



For Immediate Release

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Luby's Announces Third Quarter Fiscal 2009 Results

HOUSTON, TX – June 10, 2009 – Luby's, Inc. (NYSE: LUB) today announced unaudited financial results for the third quarter of fiscal 2009, a twelve-week period, which ended on May 6, 2009.

Third Quarter Highlights:

- Restaurant sales were \$66.0 million, a decrease of \$6.7 million compared to the same quarter last year; approximately \$1.5 million of the reduction in sales related to closed operations partially offset by new restaurant sales.
- Culinary contract services revenue increased to \$3.0 million in the third quarter compared to \$1.8 million in the same quarter last year. The increase was due to culinary contract services operating 13 facilities as of May 6, 2009 compared to operating 9 facilities as of May 7, 2008.
- Restaurant sales declined \$6.7 million in the third quarter but store level profit declined only \$1.4 million due to effective cost management. The Company defines store level profit as restaurant sales minus costs of food, payroll and related costs and other operating expenses.
- Same-store sales, which consisted of 118 restaurants, decreased approximately 8.9% due primarily to declines in guest traffic partially offset by higher menu prices. The third quarter fiscal 2009 partially benefited from the favorable timing of Lent in the third quarter. Adjusted for this item, the Company estimated same-store sales declined approximately 9.4% in the third quarter fiscal 2009.

Same-Store Sales (118 stores)

| | Q1FY09 | Q2FY09 | Q3FY09 | YTD |
|----------|---------------------|---------------------|---------------------|---------------------|
| Reported | (6.7%) | (3.2%) | (8.9%) | (6.3%) |
| Adjusted | (3.8%) ^a | (5.0%) ^b | (9.4%) ^c | (6.1%) ^d |

a)The first quarter fiscal 2009 was adversely affected by the unfavorable timing of Thanksgiving, which occurred after quarter-end, and by the closure of stores related to Hurricane Ike.

b)The second quarter fiscal 2009 benefited from the favorable timing of Thanksgiving at the beginning of the quarter and, to a lesser extent, was adversely affected by the unfavorable timing of Lent, which began after quarter-end.

c) The third quarter fiscal 2009 partially benefited from the favorable timing of Lent.

d) Includes all footnotes.

Total sales decreased 7.5% in the third quarter fiscal 2009 to \$69.0 million, compared to \$74.6 million in the same quarter last year. Culinary contract services sales were \$3.0 million in the third quarter compared to \$1.8 million in the same quarter last year. Restaurant sales in the third quarter were \$66.0 million compared to \$72.7 million in the same quarter last year. The \$6.7 million decline in restaurant sales included a \$1.5 million reduction in sales related to closed operations partially offset by new restaurant sales.

The Company reported a loss from continuing operations in the third quarter of \$1.0 million, or \$0.04 per diluted share, compared to income from continuing operations of \$1.0 million, or \$0.03 per diluted share in the same quarter last year. Included in the loss from continuing operations this year are the after tax impact of the following items; 1) approximately \$0.02 per diluted share due to an impairment charge for the decrease in fair value investment and 2) approximately \$0.01 per diluted share net gain on disposition of property and equipment primarily due to insurance proceeds associated with an insurance settlement related to Hurricane Ike.

“In the third quarter we experienced a continuation of the macro-economic environment pressure and its affect on customer frequency and sales. However, our team controlled costs well in the quarter to preserve store level margins,” said Chris Pappas, President and CEO. “We remain committed to developing and introducing offerings and price points aimed to increase customer frequency with the long-term goal of growing profitability and cash flow from operations at our existing restaurants.”

Food costs decreased approximately \$1.9 million in the third quarter fiscal 2009 compared to the same quarter last year due to lower sales volume. Food costs as a percentage of restaurant sales decreased to 27.3% in the third quarter fiscal 2009 from 27.4% in the third quarter last year primarily due to lower commodity costs, offset by higher menu prices.

Payroll and related costs decreased \$1.2 million in the third quarter fiscal 2009 compared to the same quarter last year due to lower crew overtime and lower management costs offset by higher average wages paid to crew employees. Payroll and related costs as a percentage of restaurant sales increased to 36.5% in the third quarter fiscal 2009 from 34.8% in the same quarter last year, primarily due to reduced restaurant sales.

Other operating expenses primarily include restaurant-related expenses for utilities, repairs and maintenance, advertising, insurance, supplies, services and occupancy costs. Other operating expenses decreased by approximately \$2.2 million compared to the same quarter last year. As a percentage of restaurant sales, other operating expenses decreased to 22.6% compared to 23.5% in the same quarter last year. Other operating expenses decreased primarily due to 1) an approximate \$0.7 million reduction in repairs and maintenance expense related to improvements in cost controls, 2) an approximate \$0.8 million, net decrease in restaurant supplies, services and other operating expenses on reduced restaurant sales, and 3) an approximate \$0.7 million reduction in utility expense.

Depreciation and amortization expense increased approximately \$0.3 million in the third quarter fiscal 2009 compared to the same quarter last year due to higher depreciable asset base generated by increased capital expenditures in fiscal 2008, including the opening of three restaurants, as well as upgrades and remodels to existing units.

General and administrative expenses include corporate salaries and benefits related costs, including restaurant area leaders, share-based compensation, professional fees, travel and recruiting expenses and other office expenses. General and administrative expenses increased by approximately \$0.2 million in the third quarter fiscal 2009 compared to the same quarter last year. As a percentage of total sales, general and administrative expenses increased to 8.6% in the third quarter compared to 7.7% in the same quarter last year. The increase was due to approximately \$0.3 million in professional fees primarily related to the defense of pending claims and \$0.1 million in severance expense.

Conference Call

The Company will host a conference call today at 4:00 p.m., Central Time, to discuss third quarter fiscal 2009 results. To access the call live, dial 888-755-9496 and use the participant pin code, Lubys (58297), at least 10 minutes prior to the start time, or listen live over the Internet by logging on to www.lubys.com.

About Luby's

Luby's operates 120 restaurants in Austin, Dallas, Houston, San Antonio, the Rio Grande Valley and other locations throughout Texas and other states. Luby's provides its customers with quality home-style food, value pricing, and outstanding customer service.

This press release contains statements that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this press release, other than statements of historical fact, are “forward-looking statements” for purposes of these provisions,

including the statements under the caption “Company Outlook” and any other statements regarding plans for expansion of the Company’s business, scheduled openings of new units, expected levels of capital expenditures, and expectations of industry conditions.

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. The following factors, as well as any other cautionary language included in this press release, provide examples of risks, uncertainties and events that may cause the Company’s actual results to differ materially from the expectations the Company describes in its “forward-looking statements”: general business and economic conditions; the impact of competition; our operating initiatives; fluctuations in the costs of commodities, including beef, poultry, seafood, dairy, cheese and produce; increases in utility costs, including the costs of natural gas and other energy supplies; changes in the availability and cost of labor; the seasonality of the Company’s business; changes in governmental regulations, including changes in minimum wages; the effects of inflation; the availability of credit; unfavorable publicity relating to operations, including publicity concerning food quality, illness or other health concerns or labor relations; the continued service of key management personnel; and other risks and uncertainties disclosed in the Company’s annual reports on Form 10-K and quarterly reports on Form 10-Q.

Luby's, Inc.
Consolidated Statements of Operations (unaudited)
(In thousands except per share data)

| | Quarter Ended | | Three Quarters Ended | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | May 6, 2009 <i>(12 weeks)</i> | May 7, 2008 <i>(12 weeks)</i> | May 6, 2009 <i>(36 weeks)</i> | May 7, 2008 <i>(36 weeks)</i> |
| SALES: | | | | |
| Restaurant sales | \$ 66,030 | \$ 72,753 | \$ 199,645 | \$ 215,360 |
| Culinary contract services | 2,968 | 1,843 | 9,001 | 5,239 |
| TOTAL SALES | 68,998 | 74,596 | 208,646 | 220,599 |
| COSTS AND EXPENSES: | | | | |
| Cost of food | 18,022 | 19,965 | 55,152 | 59,560 |
| Payroll and related costs | 24,132 | 25,322 | 72,731 | 74,256 |
| Other operating expenses | 14,930 | 17,125 | 45,753 | 48,458 |
| Opening costs | 292 | 190 | 785 | 212 |
| Cost of culinary contract services | 2,866 | 1,582 | 8,207 | 4,660 |
| Depreciation and amortization | 4,347 | 4,088 | 13,051 | 12,058 |
| General and administrative expenses | 5,955 | 5,711 | 17,703 | 18,568 |
| Provision for asset impairments, net | — | — | 233 | 717 |
| Net (gain) loss on disposition of property and equipment | (388) | 114 | (533) | 209 |
| Total costs and expenses | 70,156 | 74,097 | 213,082 | 218,698 |
| INCOME (LOSS) FROM OPERATIONS | (1,158) | 499 | (4,436) | 1,901 |
| Interest income | 22 | 231 | 181 | 904 |
| Interest expense | (66) | (58) | (208) | (158) |
| Impairment charge for decrease in fair value of investments | (664) | — | (794) | — |
| Interest income related to income taxes | — | — | — | 1,319 |
| Other income, net | 263 | 308 | 754 | 720 |
| Income (loss) before income taxes and discontinued operations | (1,603) | 980 | (4,503) | 4,686 |
| Benefit for income taxes | (599) | (27) | (1,552) | (1,435) |
| Income (loss) from continuing operations | (1,004) | 1,007 | (2,951) | 6,121 |
| Loss from discontinued operations, net of income taxes | (49) | (58) | (148) | (116) |
| NET INCOME (LOSS) | \$ (1,053) | \$ 949 | \$ (3,099) | \$ 6,005 |
| Income (loss) per share from continuing operations: | | | | |
| Basic | \$ (0.04) | \$ 0.03 | \$ (0.11) | \$ 0.22 |
| Assuming dilution | (0.04) | 0.03 | (0.11) | 0.21 |
| Loss per share from discontinued operations: | | | | |
| Basic | \$ — | \$ — | \$ — | \$ — |
| Assuming dilution | — | — | — | — |
| Net income (loss) per share: | | | | |
| Basic | \$ (0.04) | \$ 0.03 | \$ (0.11) | \$ 0.22 |
| Assuming dilution | (0.04) | 0.03 | (0.11) | 0.21 |
| Weighted average shares outstanding: | | | | |
| Basic | 27,976 | 27,925 | 27,961 | 27,739 |
| Assuming dilution | 27,976 | 28,042 | 27,961 | 28,074 |

The following table contains information derived from the Company's Consolidated Statements of Operations expressed as a percentage of sales. Percentages may not add due to rounding.

| | Quarter Ended | | Three Quarters Ended | |
|--|------------------------|------------------------|------------------------|------------------------|
| | <u>May 6, 2009</u> | <u>May 7, 2008</u> | <u>May 6, 2009</u> | <u>May 7, 2008</u> |
| | <i>(12 weeks)</i> | <i>(12 weeks)</i> | <i>(36 weeks)</i> | <i>(36 weeks)</i> |
| Restaurant sales | 95.7% | 97.5% | 95.7% | 97.6% |
| Culinary contract services | 4.3% | 2.5% | 4.3% | 2.4% |
| TOTAL SALES | 100% | 100% | 100% | 100% |
| COSTS AND EXPENSES: | | | | |
| <i>(As a percentage of restaurant sales)</i> | | | | |
| Cost of food | 27.3% | 27.4% | 27.6% | 27.7% |
| Payroll and related costs | 36.5% | 34.8% | 36.4% | 34.5% |
| Other operating expenses | 22.6% | 23.5% | 22.9% | 22.5% |
| Store level profit | <u>13.5%</u> | <u>14.2%</u> | <u>13.0%</u> | <u>15.4%</u> |
| <i>(As a percentage of total sales)</i> | | | | |
| General and administrative expenses | 8.6% | 7.7% | 8.5% | 8.4% |
| INCOME (LOSS) FROM OPERATIONS | (1.7)% | 0.7% | (2.1)% | 0.9% |

Luby's, Inc.
Consolidated Balance Sheets

| | May 6, 2009 | August 27, 2008 |
|--|--------------------|--------------------|
| | <i>(Unaudited)</i> | |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,395 | \$ 4,566 |
| Trade accounts and other receivables, net | 3,192 | 3,368 |
| Food and supply inventories | 3,253 | 3,048 |
| Prepaid expenses | 1,345 | 1,627 |
| Deferred income taxes | 2,408 | 1,580 |
| Total current assets | 12,593 | 14,189 |
| Property and equipment, net | 193,211 | 198,118 |
| Long-term investments | 7,206 | 8,525 |
| Property held for sale | 5,199 | 5,282 |
| Other assets | 343 | 407 |
| Total assets | \$ 218,552 | \$ 226,521 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 10,807 | \$ 14,268 |
| Accrued expenses and other liabilities | 14,829 | 17,712 |
| Total current liabilities | 25,636 | 31,980 |
| Credit facility debt | 2,000 | — |
| Deferred rent | 2,815 | 2,985 |
| Other liabilities | 2,150 | 3,607 |
| Total liabilities | 32,601 | 38,572 |
| Commitments and Contingencies | | |
| SHAREHOLDERS' EQUITY | | |
| Common stock, \$0.32 par value; 100,000,000 shares authorized; Shares issued were 28,482,316 and 28,439,214, respectively; Shares outstanding were 27,982,316 and 27,939,214, respectively | 9,114 | 9,101 |
| Paid-in capital | 21,493 | 20,405 |
| Retained earnings | 160,119 | 163,218 |
| Less cost of treasury stock, 500,000 shares | (4,775) | (4,775) |
| Total shareholders' equity | 185,951 | 187,949 |
| Total liabilities and shareholders' equity | \$ 218,552 | \$ 226,521 |

Luby's, Inc.
Consolidated Statements of Cash Flows (unaudited)
(In thousands)

| | Three Quarters Ended | |
|--|-----------------------------|------------------------|
| | May 6, 2009 | May 7, 2008 |
| | <i>(36 weeks)</i> | <i>(36 weeks)</i> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | \$ (3,099) | \$ 6,005 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Provision for asset impairments, net of gains and losses on property sales | (859) | 926 |
| Depreciation and amortization | 13,051 | 12,058 |
| Impairment charge for decrease in fair value of investments | 794 | — |
| Amortization of debt issuance cost | 60 | 61 |
| Non-cash compensation expense | 195 | 169 |
| Share-based compensation expense | 906 | 864 |
| Interest related to income taxes | — | (1,319) |
| Deferred tax provision (benefit) | (1,816) | 1,400 |
| Cash provided by operating activities before changes in operating assets and liabilities | 9,232 | 20,164 |
| Changes in operating assets and liabilities: | | |
| Decrease in trade accounts and other receivables, net | 176 | 162 |
| Increase in food and supply inventories | (205) | (313) |
| Decrease in prepaid expenses and other assets | 286 | 613 |
| Decrease in accounts payable, accrued expenses and other liabilities | (6,094) | (3,833) |
| Net cash provided by operating activities | 3,395 | 16,793 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from redemption or maturity of short-term investments | — | 19,600 |
| Purchases of short-term investments | — | (25,650) |
| Proceeds from redemption or maturity of long-term investments | 525 | — |
| Proceeds from disposal of assets and property held for sale | 2,244 | 2,353 |
| Purchases of property and equipment | (10,335) | (25,350) |
| Net cash used in investing activities | (7,566) | (29,047) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Credit facility borrowings | 14,000 | — |
| Credit facility repayments | (12,000) | — |
| Purchase of treasury stock | — | (4,775) |
| Proceeds received on the exercise of stock options | — | 11,243 |
| Net cash provided by financing activities | 2,000 | 6,468 |
| Net decrease in cash and cash equivalents | (2,171) | (5,786) |
| Cash and cash equivalents at beginning of period | 4,566 | 17,514 |
| Cash and cash equivalents at end of period | \$ 2,395 | \$ 11,728 |
| Cash paid for: | | |
| Income taxes | \$ — | \$ 1,602 |
| Interest | 135 | 87 |