



FOR IMMEDIATE RELEASE

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**LUBY'S RECEIVES BANKRUPTCY COURT APPROVAL TO
COMPLETE PURCHASE OF FUDDRUCKERS**

HOUSTON, TX – June 25, 2010 – Luby's, Inc. (NYSE: LUB) announced that the United States Bankruptcy Court for the District of Delaware has approved the sale of substantially all of the assets of Fuddruckers, Inc., Magic Brands, LLC and certain of their affiliates (collectively, "Fuddruckers") to Luby's, Inc. for approximately \$61 million in cash. Luby's, Inc. will also assume certain of Fuddruckers' obligations, real estate leases and contracts and will pay an additional \$2.45 million in cash if it does not assume certain specified contracts.

"We were pleased to win the auction. Fuddruckers will be an excellent addition to our restaurant family. After closing this acquisition, we will focus on existing and newly acquired unit level performance, establishing effective Fuddruckers franchise community relationships, and our expansion plans for our brands," said Christopher J. Pappas, President and Chief Executive Officer of Luby's, Inc. Fuddruckers currently operates 62 Fuddruckers locations and 3 Koo-Koo-Roo locations, and franchisees currently operate an additional 135 Fuddruckers locations.

The transaction is expected to close on or before July 26, 2010, subject to the satisfaction or waiver of customary closing conditions. Upon the closing of this transaction, Luby's, Inc. will hold a conference call outlining the benefits of this acquisition.

About Luby's, Inc.

Luby's, Inc. operates 96 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. Luby's Culinary Services provides food service management to 17 sites consisting of healthcare, higher education and corporate dining locations.

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 statements regarding Luby's plans to acquire substantially all of the assets of Fuddruckers, Inc., Magic Brands, LLC and certain of their affiliates and the timing of the closing. These statements involve risks and uncertainties that could cause actual results to differ materially depending on a variety of important factors, and there can be no assurance that Luby's will be able to consummate the acquisition on the terms described or at all. Factors that might cause or contribute to such differences include, but are not limited to, the failure of Fuddruckers to satisfy the closing conditions, the failure to expand Luby's credit facility and the risk factors detailed in our annual reports on Form 10-K and quarterly reports on Form 10-Q that we file with the Securities Exchange Commission ("SEC") from time to time. Our SEC filings are available from us and are also available at the SEC's website at <http://www.sec.gov>. In addition,

factors that we are not currently aware of could harm our future operating results. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this press release. We undertake no obligation to make any revisions to the forward-looking statements or to reflect events or circumstances after the date of this press release.