

LUBYS INC  
Form 10-K  
November 12, 2014

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

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**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended August 27, 2014

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From            to

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Commission file number 001-08308

**Luby's, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

**74-1335253**

*(State or other jurisdiction of incorporation or organization) (IRS Employer Identification Number)*

**13111 Northwest Freeway, Suite 600**

**Houston, Texas 77040**

*(Address of principal executive offices, including zip code)*

**(713) 329-6800**

*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of Each Class</b>	<b>Name of Each Exchange on which registered</b>
Common Stock (\$0.32 par value per share)	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer  
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the shares of common stock of the registrant held by nonaffiliates of the registrant as of February 12, 2014, was approximately \$120,457,167 (based upon the assumption that directors and executive officers are the only affiliates).

As of November 4, 2014, there were 28,466,641 shares of the registrant's common stock outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the following document are incorporated by reference into the designated parts of this Form 10-K:

**Definitive Proxy Statement relating to 2015 annual meeting of shareholders (in Part III)**



**Luby's, Inc.**

**Form 10-K**

**Year ended August 27, 2014**

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### **Additional Information**

We file reports with the Securities and Exchange Commission (“SEC”), including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The public may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We are an electronic filer, and the SEC maintains an Internet site at <http://www.sec.gov> that contains the reports, proxy and information statements, and other information that we file electronically. Our website address is [www.lubysinc.com](http://www.lubysinc.com). Please note that our website address is provided as an inactive textual reference only. We make available free of charge through our website the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information provided on our website is not part of this report, and is therefore not incorporated by reference unless such information is specifically referenced elsewhere in this report.

### **Compliance with New York Stock Exchange Requirements**

We submitted to the New York Stock Exchange (“NYSE”) the CEO certification required by Section 303A.12(a) of the NYSE’s Listed Company Manual with respect to our fiscal year ended August 28, 2013. We expect to submit the CEO certification with respect to our fiscal year ended August 27, 2014 to the NYSE within 30 days after our annual meeting of shareholders. We are filing as an exhibit to this Form 10-K the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002.

## FORWARD-LOOKING STATEMENTS

This Annual Report on “Form 10-K” contains statements that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this Form 10-K, other than statements of historical facts, are “forward-looking statements” for purposes of these provisions, including any statements regarding:

- future operating results;
- future capital expenditures, including expected reductions in capital expenditures;
- future debt, including liquidity and the sources and availability of funds related to debt;
- plans for our new prototype restaurants;
- plans for expansion of our business;
- scheduled openings of new units;
- closing existing units;
- effectiveness of management’s disposal plans;
- future sales of assets and the gains or losses that may be recognized as a result of any such sales; and
- continued compliance with the terms of our 2013 Credit Facility, as amended.

In some cases, investors can identify these statements by forward-looking words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “outlook,” “may” “should,” “will,” and “would” or similar words. Forward-looking statements on certain assumptions and analyses made by management in light of their experience and perception of historical trends, current conditions, expected future developments and other factors we believe are relevant. Although management believes that our assumptions are reasonable based on information currently available, those assumptions are subject to significant risks and uncertainties, many of which are outside of our control. The following factors, as well as the factors set forth in Item 1A of this Form 10-K and any other cautionary language in this Form 10-K, provide examples of risks, uncertainties, and events that may cause our financial and operational results to differ materially from the expectations described in our forward-looking statements:

- general business and economic conditions;
- the impact of competition;
- our operating initiatives, changes in promotional, couponing and advertising strategies and the success of management’s business plans;
- fluctuations in the costs of commodities, including beef, poultry, seafood, dairy, cheese, oils and produce;
- ability to raise menu prices and customers acceptance of changes in menu items;
- increases in utility costs, including the costs of natural gas and other energy supplies;
- changes in the availability and cost of labor, including the ability to attract qualified managers and team members;
- the seasonality of the business;
- collectability of accounts receivable;
- changes in governmental regulations, including changes in minimum wages and health care benefit regulation;
- the effects of inflation and changes in our customers’ disposable income, spending trends and habits;

the ability to realize property values;  
the availability and cost of credit;  
weather conditions in the regions in which our restaurants operate;  
costs relating to legal proceedings;  
impact of adoption of new accounting standards;  
effects of actual or threatened future terrorist attacks in the United States;  
unfavorable publicity relating to operations, including publicity concerning food quality, illness or other health concerns or labor relations; and  
the continued service of key management personnel.

Each forward-looking statement speaks only as of the date of this Form 10-K, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should be aware that the occurrence of the events described above and elsewhere in this Form 10-K could have material adverse effect on our business, results of operations, cash flows and financial condition.

## PART I

### Item 1. Business

#### *Overview*

Luby's, Inc. is a multi-branded company operating in the restaurant industry and in the contract food services industry. Our primary brands include Luby's Cafeteria, Fuddruckers - World's Greatest Hamburger®, Luby's Culinary Contract Services, Cheeseburger in Paradise. Our other brands include are Bob Luby's Seafood, Luby's, Etc. and Koo Koo Roo Chicken Bistro.

Our Company's vision is that our guests, employees and shareholders are extremely loyal to our restaurant brands and value them as a significant part of their lives. We want our company's performance to make it a leader wherever it operates and in its sector of our industry.

We are headquartered in Houston, Texas. Our corporate headquarters is located at 13111 Northwest Freeway, Suite 600, Houston, Texas 77040, and our telephone number at that address is (713) 329-6800. Our website is [www.lubysinc.com](http://www.lubysinc.com). The information on our website is not, and shall not be deemed to be, a part of this annual report on Form 10-K or incorporated into any of our other filings with the SEC.

As of August 27, 2014, we operated 174 restaurants located throughout the United States, as set forth in the table below. These establishments are located in close proximity to retail centers, business developments and residential areas. Of the 174 restaurants, 92 are located on property that we own and 82 are located on property that we lease. Five locations consist of a side-by-side Luby's Cafeteria and Fuddruckers restaurant, which we refer herein to as a "Combo location".

	<b>Total</b>
<b>Texas:</b>	
Houston Metro	54
San Antonio Metro	18
Rio Grande Valley	13
Dallas/Fort Worth Metro	14
Austin	11
Other Texas Markets	17

<b>California</b>	9
<b>Illinois</b>	6
<b>Arizona</b>	5
<b>Maryland</b>	5
<b>Virginia</b>	3
<b>Georgia</b>	3
<b>Oklahoma</b>	3
<b>Other States</b>	13
<b>Total</b>	174

As of November 4, 2014, we operated culinary contract services at 25 locations; 18 in the Houston, Texas area, 3 in Louisiana, 2 in Austin, 1 in Oklahoma and 1 in Florida. Luby's Culinary Contract Services provides food service management to healthcare, educational and corporate dining facilities.

As of November 4, 2014, we had 51 franchisees operating 110 Fuddruckers restaurants in locations as set forth in the table below. Our largest six franchisees own five to twelve restaurants each. Twelve franchise owners each own two to four restaurants. The thirty-three remaining franchise owners each own one restaurant.

	<b>Fuddruckers Franchises</b>
<b>Texas:</b>	
Houston Metro	1
Dallas/Fort Worth Metro	10
Other Texas Markets	13
<b>California</b>	8
<b>Florida</b>	7
<b>Georgia</b>	3
<b>Idaho</b>	1
<b>Louisiana</b>	3
<b>Maryland</b>	