

LUBYS INC
Form DEF 14A
December 03, 2010

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)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Lubys, Inc.

13111 Northwest Freeway

Suite 600

Houston, Texas 77040

713-329-6800

www.lubys.com

December 3, 2010

Dear Fellow Shareholder:

It is my pleasure to invite you to attend the Annual Meeting of Shareholders of Lubys, Inc. to be held on Thursday, January 20, 2011, at 10:00 a.m., Houston time, at the Sheraton Houston Brookhollow Hotel, 3000 North Loop West, Houston, Texas 77092. All record holders of outstanding shares of Lubys, Inc. common stock at the close of business on December 1, 2010 are eligible to vote on matters brought before this meeting.

Matters on which action will be taken at the meeting are explained in detail in the attached Notice and Proxy Statement. Please review the following Proxy Statement carefully. Your vote is important, so be sure to vote your shares as soon as possible. Please review the enclosed Proxy Statement for specific voting instructions.

Please note that if you hold your shares through a bank or broker and you do not indicate on your proxy card your preferences with respect to the election of directors, your bank or broker is not permitted to cast your vote on your behalf.

Thank you for your support.

Sincerely,

/s/ CHRISTOPHER J. PAPPAS
Christopher J. Pappas
President and Chief Executive Officer

LUBY S, INC.

13111 Northwest Freeway, Suite 600

Houston, Texas 77040

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD

JANUARY 20, 2011

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Shareholders of Luby s, Inc., a Delaware corporation, will be held at the Sheraton Houston Brookhollow Hotel, 3000 North Loop West, Houston, Texas 77092, on Thursday, January 20, 2011, at 10:00 a.m., Houston time, for the following purposes:

- (1) To elect six directors to serve until the 2012 Annual Meeting of Shareholders;
- (2) To ratify the appointment of Grant Thornton LLP as independent registered public accounting firm for the 2011 fiscal year; and
- (3) To act upon such other matters as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors has determined that shareholders of record at the close of business on December 1, 2010, will be entitled to vote at the meeting.

A complete list of shareholders entitled to vote at the meeting will be on file at Luby s corporate office at 13111 Northwest Freeway, Suite 600, Houston, Texas, for a period of ten days prior to the meeting. During such time, the list will be open to the examination of any shareholder during ordinary business hours for any purpose germane to the meeting.

Shareholders who do not expect to attend the meeting in person are urged to review the enclosed proxy for specific voting instructions and to choose the method they prefer for casting their votes.

By Order of the Board of Directors,

/s/ PETER TROPOLI
Senior Vice President, Administration,

General Counsel, and Secretary

Dated: December 3, 2010

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS:

The Notice of Annual Meeting of Shareholders, the Proxy Statement for 2011 Annual Meeting of Shareholders, and the Company s Annual Report for the fiscal year ended August 25, 2010 are available electronically at <http://www.lubys.com>.

LUBYS, INC.

13111 Northwest Freeway, Suite 600

Houston, Texas 77040

PROXY STATEMENT

This Proxy Statement and the accompanying proxy card are being provided to shareholders in connection with the solicitation of proxies by the Board of Directors of Luby's, Inc. (the Company) for use at the Annual Meeting of Shareholders of the Company to be held on Thursday, January 20, 2011, or at any adjournment or postponement thereof (the Annual Meeting). This Proxy Statement and the accompanying proxy card are first being mailed to shareholders on or about December 3, 2010.

VOTING PROCEDURES

Your Vote is Very Important

Whether or not you plan to attend the meeting, please take the time to vote your shares as soon as possible.

Shares Outstanding, Voting Rights, and Quorum

Only holders of record of common stock of the Company at the close of business on December 1, 2010, will be entitled to vote at the meeting or at adjournments or postponements thereof. There were 28,074,614 shares of common stock outstanding as of December 1, 2010. Each share of common stock outstanding is entitled to one vote. The presence in person or by proxy of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum at the meeting.

Methods of Voting

Shares Held in Shareholder's Name. If your shares are held in your name, you may vote by proxy or you may vote in person by attending the meeting. If your shares are held in your name and you would like to vote your shares by proxy prior to the Annual Meeting, there are three ways for you to vote:

1. Call 1-800-690-6903 (toll charges may apply for calls made from outside the United States) and follow the instructions provided;
2. Log on through the internet at www.proxyvote.com and follow the instructions at that site; or
3. If you received a proxy card in the mail, complete, sign, and mail the proxy card in the return envelope provided to you.

Please note that telephone and Internet voting will close at 11:59 p.m. Eastern time on January 19, 2011. If you wish to vote by telephone or Internet, follow the instructions on your proxy card.

If your proxy card is signed and returned without specifying choices, the shares represented will be voted as recommended by the Board of Directors (the Board) of the Company.

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Shares Held in Street Name Through a Bank or Broker. If your shares are held through a bank or broker, you can vote via the Internet or by telephone if your bank or broker offers these options. Please see the voting instructions provided by your bank or broker for use in instructing your bank or broker how to vote. Your bank or broker cannot vote your shares without instructions from you. You will not be able to vote in person at the meeting unless you obtain a signed proxy from the record holder giving you the right to vote the shares.

If you plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the Annual Meeting. Please note that you may vote by proxy prior to January 20, 2011 and still attend the Annual Meeting.

Revoking Your Proxy

Shares Held in Shareholder's Name. If your shares are held in your name, whether you vote by mail, the Internet, or by telephone, you may later revoke your proxy by delivering a written statement to that effect to the Secretary of the Company at the address provided above prior to the date of the Annual Meeting, by a later-dated electronic vote via the Internet, by telephone, by submitting a properly signed proxy with a later date, or by voting in person at the Annual Meeting.

Shares Held in Street Name Through a Bank or Broker. If you hold your shares through a bank or broker, the methods available to you to revoke your proxy are determined by your bank or broker, so please see the instructions provided by your bank or broker.

Vote Required

A majority of the votes cast by the shares present in person or represented by proxy at the meeting and entitled to vote in the election of directors at the Annual Meeting is required for the election of a director nominee. Ratification of the appointment of the independent registered public accounting firm requires the affirmative vote of a majority of the votes cast by the shares present in person or represented by proxy at the meeting. Approval of all other matters requires the affirmative vote of a majority of the votes cast by the shares present in person or represented by proxy at the meeting. Abstentions and broker non-votes will be included in determining the presence of a quorum at the meeting. However, abstentions and broker non-votes will not be included in determining the number of votes cast on any matter.

A broker non-vote occurs when you fail to provide your bank or broker with voting instructions at least ten days before the Annual Meeting and the bank or broker does not have the discretionary authority to vote your shares in the election of directors or on a particular proposal because the proposal is not a routine matter under applicable rules. Under the rules of the New York Stock Exchange, the election of directors is a not a routine matter. Accordingly, if you hold your shares through a bank or broker and you do not indicate on your proxy card your preferences with respect to the election of directors, your bank or broker is not permitted to cast your vote on your behalf on that matter.

Other Business

The Board knows of no other matters that may be presented for shareholder action at the meeting. If other matters are properly brought before the meeting, the persons named as proxies on the accompanying proxy card intend to vote the shares represented by them in accordance with their best judgment.

Confidential Voting Policy

It is the Company's policy that any proxy, ballot, or other voting material that identifies the particular shareholder's vote and contains the shareholder's request for confidential treatment will be kept confidential, except in the event of a contested proxy solicitation or as may be required by law. The Company may be informed whether or not a particular shareholder has voted and will have access to any comment written on a proxy, ballot, or other material and to the identity of the commenting shareholder. Under the policy, the inspectors of election at any shareholder meeting will be independent parties unaffiliated with the Company.

OWNERSHIP OF EQUITY SECURITIES IN THE COMPANY

The following table sets forth information concerning the beneficial ownership of the Company's common stock, as of November 15, 2010, for (a) each director currently serving on the Board, (b) each nominee for election as a director at the Annual Meeting named in this Proxy Statement, (c) each of the officers named in the Summary Compensation Table not listed as a director, and (d) all directors and executive officers as a group. In general, beneficial ownership includes those shares a director or executive officer has the power to vote or transfer and shares that the director or executive officer has the right to acquire within 60 days after November 15, 2010.

Name (1)	Shares Beneficially Owned	Percent of Common Stock
Judith B. Craven (2)	34,422	*
Arthur R. Emerson (3)	36,516	*
K. Scott Gray (4)	64,632	*
Jill Griffin (5)	25,708	*
J.S.B. Jenkins (6)	37,024	*
Frank Markantonis (7)	43,399	*
Joe C. McKinney (8)	45,736	*
Gasper Mir, III (9)	33,158	*
Christopher J. Pappas (10)	4,651,839	16.57%
Harris J. Pappas (11)	4,790,286	17.06%
Peter Tropoli (12)	88,165	*
All directors and executive officers of the Company, as a group (12 persons) (13)	9,850,885	35.09%

* Represents beneficial ownership of less than one percent of the shares of the Company's common stock issued and outstanding on November 15, 2010.

- (1) Except as indicated in these notes and subject to applicable community property laws, each person named in the table owns directly the number of shares indicated and has the sole power to vote and to dispose of such shares. Shares of phantom stock held by a nonemployee director convert into an equivalent number of shares of the Company's common stock when the nonemployee director ceases to be a director of the Company due to resignation, retirement, death, disability, removal, or any other circumstance. The shares of common stock payable upon conversion of the phantom stock are included in this table because it is possible for the holder to acquire the common stock within 60 days if his or her directorship were to be terminated. Under the Company's Nonemployee Director Stock Plan, restricted stock awards may become unrestricted when a nonemployee director ceases to be a director of the Company. Unless otherwise specified, the mailing address of each person named in the table is 13111 Northwest Freeway, Suite 600, Houston, Texas 77040.
- (2) The shares shown for Dr. Craven include 4,546 shares held for her benefit in a custodial account, 10,000 shares which she has the right to acquire within 60 days under the Nonemployee Director Stock Plan, 11,469 shares of phantom stock held under the Nonemployee Director Phantom Stock Plan, and 8,407 shares of restricted stock.
- (3) The shares shown for Mr. Emerson include 6,283 shares held jointly with his wife in a custodial account, 10,000 shares which he has the right to acquire within 60 days under the Nonemployee Director Stock Plan, 11,826 shares of phantom stock held under the Nonemployee Director Phantom Stock Plan, and 8,407 shares of restricted stock.
- (4) The shares shown for Mr. Gray include 13,583 shares held for his benefit in a custodial account and 51,049 shares which he has the right to acquire within 60 days under Luby's Incentive Stock Plan.

- (5) The shares shown for Ms. Griffin include 7,248 shares held for her benefit in a custodial account, 8,000 shares which she has the right to acquire within 60 days under the Nonemployee Director Stock Plan, and 10,460 shares of restricted stock.
- (6) The shares shown for Mr. Jenkins include 8,175 shares held for his benefit in a custodial account, 8,000 shares which he has the right to acquire within 60 days under the Nonemployee Director Stock Plan, and 20,849 shares of restricted stock.
- (7) The shares shown for Mr. Markantonis include 17,348 shares held for his benefit in a custodial account, 10,000 shares which he has the right to acquire within 60 days under the Nonemployee Director Stock Plan, 3,879 shares of phantom stock held under the Nonemployee Director Phantom Stock Plan, and 12,172 shares of restricted stock.
- (8) The shares shown for Mr. McKinney include 15,826 shares held for his benefit in a custodial account, 2,000 shares which he has the right to acquire within 60 days under the Nonemployee Director Stock Plan, and 27,910 shares of restricted stock.
- (9) The shares shown for Mr. Mir include 9,049 shares held for his benefit in a custodial account, 6,000 shares which he has the right to acquire within 60 days under the Nonemployee Director Stock Plan, 2,453 shares of phantom stock held under the Nonemployee Director Phantom Stock Plan, and 15,656 shares of restricted stock.
- (10) The shares shown for Christopher J. Pappas include 3,404,803 shares held for his benefit in a custodial account, 179,839 shares which he has the right to acquire within 60 days under Luby's Incentive Stock Plan, and 1,067,197 shares owned by Pappas Restaurants, Inc., as each of Christopher J. Pappas and Harris J. Pappas owns a 50% interest in Pappas Restaurants, Inc. and therefore owns a corresponding beneficial interest in the 1,067,197 shares owned by Pappas Restaurants, Inc.
- (11) The shares shown for Harris J. Pappas include 3,543,250 shares held for his benefit in a custodial account, 179,839 shares which he has the right to acquire within 60 days under Luby's Incentive Stock Plan, and 1,067,197 shares owned by Pappas Restaurants, Inc., as each of Christopher J. Pappas and Harris J. Pappas owns a 50% interest in Pappas Restaurants, Inc. and therefore owns a corresponding beneficial interest in the 1,067,197 shares owned by Pappas Restaurants, Inc.
- (12) The shares shown for Mr. Tropoli include 15,215 shares held for his benefit in a custodial account and 72,950 shares which he has the right to acquire within 60 days under Luby's Incentive Stock Plan.
- (13) The shares shown for all directors and executive officers as a group include 7,045,326 shares held in custodial accounts, 537,677 shares which they have the right to acquire within 60 days under the Company's various benefit plans, 103,861 shares of restricted stock, 29,627 shares of phantom stock held by nonemployee directors under the Nonemployee Director Phantom Stock Plan, and 1,067,197 shares owned by Pappas Restaurants, Inc., of which Christopher J. Pappas and Harris J. Pappas each own a 50% interest, as described above.

PRINCIPAL SHAREHOLDERS

The following table sets forth information as to the beneficial ownership of the Company's common stock by each person or group known by the Company to own beneficially more than 5% of the outstanding shares of the Company's common stock as of November 15, 2010 and, unless otherwise indicated, is based on disclosures made by the beneficial owners in SEC filings under Section 13 of the Exchange Act:

Name and Address of Beneficial Owner (1)	Shares Beneficially Owned	Percent of Common Stock
Christopher J. Pappas (2) 13939 Northwest Freeway Houston, Texas 77040	4,651,839	16.57%
Harris J. Pappas (3) 13939 Northwest Freeway Houston, Texas 77040	4,790,286	17.06%
Bandera Partners LLC (4) 50 Broad Street, Suite 1820 New York, New York 10004	2,385,971	8.50%
Dimensional Fund Advisors LP (5) Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas, 78746	2,010,922	7.16%
Hodges Capital Management Inc. (6) 2905 Maple Ave. Dallas, Texas 75201	1,717,050	6.12%

- (1) Except as indicated in these notes and subject to applicable community property laws, each person named in the table owns directly the number of shares indicated and has the sole power to vote and to dispose of such shares.
- (2) The shares shown for Christopher J. Pappas include 3,404,803 shares held for his benefit in a custodial account, 179,839 shares which he has the right to acquire within 60 days under Luby's Incentive Stock Plan, and 1,067,197 shares owned by Pappas Restaurants, Inc., as each of Christopher J. Pappas and Harris J. Pappas owns a 50% interest in Pappas Restaurants, Inc. and therefore owns a corresponding beneficial interest in the 1,067,197 shares owned by Pappas Restaurants, Inc.
- (3) The shares shown for Harris J. Pappas include 3,543,250 shares held for his benefit in a custodial account, 179,839 shares which he has the right to acquire within 60 days under Luby's Incentive Stock Plan, and 1,067,197 shares owned by Pappas Restaurants, Inc., as each of Christopher J. Pappas and Harris J. Pappas owns a 50% interest in Pappas Restaurants, Inc. and therefore owns a corresponding beneficial interest in the 1,067,197 shares owned by Pappas Restaurants, Inc.
- (4) Information based solely on Report for the Calendar Year or Quarter Ended September 30, 2010 on Form 13F-HR dated November 15, 2010 and filed on November 15, 2010 with the Securities and Exchange Commission by Bandera Partners LLC.
- (5)

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Information based solely on Report for the Calendar Year or Quarter Ended September 30, 2010 on Form 13F-HR/A dated November 12, 2010 and filed on November 15, 2010 with the Securities and Exchange Commission by Dimensional Fund Advisors LP.

- (6) Information based solely on Report for the Calendar Year or Quarter Ended September 30, 2010 on Form 13F-HR dated November 12, 2010 and filed on November 12, 2010 with the Securities and Exchange Commission by Hodges Capital Management, Inc.

ELECTION OF DIRECTORS (Item 1)

Prior to the 2009 annual meeting of shareholders, the shareholders elected approximately one-third of the members of the Board of Directors annually. The Board was divided into three classes, as nearly equal in number as possible, with the members of each class serving three-year terms.

At the 2009 annual meeting of shareholders, the shareholders approved a proposal to amend the Company's Certificate of Incorporation to eliminate the classified structure of the Board of Directors. Accordingly, each director will serve the remainder of his or her current term and thereafter be elected to one-year terms at each Annual Meeting. As a result, from and after the 2012 annual meeting, the directors will no longer be divided into classes and each director will be elected to a one-year term expiring at the next succeeding annual meeting. Currently, the Board consists of nine directors: six whose terms expire at the 2011 annual meeting of shareholders and three whose terms expire at the 2012 annual meeting of shareholders. In accordance with the Bylaws of the Company, the Board of Directors has fixed the number of directors at nine, pursuant to a resolution adopted by a majority of the entire Board of Directors.

The terms of Jill Griffin, Christopher J. Pappas, Judith B. Craven, Arthur Rojas Emerson, Frank Markantonis, and Gasper Mir, III will expire at the Annual Meeting. The Board nominates Jill Griffin, Christopher J. Pappas, Judith B. Craven, Arthur Rojas Emerson, Frank Markantonis, and Gasper Mir, III for election as directors to serve until the 2012 annual meeting of shareholders or until their successors are elected and qualified. The Board recommends a vote **FOR** each nominee.

All such nominees named above have indicated a willingness to serve as directors, but should any of them decline or be unable to serve, proxies may be voted for another person nominated as a substitute by the Board.

There are no family relationships, of first cousins or closer, among the Company's directors and executive officers, by blood, marriage or adoption, except that Christopher J. Pappas and Harris J. Pappas are brothers and Frank Markantonis is the stepfather of Peter Tropoli, the Company's Senior Vice President, Administration, General Counsel and Secretary.

The following information is furnished with respect to each of the nominees of the Board and for each of the directors whose terms will continue after the Annual Meeting, including information regarding their business experience, director positions held currently or at any time during the last five years, involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board to determine that the nominees should serve as one of our directors.

Nominees for Election to Terms Expiring in 2012

JILL GRIFFIN, 56, advises corporations, both domestically and abroad, on customer loyalty strategies. Her business best seller, Customer Loyalty: How to Earn It, How to Keep It, has been published in six languages and was named to Harvard Business School's Working Knowledge list. In 1988, she founded Austin-based consulting firm, Griffin Group, which specializes in customer loyalty research, customer experience strategy, and executive coaching. Ms. Griffin has been an independent director of the Company since January 2003 and is Vice-Chair of the Personnel and Administrative Policy Committee and a member of the Executive Compensation Committee. Ms. Griffin began her career at RJR/Nabisco where she served as Senior Brand Manager for Winston, the corporation's largest brand. Ms. Griffin is a magna cum laude graduate, Distinguished Alumna recipient and Trustee of the University of South Carolina Moore School of Business from which she holds her Bachelor of Science and Master of Business Administration degrees. She has served on the marketing faculty at the University

of Texas (UT). Her books have been adopted as textbooks for undergraduate and MBA courses at UT and other universities. Ms. Griffin is a member of the board of the National Association of Corporate Board Directors Texas Tri-Cities Chapter and the Austin Convention and Visitors Bureau.

Qualifications, Experience, Key Attributes and Skills: Ms. Griffin has more than 30 years experience, has published three books, and is widely regarded as an expert on the topics of brand management, brand loyalty, and customer experience. Furthermore, she brings leadership and management experience from her distinguished career at RJR/Nabisco, culminating in Senior Brand Manager for the corporation's largest brand, and her Austin-based consulting firm, Griffin Group, which she founded and operates.

CHRISTOPHER J. PAPPAS, 63, has been President and Chief Executive Officer and a director of the Company since March 2001. Mr. Pappas is a member of the Executive Committee. He also has been Chief Executive Officer of Pappas Restaurants, Inc. since 1980. Mr. Pappas graduated from the University of Texas with a Bachelor of Science in Mechanical Engineering. He sits on the advisory board of Amegy Bank N.A. (formerly Southwest Bank of Texas N.A.), and he previously served as a director on its board. Mr. Pappas is also a director of the National Restaurant Association; the University of Houston Conrad Hilton School of Hotel and Restaurant Management Dean's Advisory Board; and the Greater Houston Partnership Board.

Qualifications, Experience, Key Attributes and Skills: Mr. Pappas has more than 35 years experience in the restaurant industry. With his brother, Harris Pappas, he has founded and operated more than 90 restaurants during his successful career, including Pappadeaux Seafood Kitchen, Pappasitos Cantina, and Pappas Bros. Steakhouse. Additionally, Mr. Pappas has broad executive management and operational experience from his 30 year tenure as Chief Executive Officer of Pappas Restaurants, Inc. He also has extensive board and banking experience from his tenure as a board member and advisory board member on the board of Amegy Bank. Mr. Pappas and his brother, Harris Pappas, are widely regarded as restaurant industry experts.

JUDITH B. CRAVEN, M.D., M.P.H., 65, is the retired President of the United Way of the Texas Gulf Coast, where she served from 1992 until 1998. She is licensed to practice medicine and has a distinguished career in public health. She served as Dean of the School of Allied Health Sciences of the University of Texas Health Science Center at Houston from 1983 until 1992 and Vice President of Multicultural Affairs for the University of Texas Health Science Center from 1987 until 1992. She also served as Director of Public Health for the City of Houston from 1980 until 1983, which included responsibility for the regulation of all foodservice establishments in the City. Dr. Craven has been an independent director of the Company since January 1998 and is Vice Chair of the Board of Directors, Chair of the Personnel and Administrative Policy Committee, Vice-Chair of the Executive Compensation Committee and the Executive Committee, and a member of the Nominating and Corporate Governance Committee. She is also a director of Belo Corp. (NYSE:BLC); SYSCO Corporation (NYSE:SYY); Sun America Fund; Valic Corp.; and the Houston Convention Center Hotel. She is a former member of the Board of Regents of the University of Texas at Austin.

Qualifications, Experience, Key Attributes and Skills: Dr. Craven brings a background in public health to the Board that she has gained during her tenure of more than 30 years in the field. During her distinguished career, she has served on a variety of public health and healthcare boards. She also has extensive leadership experience from her high positions at medical academic institutions. Furthermore, Dr. Craven has significant experience from her tenure on the boards of public companies, investment funds, and as a regent of the University of Texas at Austin.

ARTHUR ROJAS EMERSON, 65, has been Chairman and Chief Executive Officer of GRE Creative Communications, a full-service, bilingual marketing and public relations firm with offices in San Antonio, Austin and the Rio Grande Valley. The agency's portfolio includes Hispanic-targeted marketing since June 2000. Mr. Emerson's experience includes conducting foodservice television marketing campaigns locally and nationally. From 1994 until 2000, he was Vice President and General Manager of the Texas stations of the Telemundo television network. In 1994 he served as Chairman of the Hispanic Chamber, and in 1999 served as Chairman of the Greater San Antonio Chamber of Commerce, and is the only person to have held both positions. In 1995, he served as Chairman of CPS Energy, the nation's largest publicly owned utility. He served as Chairman of the San Antonio Port Authority from 2001 to 2007. He served on the Board of the San Antonio Branch of the Dallas Federal Reserve Board from 1998 to 2004. Mr. Emerson has been an independent director of the Company since January 1998 and is a member of the Finance and Audit Committee. He is currently a Commissioner for the Texas Military Preparedness Commission and is past Chairman for the Governor's Aerospace and Aviation Committee. Mr. Emerson is also currently a director of; USAA Federal Savings Bank, and member of its Credit Committee, and the Finance and Audit Committee, and is former Chairman of its Trust Committee. He is a board member of First Call M.D., and numerous local, state and national philanthropic boards.

Qualifications, Experience, Key Attributes and Skills: Mr. Emerson has more than 20 years experience in local and national bi-lingual marketing, foodservice marketing, and public relations. His extensive business experience includes operating a state-wide television network for the Telemundo network and founding and operating a full-service marketing and public relations firm. Mr. Emerson has extensive board and financial experience from his tenure on the boards of corporations, banks, and government entities.

FRANK MARKANTONIS, 62, is an 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. For over fifteen years, he has served as General Counsel of Pappas Restaurants, Inc. He is a graduate of the University of Texas at Austin (1970) and the University of Houston Law Center (1973). Mr. Markantonis is admitted to practice in the following jurisdictions and before the following courts: The United States Supreme Court, District of Columbia Court of Appeals, United States Court of Appeals for the Fifth Circuit, The United States District Court for the Southern District of Texas, and the State of Texas. Mr. Markantonis is a member of the State Bar of Texas, District of Columbia Bar, and is a Fellow in the Houston Bar Association. He has been a director of the Company since January 2002 and is a member of the Personnel and Administrative Policy Committee.

Qualifications, Experience, Key Attributes and Skills: Mr. Markantonis brings extensive state and federal legal experience from his more than 37 years as practicing attorney representing clients in the restaurant industry. He has represented his clients in all areas of legal practice affecting the operations of restaurants and hospitality clients, including real estate development, litigation defense, insurance procurement and coverage, immigration and employment law, and business transactions.

GASPER MIR, III, 64, is a Certified Public Accountant and a principal owner of the public accounting and professional services firm MFR, P.C. (formerly known as Mir Fox & Rodriguez, P.C.), which he founded in 1988. He is currently MFR's Chief Administrative Officer, and previously his work included financial audit and accounting services for clients in the retail industry. From January 2003 through January 2008, Mr. Mir took a leave of absence from MFR and served as Executive General Manager of Strategic Partnerships for the Houston Independent School District. From 1969 until 1987, he worked at KPMG, an international accounting and professional services firm, serving as a partner of the firm from 1978 until 1987. Mr. Mir has been a director of the Company since January 2002 and is Chairman of the Board of Directors, Chairman of the Executive Committee and the Nominating and Corporate Governance Committee, and a member of the Finance and Audit Committee. As Chairman, he presides over all Board meetings, as well as executive sessions and meetings of the independent directors, and he acts as an intermediary between the Board and Luby's Management. Mr. Mir is also a director of the Memorial Hermann Hospital System; the Greater Houston Community Foundation, the Sam Houston Council of Boy Scouts and the Houston A+ Challenge.

Qualifications, Experience, Key Attributes and Skills: Mr. Mir has more than 41 years of experience in accounting, finance, and audit from his distinguished tenure at the accounting firms KPMG and MFR. He is an active member of NACD and regularly participates in their professional development conferences. He brings business administration experience as a founder and Chief Administrative Officer of MFR. Additionally, Mr. Mir has experience in public relations, government, education, health care and community outreach from his five years as Executive General Manager of Strategic Partnerships for the Houston Independent School District and his board service on several community based organizations.

Incumbents Whose Terms Expire in 2012

J.S.B. JENKINS, 67, served as President, Chief Executive Officer, and a Director of Tandy Brands Accessories, Inc. (NYSE:TBAC), a designer, manufacturer and marketer of fashion accessories, since November 1971 until his retirement in 2009. Previously, he served in several executive capacities within that company, including President of Tex Tan Welhausen Co., a division of Tandy Brands, Inc. He has also served as the Executive Vice President of the Bombay Company, Inc., a designer and marketer of home accessories and furniture. Mr. Jenkins has been an independent director of the Company since January 2003 and is Chairman of the Executive Compensation Committee, Vice-Chairman of the Finance and Audit Committee, a member of the Nominating and Corporate Governance Committee, and a member of the Executive Committee. He also currently serves on the Board of Directors for Hardware Resources. He is a member of the Texas A&M University College of Business Administration/Graduate School of Business Development Council, the Texas A&M University President's Council, the Advisory Board of Directors for the Texas A&M University 12th Man Foundation, and the Cotton Bowl Committee.

Qualifications, Experience, Key Attributes and Skills: Mr. Jenkins has more than 38 years of business, executive, manufacturing, and board experience from his career at Tandy Brands Accessories, Inc. and its divisions, culminating in the titles of President, Chief Executive Officer, and Chairman. He has an extensive background of service and board membership on numerous boards and councils of Texas A&M University.

JOE C. MCKINNEY, 64, has been Vice-Chairman of Broadway National Bank, a locally owned and operated San Antonio-based bank, since October 2002. He formerly served as Chairman of the Board and Chief Executive Officer of JPMorgan Chase Bank-San Antonio from November 1987 until his retirement in March 2002. Mr. McKinney graduated from Harvard University in 1969 with a Bachelor of Arts in Economics, and he graduated from the Wharton School of the University of Pennsylvania in 1973 with a Master of Business Administration in Finance. Mr. McKinney has been an independent director of the Company since January 2003 and is Chairman of the Finance and Audit Committee, a member of the Nominating and Corporate Governance Committee, and a member of the Executive Committee. He is a director of Broadway National Bank; Broadway Bancshares, Inc.; USAA Real Estate Company; and U.S. Global Investors Funds. He was a director of Prodigy Communications Corporation from January 2001 to November 2001, when the company was sold to SBC Communications, Inc., and served on its Special Shareholder Committee and Audit and Compensation Committee.

Qualifications, Experience, Key Attributes and Skills: Mr. McKinney has over 38 years of experience in banking, finance, and management from his distinguished career in banking, culminating in a tenure of more over 14 years as Chairman of the Board and Chief Executive Officer of JPMorgan Chase Bank-San Antonio and eight years as Vice-Chairman of Broadway National Bank. He further brings significant board experience from his service on over seven boards of banks, investment funds, and corporations.

HARRIS J. PAPPAS, 66, has been Chief Operating Officer and a director of the Company since March 2001. He is a member of the Executive Committee and the Personnel and Administrative Policy Committee. Mr. Pappas graduated from Texas A&M University with a Bachelor of Business Administration in Finance and Accounting. Mr. Pappas also has been President of Pappas Restaurants, Inc. since 1980. He is a director of Oceaneering International, Inc. (NYSE: OII). Mr. Pappas is also an advisory trustee of Schreiner University and an advisory board member of Frost National Bank-Houston. He served as an advisory director of Memorial Hermann Affiliated Services from 2002 to 2004, and as a Corporate Member of Memorial Healthcare System from October 2004 to October 2006. He also has served as a director of TIRR Hospital in the Memorial Hermann System since January 2009.

Qualifications, Experience, Key Attributes and Skills: Mr. Pappas has more than 35 years experience in the restaurant industry. With his brother, Christopher Pappas, he has founded and operated more than 90 restaurants during his successful career, including Pappadeaux Seafood Kitchen, Pappasitos Cantina, and Pappas Bros. Steakhouse. Additionally, Mr. Pappas has broad executive management and operational experience from his 30 year tenure as President of Pappas Restaurants, Inc. He also has extensive board experience from his tenure as a trustee and board member on the boards of educational and healthcare institutions, as well as a petroleum exploration company. Mr. Pappas and his brother, Christopher Pappas, are widely regarded as restaurant industry experts.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE DIRECTOR NOMINEES.

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC**ACCOUNTING FIRM (Item 2)**

The Board of Directors of the Company has appointed the firm of Grant Thornton LLP to audit the accounts of the Company for the 2011 fiscal year. Representatives of Grant Thornton LLP are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. Ratification of the appointment of the independent registered public accounting firm is not a matter which is required to be submitted to a vote of shareholders, but the Board considers it appropriate for the shareholders to express or withhold their approval of the appointment. If shareholder ratification should be withheld, the Board would consider an alternative appointment for the succeeding fiscal year. The affirmative vote of a majority of the votes cast by the shares present in person or represented by proxy at the meeting is required for approval.

Fees Paid to the Independent Registered Public Accounting Firm

The table below shows aggregate fees for professional services rendered for the Company by the Company's independent registered public accounting firm, Grant Thornton LLP, for the fiscal years ended August 25, 2010 and August 26, 2009:

	2010	2009
	(in thousands)	
Audit Fees	\$ 473	\$ 470
Audit-Related Fees	67	
Tax Fees		
All Other Fees		
Total	\$ 540	\$ 470

Audit Fees for the fiscal years ended August 25, 2010 and August 26, 2009 consisted of fees associated with the audit of the Company's consolidated financial statements and internal control over financial reporting included in the Company's Annual Report on Form 10-K and reviews of its interim financial statements included in the Company's quarterly reports on Form 10-Q.

Audit-Related Fees for the fiscal year ended August 25, 2010 were predominately associated with the Company's acquisition of substantially all of the assets of Fuddrucker's, Inc., Magic Brands, LLC and certain of their affiliates. The Company did not incur any Audit-Related Fees for the fiscal year ended August 26, 2009.

Tax Fees. The Company did not incur any Tax Fees for the fiscal years ended August 25, 2010 and August 26, 2009.

All Other Fees. The Company did not incur any other fees for the fiscal years ended August 25, 2010 and August 26, 2009.

Preapproval Policies and Procedures

All auditing services and nonaudit services provided by Grant Thornton LLP must be preapproved by the Finance and Audit Committee. Generally, this approval occurs each year at the August meeting of the Finance and Audit Committee for the subsequent fiscal year and as necessary during the year for unforeseen requests. The nonaudit services specified in Section 10A(g) of the Securities Exchange Act of 1934 may not be, and are not, provided by Grant Thornton LLP. Grant Thornton LLP provides a report to the Chair of the Finance and Audit Committee prior to each regularly scheduled Finance and Audit Committee meeting detailing all fees, by project, incurred by Grant Thornton LLP year-to-date and an estimate for the fiscal year. The Chair of the Finance and

Audit Committee reviews the Grant Thornton LLP fees at each Finance and Audit Committee meeting. The Finance and Audit Committee periodically reviews these fees with the full Board of Directors. During fiscal years 2009 and 2010, no preapproval requirements were waived for services included in the Audit-Related Fees, Tax fees and All Other Fees captions of the fee table above pursuant to the limited waiver provisions in applicable rules of the Securities and Exchange Commission.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP.

CORPORATE GOVERNANCE

Committees of the Board of Directors

The Board currently maintains the following standing committees: Finance and Audit, Nominating and Corporate Governance, Personnel and Administrative Policy, Executive Compensation, and Executive. All committees meet as necessary to fulfill their responsibilities. The Board has directed each committee to consider matters within its areas of responsibility and to make recommendations to the full Board for action on these matters. Only the Executive Committee is empowered to act on behalf of the Board, and the specific powers of that committee may be exercised only in extraordinary circumstances.

Finance and Audit Committee

The Finance and Audit Committee is a standing audit committee established to oversee the Company's accounting and financial reporting processes and the audit of the Company's financial statements. Its primary functions are to monitor and evaluate corporate financial plans and performance and to assist the Board in monitoring: (1) the integrity of the financial statements of the Company; (2) the Company's compliance with legal and regulatory requirements; (3) the independent registered public accounting firm's qualifications and independence; (4) the performance of the Company's internal audit function and its independent registered public accounting firm; and (5) the Company's major risk exposures and the steps management has taken to monitor and control such exposures. Management is responsible for preparing the financial statements, and the independent registered public accounting firm is responsible for auditing those financial statements. The Finance and Audit Committee is also directly responsible for the appointment, compensation, retention, and oversight of the work of the Company's independent registered public accounting firm and the preparation of the Finance and Audit Committee Report below. A copy of the current Finance and Audit Committee Charter adopted by the Board is available in print to any shareholder upon request and on the Company's website at www.lubys.com. All members of the Finance and Audit Committee are independent directors as described under "Corporate Governance Guidelines" Director Independence on page 16. The Finance and Audit Committee met eleven times during the last fiscal year.

The Board determined that Gasper Mir, III and Joe C. McKinney are audit committee financial experts as defined in rules of the Securities and Exchange Commission adopted pursuant to the Sarbanes-Oxley Act of 2002 and are independent as prescribed by the listing standards of the New York Stock Exchange.

At least quarterly, Committee members have the opportunity to meet privately with representatives of the Company's independent registered public accounting firm and with the Company's Director of Internal Audit.

The members of the Finance and Audit Committee are: Joe C. McKinney (Chair); J.S.B. Jenkins (Vice-Chair); Arthur R. Emerson; and Gasper Mir, III.

Nominating and Corporate Governance Committee

The primary functions of the Nominating and Corporate Governance Committee are: (1) to maintain oversight of the development, structure, performance, and evaluation of the Board; (2) to seek and recommend candidates to fill vacancies on the Board; (3) to recommend appropriate Board action on renewal terms of service for incumbent members as their terms near completion; (4) to review compensation paid to non-management directors; and (5) to develop and periodically review the Company's Corporate Governance Guidelines and recommend such changes as may be determined appropriate to the Board so as to reflect the responsibilities of the Board and the manner in which the enterprise should be governed in compliance with best practices. A copy of the current Nominating and Corporate Governance Committee Charter is available in print to any shareholder upon request and on the Company's website at www.lubys.com. All members of the Nominating and Corporate Governance Committee are independent directors as described below. The Nominating and Corporate Governance Committee met two times during the last fiscal year.

The members of the Nominating and Corporate Governance Committee are: Gasper Mir, III (Chair); Judith B. Craven (Vice-Chair); J.S.B. Jenkins; and Joe C. McKinney.

Personnel and Administrative Policy Committee

The primary functions of the Personnel and Administrative Policy Committee are to monitor and evaluate the policies and practices of: (1) human resource management and administration; (2) management development; (3) non-executive officer compensation and benefits; (4) savings and investment plan administration; (5) marketing and public relations strategies; (6) loss prevention, quality assurance, and food safety policies and procedures; and (7) investor relations and communications on matters other than financial reporting. The Personnel and Administrative Policy Committee met three times during the last fiscal year.

The members of the Personnel and Administrative Policy Committee are: Judith B. Craven (Chair); Jill Griffin (Vice-Chair); Frank Markantonis; and Harris J. Pappas.

None of the members of the Committee is an officer or employee, or a former officer or employee, of the Company, except Harris J. Pappas. Mr. Pappas is currently Chief Operating Officer of the Company.

Executive Compensation Committee

The primary functions of the Executive Compensation Committee are: (1) to discharge the Board's responsibilities relating to compensation of the Company's Named Executive Officers (as defined in Compensation Discussion and Analysis Summary Compensation Table) and (2) to communicate to shareholders the Company's executive compensation policies and the reasoning behind such policies. The Executive Compensation Committee may delegate its responsibilities to a subcommittee consisting of one or more of its members. The Executive Compensation Committee Charter is available in print to any shareholder upon request and on the Company's website at www.lubys.com. All members of the Executive Compensation Committee are independent directors as described under Corporate Governance Guidelines Director Independence on page 16. The Executive Compensation Committee met three times during the last fiscal year.

For information concerning policies and procedures relating to the consideration and determination of executive compensation, including the role of the Executive Compensation Committee, see Compensation Discussion and Analysis beginning on page 23. For the report of the Executive Compensation Committee concerning the Compensation Discussion and Analysis, see Executive Compensation Committee Report on page 27.

The members of the Executive Compensation Committee are: J.S.B. Jenkins (Chair); Judith B. Craven (Vice-Chair); Jill Griffin; and Arthur Emerson.

Compensation Committee Interlocks. During the fiscal year ended August 25, 2010, none of the Company's executive officers served on the board of directors of any entities whose directors or officers served on the Company's Executive Compensation Committee. No current or past officer serves on the Company's Executive Compensation Committee.

Executive Committee

The primary functions of this Committee are: (1) to facilitate action by the Board between meetings of the Board; and (2) to develop and periodically review the Company's standing committee charters. The Executive Committee did not meet during the last fiscal year.

The members of the Executive Committee are: Gasper Mir, III (Chair); Judith B. Craven (Vice-Chair); Joe C. McKinney; J.S.B. Jenkins; Christopher J. Pappas; and Harris J. Pappas.