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Luby’s, Inc. Closes Purchase of Cheeseburger in Paradise Brand

HOUSTON, TX – December 10, 2012 – Luby’s, Inc. (NYSE: LUB) (“Luby’s”), owner of Luby’s Cafeterias and Fuddruckers brands, today announced that it closed on the purchase all of the Membership Units of Paradise Restaurants Group LLC, and certain of their affiliates (collectively known as, “Cheeseburger in Paradise”) through a wholly-owned subsidiary for approximately $11 million in cash plus customary working capital adjustments. The purchase was funded primarily from drawing on Luby’s existing credit facility. Luby’s is now the operator of 23 Cheeseburger in Paradise full-service restaurant locations that span 14 states.

Luby’s anticipates that the acquisition will be accretive to earnings, excluding integration expenses during fiscal 2013. Over the past twelve months, these locations have generated approximately $53 million in sales. Management plans to provide further details on the historical restaurant unit economics during its first quarter fiscal earnings conference call on December 20, 2012.

Chris Pappas, President and CEO, remarked, “We would like to welcome the employees of Cheeseburger in Paradise to our organization. Together we look forward to launching initiatives that we anticipate will improve the customer experience, expand our customer base, increase revenues, raise margins and increase cash flow generation. On our upcoming first quarter fiscal 2013 earnings conference call on December 20, 2012, we plan to further outline our plans for enhancing the Cheeseburger in Paradise operations, as well as new unit expansion.”

Peter Tropoli, COO, further commented, “Eating at Cheeseburger In Paradise is already an enjoyable and distinctive experience. Our goal is to enhance that experience and thereby grow the brand. We are identifying areas where we believe further operational focus will yield improved results for our customers, employees, and shareholders.”

“I’m excited to see such an experienced restaurant team buying these themed-locations that carry the name of one of my favorite songs,” said Jimmy Buffett. “I look forward to this management team enhancing the Cheeseburger in Paradise brand that is beloved for its beach-party atmosphere, big, juicy burgers, salads, coastal fare and other tasty and unique items. I can’t wait to walk into one of them and see Parrotheads singing along to one of my broadcasted concerts up on the big screens.”

About Luby’s, Inc.

Luby's, Inc. operates restaurants under the brands Luby’s Cafeteria, Fuddruckers and Cheeseburger in Paradise and provides food service management through its Luby’s Culinary Services division. The company-operated restaurants include 93 Luby’s cafeterias, 62 Fuddruckers restaurants, 23 Cheeseburger in Paradise restaurants and bars, two Koo Koo Roo Chicken Bistros, and one Bob Luby’s Seafood Grill. Its 93 Luby’s cafeterias are located throughout Texas and other states. Its Fuddruckers restaurants include 62 company-operated locations and 121 franchises across the United States (including Puerto Rico), Canada, and Mexico. Luby's Culinary Services provides food service management to 18 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 the statements under the caption "Outlook" and any other statements regarding scheduled openings of units, scheduled closures of units, sales of assets, expected proceeds from the sale of assets, expected levels of capital expenditures, effects of food commodity costs, the expected financial impact of Fuddruckers restaurants, anticipated financial results in future periods and expectations of industry conditions.

The Company cautions 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.

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