766	5,929
Property, plant, and equipment - at cost, net	296,381	305,180
<u>TOTAL ASSETS</u>	<u>\$354,789</u>	<u>\$353,462</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 21,805	\$ 13,696
Accrued expenses and other liabilities	33,483	34,585
Total current liabilities	55,288	48,281
Long-term debt	126,746	127,401
Deferred income taxes and other credits	2,130	2,271
Reserve for store closings	4,441	4,506
Shareholders' equity	166,184	171,003
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$354,789</u>	<u>\$353,462</u>