

LUBYS INC
Form DEFA14A
December 13, 2007

UNITED STATES
SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a -12

Luby s, Inc.

(Name of Registrant as Specified in Its Charter)

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(3) Filing Party:

(4) Date Filed:

1
Luby's, Inc.
NYSE: LUB
Investor Presentation
2008 Annual Meeting of Stockholders

*
*
*

2
Forward-Looking Statements
Statements
in
this
discussion
regarding

future
financial
results
and
other
statements
of
Luby s,
Inc.
(Luby s
or
the
Company)
that
are
not
statements
of
historical
fact
are
considered
forward-looking
statements.
Forward-
looking
statements
include
statements
about
the
Company's
expected
capital
expenditures
in
fiscal
year
2008,
expected
sales
at
the
Company's
new
prototype
restaurant,
plans
regarding
the

construction
of
new
units
and
expansion
into
new
markets,
expectations
regarding
the
opening
of
new
units,
and
expected
financial
results
for
new
units.
Actual
results
might
differ
materially
from
those
projected
in
the
forward-looking
statements.
Additional
information
relating
to
the
factors
that
could
cause
actual
results
to
differ
materially
from

those
projected
in
the
forward-looking
statements
is
contained
in
publicly
available
documents
that
the
company
has
previously
filed
with
the
Securities
and
Exchange
Commission
(SEC)
including
prior
Annual
Reports
on
Form
10-K
and
Quarterly
Reports
on
10-Q.
Additional Information
In
connection
with
the
solicitation
of
proxies,
Luby's
has
filed
with
the

SEC
a
definitive
proxy
statement
on
November
29,
2007
(the
"Proxy
Statement").
The
Proxy
Statement
contains
important
information
about Luby's
and
the
2008
Annual
Meeting
of
Shareholders.
Luby's
shareholders
are
urged
to
read
the
Proxy
Statement
carefully.
On
November
29,
2007,
Luby's
began
the
process
of
mailing
the
Proxy
Statement,
together

with
a
WHITE
proxy
card.
Shareholders
may
obtain
additional
free
copies
of
the
Proxy
Statement
and
other
documents
filed
with
the
SEC
by
Luby's
through
the
website
maintained
by
the
SEC
at
www.sec.gov.
The
Proxy
Statement
and
other
relevant
documents
also
may
be
obtained
free
of
charge
from
Luby's
by

contacting
Investor
Relations
in
writing
at
Luby's,
Inc.,
13111
Northwest
Freeway,
Suite
600,
Houston,
Texas
77040;
or
by
phone
at
713-329-6808;
or
by
email
at
investors@lubys.com.

The
Proxy
Statement
is
also
available
on
Luby's
website
at
www.lubys.com/06aboutusFilings.asp.

The
contents
of
the
websites
referenced
above
are
not
deemed
to
be
incorporated

by
reference
into
the
Proxy
Statement.
In
addition,
copies
of
the
Proxy
Statement
may
be
requested
by
contacting
the
Company's
proxy
solicitor,
MacKenzie
Partners,
Inc.,
by
phone
toll-free
at
1-800-322-2885.
Luby's
and
its
directors
and
executive
officers
and
other
members
of
management
and
employees
may
be
deemed
to
be
participants

in
the
solicitation
of
proxies
in
connection
with
the
2008
Annual
Meeting
of
Shareholders.
Information
about
Luby's
directors
and
executive
officers
is
located
in
the
Proxy
Statement.

3

About Luby's

Operates 128 cafeteria dining restaurants (fast casual)

Strong brand recognition and virtually no direct competition in its markets

Unique customer offering

Quality food made from scratch

Value pricing: 35% to 50% below price per person cost of competitors

Menu variety, family dining, unique offerings

Outstanding customer service

Serves a broad customer demographic

families, children, boomers

High-frequency customer visits

Business-

and family-oriented

Traded on the New York Stock Exchange (NYSE: LUB)

Our mission is to be the most innovative and successful cafeteria company in America and to serve our customers convenient, great tasting, home-style meals at an excellent value, in a clean and friendly environment.

4
128 Restaurants Clustered in Major Texas Markets
Texas:
Top U.S. Cities
Population Rank
Houston Metro
40

4th	
	Dallas/Fort Worth Metro
23	
9th/20th	
	San Antonio Metro
16	
7th	
	Rio Grande Valley
11	
	Austin
7	
16th	
	Other Texas Markets
24	
Other States	
7	
	Total
128	

Source: U.S. Census Bureau
Top 50 Cities in the U.S. by Population Rank

5

In 2001, New Management Team Found Challenges
and Opportunities

Needed new CEO, COO, CFO & GC

Faced operational challenges

Lacked lending sources

More than \$120 million of debt

Not profitable

Many stores were underperforming

Opportunities

Enhance food quality and variety

Modernize operations

Expand customer base

6
Luby's
Board
and
Management
Have
Successfully

Enhanced
Shareholder
Value

Chris and Harris Pappas joined Luby's in 2001
Brought over 30 years of restaurant industry experience
Completely disinterested and independent Board named Chris
and Harris Pappas and Frank Markantonis
to the Board in 2001
Total Pappas investment to-date: \$27 million
Initially invested \$6 million prior to joining the Board
Loaned Luby's \$10 million (subsequently converted to equity)
Exercised options and spent \$11 million on additional equity
Under the leadership of this Board and management team,
the Company
Returned to profitability in 2005
Eliminated \$120 million of debt by 2006; today the Company is
debt-free
Increased same-store sales through improvements in product
offerings and better store-level execution
Outperformed its competitors despite a challenging restaurant
environment
Opened first new prototype restaurant & first large culinary
services account in 2007

7
Luby's Financial Performance
New Management Impact: 2001 to 2007

8
Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
August 2007
0.00
50.00
100.00

150.00
200.00
250.00
300.00
2002
2003
2004
2005
2006
2007

LUBY'S INC

S&P 600 Restaurant Index

.
Luby's has generated a total shareholder return of nearly 150%

--
significantly outperforming the S&P 600 Restaurant Index

Shareholder Return Exceeds Peers

Source: S&P Small Cap 600 Data Copyright ©2006, Standard & Poor's, a division of the McGraw-Hill Companies, Inc.

9
Increased Store Sales with Reduced Store Count
0
50
100
150
200

250
FY01
FY02
FY03
FY04
FY05*
FY06
FY07
\$0.0
\$0.5
\$1.0
\$1.5
\$2.0
\$2.5
\$3.0

Year-End Store Count

Avg. Unit Sales

*Fiscal year 2005 was a 53 week year, compared to all other fiscal years presented here which are 52 weeks.

Total Sales \$467.2 \$399.1 \$318.5 \$308.8

\$322.2 \$324.6 \$318.3

(\$ in millions)

Avg. unit sales calculated as total sales divided by avg. store count during the year.

10
Growing Margins
-35
-25
-15
-5
5

15

Income From Operations

Income from Ops. % of total sales

(\$in millions)

FY01	FY02	FY03	FY04	FY05*	FY06	FY07
------	------	------	------	-------	------	------

1%

5.1%

4.9%

6.0%

2.9%

*Fiscal year 2005 was a 53 week year, compared to all other fiscal years presented here which are 52 weeks.

11
Growing Profitability While Investing In Business
\$-
\$5
\$10
\$15
\$20

\$25

\$30

\$35

FY01

FY02

FY03

FY04

FY05*

FY06

FY07

Cash Flow From Operations

Capital Expenditures

(\$in millions)

*Fiscal year 2005 was a 53 week year, compared to all other fiscal years presented here which are 52 weeks.

12
Restored Balance Sheet
(\$140)
(\$120)
(\$100)
(\$80)
(\$60)

(\$40)

(\$20)

\$0

\$20

\$40

Cash

Debt

(\$in millions)

FY01 FY02 FY03 FY04 FY05

FY06 FY07

13
Improved Expense Efficiency
82.7%
82.7%
82.8%
84.9%
85.7%

86.8%

89.1%

FY01

FY02

FY03

FY04

FY05

FY06

FY07

Prime Costs & Other Operating Expenses

14

New Strategic Growth Plan to Create Long-Term
Shareholder Value

Earlier this year, Luby's announced a new strategic growth
plan designed to position the Company for the future and
create long-term shareholder value

Open new restaurants based on an innovative, upscale design

Invest in existing restaurants

Expand our brand

FY08 Capex: \$33M to \$40M

New unit development costs related to real estate:

approximately \$4M to \$5M

Construction and equipment costs for new units: approximately

\$15M to \$17M (approx. \$2.8 million per unit)

Recurring repairs at existing units: approximately \$6M to \$7M

Upgrades and technology costs at our existing units:

approximately \$8M to \$11M

15

Debuting New Innovative, Upscale Restaurants

New next generation cafeterias offer customers

An upscale dining experience

Healthy choices

The same quality food, variety and affordability

The first new restaurant opened in Cypress, Texas on

August

17

th

Already outperforming the system average unit sales of \$2.5M

on pace to exceed \$3.25M

Well-received by customers

Anticipate building 45 to 50 new restaurants over the next five years in growing areas of existing markets and expanding to promising new growth markets

Expect to open 4 to 6 new units in 2008

New restaurants will drive increased market share, higher unit sales and enhanced store-level profit

Expect 15

20% cash flow return

16

Investing In and Enhancing Existing Restaurants

Update existing locations to further enhance the dining experience of our guests

Performed upgrade work at 30 stores in FY07

Rest rooms, interior, ceiling tile work, dining room lighting, carpet, high chairs, tables, chairs, exterior paint

and benches.

Additional new components:

Pay at the end of the line,

booths & booth walls, condiment stands, & salad &
dessert display cases

Restaurant management team continues to focus

on maintaining Luby's high standards of food

quality, service and profitability

17

Expand Our Brand: Grow Culinary Contract Services

Build on Luby's core strengths by bringing high-quality, made-from-scratch offerings to new facilities at hospitals and medical schools

New dining facility at Baylor College of Medicine has been well-received by customers and is

performing in line with expectations

Continue to grow the culinary contract business,
which increased from one account to eight in FY07

Focused on growing this area of business and
expanding our brand into the healthcare sector

18
The New Luby's Experience
New Store
150 Person Line Capacity
Furniture & Booths
Granite Serving Line
Open Kitchen

Bar/Counter (single diners)

TVs

WiFi

Electronic Menu Screen

Salad & Dessert Display

Cases

Old Store

75 Person Line Capacity

Tables & Chairs only

Steel Serving Line

Closed-Off Kitchen

None

None

None

None

Ice Displays/Limited

Visibility

19
Traditional Luby's
New Prototype
New Generation Luby's Cafeteria

20

Customer Friendly Bar &
Waiting Area

Increased Queuing Capacity: 150
person capacity vs. 75 at other Luby's

Spacious Serving Line and Open-
View Kitchen Concourse

21

Positive Wall Street Review

We were quite impressed by the layout, ambience, and location. In our opinion, the new restaurant represents a substantial improvement over existing locations.

This

opening, therefore, gives us greater confidence in

Luby's growth plan and the use of this restaurant design as the vehicle.

We believe this attractive design creates more energy in the restaurant and gives Luby's a greater casual dining ambiance that should be more appealing to today's consumers, who are less inclined to dine at cafeterias.

Therefore, these new

Luby's should attract a broader customer base and thus generate higher sales volumes, in our opinion.

8/16/07 SMH Research Report

Permission to use quotation neither sought nor obtained.

22

Luby's Has the Right Board to Implement Strategic
Growth Plan

Luby's Board has the necessary depth and breadth of expertise in areas that are critical to
Luby's continued success

Luby's directors are veterans in restaurant management, public company leadership, real
estate, finance, accounting, marketing, law and customer relations

The ethnic diversity and region representation of the Board reflects Luby's customer demographic and major markets served

The Board is highly-qualified, independent-minded and committed to good corporate governance

7 of 10 directors are independent

Designated independent lead director

Separate Chairman and CEO positions

4 new independent directors since 2002

Independent directors meet in executive sessions without management

Finance

&

Audit,

Nominating

&

Corporate

Governance

and

Executive

Compensation

Committees all consist entirely of independent directors

Committees are authorized to engage independent advisors and counsel

Board has complete access to all Luby's officers and employees

Board publishes and follows clear, defined corporate governance guidelines

Luby's Corporate Governance Quotient (CGQ®) as of 6-Nov-07 is better than 90.6% of CGQ

Universe companies and 68.9% of Consumer Services companies.

23

Luby's Director Nominees: Experienced, Independent and
Committed to Enhancing Shareholder Value

Licensed to practice medicine; distinguished career in public health

Retired President of the United Way of the Texas Gulf Coast

Served as director of Public Health for the City of Houston from 1980 until 1983, which included responsibility for the regulation of all food service establishments in the city

Director of Belo Corp., SYSCO Corp., Sun America Fund, Valic Corp., and the Houston Convention Center Hotel

Former member of the Board of Regents of the University of Texas at Austin

Dr. Judith B. Craven
Vice Chair of Board
Personnel and Administrative
Policy Committee (C)
Executive Compensation
Committee (VC)
Executive Committee (VC)
Nominating and Corporate
Governance Committee

Attorney

with
over
thirty
years
of

legal
experience
representing
clients

in
the
restaurant
industry,

with a concentration in real estate development, litigation defense, insurance procurement and coverage, immigration and employment law

General Counsel of Pappas Restaurants

Member of the State Bar of Texas, District of Columbia Bar, and a Fellow in the Houston Bar Association

Frank Markantonis
Personnel and Administrative
Policy Committee

Certified Public Accountant

18 years KPMG, 10 years KPMG Audit Partner

Principal
owner
of
the
public
accounting
and
professional
services
firm
Mir Fox
&
Rodriguez,
P.C.,
which he founded in 1988

Director of the Memorial Hermann Hospital System, the Greater Houston
Community Foundation, the Sam Houston Council of Boy Scouts, the Advisory
Board of the University of Houston-Downtown School of Business, and the
Houston Region Advisory Board of JPMorgan Chase Bank of Texas

Gasper Mir
Chairman of Board
Executive Committee (C)
Nominating and Corporate
Governance Committee (C)
Finance and Audit Committee
Directors Standing for Re-Election

Chairman and Chief Executive Officer of San Antonio based GRE Creative Communications, a
bilingual marketing and public relations firm

Extensive experience in conducting food service television marketing campaigns

Chairman of the Texas Aerospace Committee

Director of USAA Federal Savings Bank
Arthur Rojas Emerson
Finance and Audit Committee

24
The
Dissidents
Plan
Is
DETRIMENTAL
to

Luby's

Ramius

has no interest in long-term value creation

Ramius

is presenting a short-term plan to
manipulate the Company's balance sheet by
engaging in a sale/leaseback of its real estate

Ramius

plan would deplete capital assets and potentially
saddle the Company with debt and make it difficult, if not
impossible, to pursue the Company's strategic growth plan

By owning rather than leasing properties, Luby's
generates better operating margins and greater
cash flow returns, which better positions the
Company for growth

25
Dissidents
Nominees
Will
Add
Nothing
to

Luby's
Board
Little
If
Any
Familiarity
with
Luby's:
Only
one
of
the
four
Ramius
nominees
lives
in
a
state where Luby's operates
No Stock Ownership: None
of
Ramius
four
nominees
directly
owns
shares
of
Luby's
stock
No
Expressed
Interest
in
Luby's
Operations/Finances:
None
of
Ramius
four
nominees
has
contacted
any
member
of
Luby's
senior
management
or

Board
of
Directors

to
discuss
the company, its finances or operations
Disappointing Actual Restaurant Experience :

Brion
Grube: 2005-2006: President/CEO of Baja Fresh Mexican Grill, owned by Wendy's
Due to poor performance during Grube's
tenure, Wendy's sold Baja Fresh for \$31 million

\$244 million less than Wendy's purchase price of \$275 million
2004-2005: President/CEO of another unprofitable Wendy's subsidiary, Cafe Express,
which was sold in 2007 due to poor performance

Grube
is currently retired
Matthew Pannek: May 2006 to August 2007: President/CEO of Magic Brands and
Fuddruckers, Inc.

Led brand for only 15 months
Limited operational experience

Pannek
is currently a consultant
Stephen Farrar: 1992-2006: Senior Vice President, Western Region, Wendy's
During his tenure, Wendy's bought two now-
failed chains: Baja Fresh & Cafe Express
Agreeing with an activist investor to sell Baja Fresh, Wendy's also agreed to reduce its
corporate overhead by \$100 million. Farrar retired early
during the reorganization
Farrar is currently a consultant

26
Dissidents
Nominees Will Add Nothing to Luby's Board cont.
The
fourth
nominee,
William

J.
Fox,
has
no
restaurant
experience
and
has
faced
accusations of corporate governance deficiencies in the past
In
merely
18
months,
Ramius
has
nominated
Fox
to
four
different
Boards
of
Directors. Fox is currently a nominee for three Boards
According to a complaint filed by Payless Shoesource, Inc. that named Fox as a
defendant
During Fox's tenure as a senior executive officer of Revlon, the company's stock lost more
than 45% of its market value in a single day, costing investors more than \$1.5 billion
Fox was a named defendant in a lawsuit relating to his service at Revlon and The Cosmetic
Centers, allegations against him included fraud and violations of securities laws. The suit was
reportedly settled for \$10 million in 2003
The Cosmetic Centers filed for bankruptcy in April 1999
Fox
is
a
former
Vice
Chairman,
member
of
Advisory
Board
of
Barrington
Capital,
another dissident hedge fund with a record of activism as a partner with Ramius
Fox
recently
resigned
as

lead
director
of
Nephros
(Amex:NEP)

on
September
19

2007; NEP stock declined 85% from \$5.80 to \$0.77 during Fox's three-year tenure
We do not believe Luby's growth objectives can be achieved
with Ramius
nominees on the Board

27

Wall Street Recognizes Luby's Has The Right Plan

Company transitioning from turnaround phase to growth phase.

After

turning around the business, LUB is now focused on growth through the expansion of its restaurant base using an attractive new prototype and its culinary service

business. We believe this strategy should drive higher earnings and returns and, subsequently, the stock's valuation.

Superior management team and attractive asset base.

LUB has one of the most talented management teams in the business, in our opinion, giving us confidence in the execution of the company's growth plan. A rich asset base through LUB's real estate ownership limits the downside risk, too.

LUB's

accelerating long-term growth outlook and superior management team are the key drivers of why we think LUB shares will outperform the broader market and its peers over the next 12 months.

Over the long term, the market eventually rewards restaurant companies that have improving growth outlooks with higher multiples. Therefore, we believe that as the market begins to recognize the upside of LUB's strategy, the stock should appreciate ahead of its peers. Luby's is also led by a very experienced management team that is implementing the right strategy to enhance shareholder value, in our opinion, and has the talent to execute.

12/12/07 SMH Research Report: Permission to use quotation neither sought nor obtained.

28

Conclusion

Luby's Board and management are committed to maximizing shareholder value

Luby's strategic growth plan is the right plan

Luby's has the right Board to oversee the implementation of the Company's strategic

growth plan

Ramius

nominees would add nothing to Luby's

Board and, in fact, would undermine future

growth of the Company

Commit to the Company's Strategic Growth Plan

for Shareholder Value

Vote FOR Luby's Experienced Director Nominees

on the WHITE Proxy Card