

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.**

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(Name of Registrant as Specified in Its Charter)

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

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No fee required

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(2) Aggregate number of securities to which transaction applies:

---

(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:

---

(5) Total fee paid:

---

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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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](http://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](http://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

Gaspar 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  
Barington  
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