

# News Release

## Luby's, Inc.

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### Teleconference information:

Date: March 13, 2002  
Time: 3:00 p.m. Central  
Dial-in #: 888-603-9620 (Pass Code: Luby's)  
Playback #: 402-998-0768 (until 3/16/02)

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Senior Vice President and Chief Financial Officer

### FOR IMMEDIATE RELEASE

SAN ANTONIO, TEXAS - MARCH 7, 2002. Luby's, Inc. today announced the results of operations for the quarter ended February 13, 2002. Sales for the second quarter of fiscal 2002 covered a period of 84 days and were \$91.3 million compared with 90 days and \$112.2 million for the second quarter of last year. The Company reported a net loss of \$2.2 million, or \$0.09 per share, compared to a net loss of \$9.4 million, or \$0.42 per share, for the second quarter of fiscal year 2001. In the prior year, the Company recorded a provision for asset impairment and store closings, net of taxes, of \$6.1 million, or \$0.27 per share. Excluding the provision, the loss from operations was \$2.2 million, or \$0.09 per share, in the current quarter compared to a loss of \$3.3 million, or \$0.15 per share, in the same quarter of the prior year.

Six fewer days in the current quarter accounted for approximately \$7.2 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 \$8.5 million, or 8.57%, which reflects continuing recessionary pressure. The Company controlled its relative food and labor costs compared to the prior year while simultaneously and conscientiously working to improve quality and the customer experience.

Sales for the first two quarters of fiscal 2002 covered 166 days and were \$186.5 million compared with \$226.1 million for 181 days over the first six months of last year. The Company reported a net loss of \$7.5 million, or \$0.33 per share, compared to a net loss of \$11.4 million, or \$0.51 per share, for fiscal year 2001. Fifteen fewer days in this fiscal year accounted for approximately \$19.5 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 \$10.9 million, or 5.63%.

During the second quarter, the Company converted one of its previously closed units to a new, non-cafeteria-style concept called Luby's Seafood. This new unit, located in Huntsville, Texas, offers delicious, moderately priced selections that are cooked to order and delivered to each customer's table by energetic, skilled waitstaff. Although it has only been open for a short time, the Company is encouraged about the welcome response from its patrons.

Chris Pappas, President and CEO, said, "We continue to move toward our long-term goal of improving financial performance. In the interim, we are headed in the right direction in the areas of quality, consistency, service, and cost control at our base cafeteria-style locations, as well as at our new concept."

The San Antonio-based company operates 201 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		Two Quarters Ended	
	February 13, <u>2002</u> (84 days)	February 28, <u>2001</u> (90 days)	February 13, <u>2002</u> (166 days)	February 28, <u>2001</u> (181 days)
Sales	\$91,257	\$112,219	\$186,452	\$226,119
Costs and Expenses:				
Cost of food	22,540	28,984	47,190	58,344
Payroll and related costs	30,330	37,376	64,923	76,586
Occupancy and other operating expenses	34,208	41,678	70,593	81,390
Provision for asset impairments	--	9,445	130	10,199
General and administrative expenses	5,360	6,827	10,708	13,022
	92,438	124,310	193,544	239,541
Income (loss) from operations	(1,181)	(12,091)	(7,092)	(13,422)
Interest expense	(2,413)	(2,685)	(4,983)	(4,942)
Other income, net	309	278	757	777
Income (loss) before income taxes	(3,285)	(14,498)	(11,318)	(17,587)
Provision (benefit) for income taxes	(1,123)	(5,074)	(3,811)	(6,155)
<b>NET INCOME (LOSS)</b>	<b>\$(2,162)</b>	<b>\$ (9,424)</b>	<b>\$ (7,507)</b>	<b>\$(11,432)</b>
NET INCOME (LOSS) PER SHARE -				
basic and assuming dilution	\$ (0.09)	\$ (0.42)	\$ (0.33)	\$ (0.51)
EBITDA	\$ 4,114	\$ 3,213	\$ 3,573	\$ 8,358
EBITDA per share	\$ 0.18	\$ 0.14	\$ 0.16	\$ 0.37
Average number of shares outstanding	22,430	22,423	22,425	22,422

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## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	February 13, 2002	August 31, 2001
	(unaudited)	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash, cash equivalents, and short-term investments	\$ 19,225	\$ 24,083
Income tax receivable	11,297	4,468
Inventories, prepaid expenses, and other assets	5,674	5,824
Total current assets	36,196	34,375
Property held for sale	5,502	3,047
Investments and other assets	8,740	5,929
Deferred income taxes	1,721	4,931
Property, plant, and equipment - at cost, net	294,867	305,180
<b>TOTAL ASSETS</b>	<b>\$347,026</b>	<b>\$353,462</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 20,455	\$ 13,696
Accrued expenses and other liabilities	28,906	34,585
Total current liabilities	49,361	48,281
Long-term debt	120,944	122,000
Net convertible subordinated notes (related party)	5,623	5,401
Deferred income taxes and other credits	2,186	2,271
Reserve for store closings	4,378	4,506
Shareholders' equity	164,534	171,003
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$347,026</b>	<b>\$353,462</b>