

News Release

Luby's, Inc.
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Teleconference information:

Date: December 18, 2002
Time: 10:00 a.m. Central
Dial-in #: 888-456-0280 (Pass Code: Luby's)
Playback #: 402-998-0855 (until 12/27/02)

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FOR IMMEDIATE RELEASE

Luby's Reports Improved First Quarter Results

-- New Labor Initiatives Drive Better Bottom Line --

SAN ANTONIO, TEXAS - DECEMBER 17, 2002. Luby's, Inc. today announced the results of operations for the first quarter ended November 20, 2002. Sales for the first quarter of 2003 were \$88.2 million compared with \$95.2 million for the first quarter of fiscal 2002. Even though sales declined, the Company was able to improve its bottom-line performance. The net loss for the first quarter of fiscal 2003 was \$3.1 million, or \$.14 per share, compared to a net loss of \$5.3 million, or \$0.24 per share, for the same period last year. This represents an improvement of 41.5%.

"We continue to work hard to bring the operational changes necessary to improve performance to the restaurant level," said Chris Pappas, President and CEO. "We are excited that we are beginning to see the positive results of some of our initiatives in selected restaurants. We will continue to focus on driving sales and achieving our long-term vision for Luby's."

The Company was able to achieve better results by reducing labor costs. As a result of a successful company-wide labor cost control program, labor charges fell from 36.3% of sales in the first quarter of fiscal 2002 to 31.4% in the current quarter. The conversion of more restaurants to an all-you-can-eat buffet format and a continued focus on enhanced food quality increased food cost as a percent of sales, from 25.9% in the prior year to 28.4% in 2003. Total food and labor costs as a percentage of sales for the first quarter of 2003 compared to the first quarter of 2002 fell 2.5%, from 62.2% to 59.7%.

Of the total decline in sales, \$4.3 million was due to the closure of 22 restaurants since August 31, 2001. A 5.1% reduction in same-store sales accounted for \$4.6 million of the total sales decline. Those amounts were offset by the positive impact of two additional days of sales in the current quarter of \$1.9 million.

As announced in November of 2002, management recently obtained a waiver and sixth amendment to its credit facility as well as a nonbinding commitment letter from another lender that would provide an \$80 million loan. The new 15-year loan would be used entirely to pay down the existing credit facility and would allow Luby's to reclassify debt. Management continues in negotiations with the new lender and expects to complete the transaction relatively soon. During the first quarter of 2003, the Company paid the credit facility down by \$4.9 million through proceeds from the sales of real estate.

Luby's provides its customers with delicious, home-style food, value pricing, and outstanding customer service at its 194 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.

(more)

Luby's, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(In thousands except per share data)

	Quarter Ended	
	November 20,	November 21,
	<u>2002</u>	<u>2001</u>
	<i>(84 days)</i>	<i>(82 days)</i>
<u>SALES</u>	\$88,229	\$ 95,195
<u>COSTS AND EXPENSES:</u>		
Cost of food	25,019	24,650
Payroll and related costs	27,675	34,593
Occupancy and other operating expenses	34,370	36,384
General and administrative expenses	5,367	5,348
Provision for asset impairments	(163)	130
	<u>92,268</u>	<u>101,105</u>
Income (loss) from operations	(4,039)	(5,910)
Interest expense	(2,004)	(2,570)
Other income, net	2,942	448
Income (loss) before income taxes	(3,101)	(8,032)
Income tax expense (benefit)	--	(2,687)
	<u>NET INCOME (LOSS)</u>	<u>\$ (3,101) \$ (5,345)</u>
<u>NET INCOME (LOSS) PER SHARE -</u>		
<u>basic and assuming dilution</u>	<u>\$ (.14)</u>	<u>\$ (.24)</u>
<u>EBITDA</u>	<u>\$ 1,111</u>	<u>\$ (541)</u>
<u>EBITDA per share - basic and assuming dilution</u>	<u>\$.05</u>	<u>\$ (.02)</u>
<u>Average number of shares outstanding</u>	<u>22,438</u>	<u>22,423</u>

Luby's, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	November 20,	August 28,
	2002	2002
	(unaudited)	
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and short-term investments	\$ 21,786	\$ 25,706
Income tax receivable	7,245	7,245
Inventories, prepaid expenses, and other assets	7,521	6,775
Total current assets	36,552	39,726
Property held for sale	6,005	8,144
Investments and other assets	4,579	4,642
Property, plant, and equipment - at cost, net	288,498	289,967
<u>TOTAL ASSETS</u>	<u>\$335,634</u>	<u>\$342,479</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 20,242	\$ 19,077
Accrued expenses and other liabilities	21,385	21,735
Short-term portion of debt	113,507	118,448
Total current liabilities	155,134	159,260
Long-term debt	--	--
Net convertible subordinated notes (related party)	5,994	5,883
Accrued claims and insurance	5,142	5,142
Deferred income taxes and other credits	5,432	5,460
Reserve for restaurant closings	3,058	3,114
Shareholders' equity	160,874	163,620
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$335,634</u>	<u>\$342,479</u>