LUBYS INC
Form DEF 14A
December 15, 2017

UNITED STATES
SECURITIES AND 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)

Payment of Filing Fee (Check the appropriate box):

No fee required
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

(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):

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Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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Luby’s, Inc.
13111 Northwest Freeway
Suite 600
Houston, Texas 77040
713-329-6800
www.lubysinc.com

December 15, 2017

Dear Fellow Shareholder:

It is my pleasure to invite you to attend the Annual Meeting of Shareholders of Luby’s, Inc. to be held on Friday, February 9, 2018, at 10:00 a.m., Houston time, at 13111 Northwest Freeway, 3rd Floor, Houston, Texas 77040. All record holders of outstanding shares of Luby’s, Inc. common stock at the close of business on December 13, 2017 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
February 9, 2018

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of Luby's, Inc., a Delaware corporation (the "Company") have called the 2018 Annual Meeting of Shareholders (the "Annual Meeting") of the Company, which will be held at 13111 Northwest Freeway, 3rd Floor, Houston, Texas 77040, on Friday, February 9, 2018, at 10:00 a.m., Houston time, for the following purposes:

(1) To elect ten directors to serve until the 2019 Annual Meeting of Shareholders;
(2) To ratify the appointment by the Board of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending August 29, 2018;
(3) To conduct an advisory vote approving the compensation of the Company's Named Executive Officers;
(4) To conduct an advisory vote on the frequency of future advisory votes on the compensation of the Company's named executive officers;
(5) To approve Amendment No. 1 to the Second Amended and Restated Nonemployee Director Stock Plan (the "Plan") to: (a) increase the maximum number of shares of common stock that may be issued in connection with awards granted under the Plan from 1,100,000 to 2,100,000, and (b) extend the term of the Plan through February 9, 2028;
(6) To act on the shareholder proposal described in this Proxy Statement; and
(7) To act upon such other matters as may properly come before the meeting or any adjournment or postponement thereof.

The Board has determined that shareholders of record at the close of business on December 13, 2017, will be entitled to vote at the Annual Meeting.

A complete list of shareholders entitled to vote at the Annual Meeting will be on file at the Company's corporate office at 13111 Northwest Freeway, Suite 600, Houston, Texas, for a period of ten days prior to the Annual 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 Annual Meeting.

Your vote is important. You may vote in any one of the following ways:

- Use the toll-free telephone number 1-800-690-6903 from the U.S. or Canada;
- Use the Internet website www.proxyvote.com; or
- Mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope.

Shareholders who do not expect to attend the Annual 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 of Luby's, Inc.

/S/ ROY CAMBERG
General Counsel and Secretary

Houston, Texas
December 15, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS:

The Notice of Annual Meeting of Shareholders, the Proxy Statement for the Annual Meeting, and the Company's Annual Report for the fiscal year ended August 30, 2017 are available electronically at http://www.lubysinc.com/investors/filings.

LUBY'S, 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 (the "Board") of Luby's, Inc., a Delaware corporation (the "Company") for use at the Annual Meeting of Shareholders of the Company to be held on Friday, February 9, 2018, 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 15, 2017.

VOTING PROCEDURES

Your Vote is Very Important

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

Shares Outstanding, Voting Rights, and Quorum

Only record holders of the Company's common stock, par value $0.32 per share ("Common Stock") at the close of business on December 13, 2017, will be entitled to vote at the Annual Meeting or at adjournments or postponements thereof. There were 29,316,771 shares of the Common Stock outstanding as of December 13, 2017. 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 Annual 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 Annual 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 February 8, 2018. 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.

- 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 Annual 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 February 9, 2018 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

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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 Annual Meeting and entitled to vote in the election of directors at the Annual Meeting is required for the election of a director nominee. Shareholders do not have cumulative voting rights. Ratification of the appointment of Grant Thornton LLP as the Company’s independent registered public accounting firm, the approval of the compensation of our Named Executive Officers (as defined in “Compensation Discussion and Analysis-Compensation Tables and Information-Summary Compensation Table”) on a non-binding basis and the approval of Amendment No. 1 to the Plan each require the affirmative vote of a majority of the votes cast by the shares present in person or represented by proxy and entitled to vote on each such matter at the Annual Meeting. With respect to the advisory vote on the frequency of future advisory votes on the compensation of our named executive officers, the frequency option that receives the highest number of votes cast will be considered the preferred frequency. 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 and entitled to vote on such matter at the Annual Meeting. Abstentions and broker non-votes will be included in determining the presence of a quorum at the Annual Meeting. However, abstentions and broker non-votes will not be included in determining the number of votes cast on any matter, provided, that, in accordance with the rules of the New York Stock Exchange (the “NYSE”), abstentions will be counted as “votes cast” for the purpose of the approval of Amendment No. 1 to the Plan, giving them the effect of votes against the approval of this proposal.

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 NYSE, the election of directors and the advisory votes on executive compensation are not considered to be routine matters. 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 or the advisory vote on executive compensation, your bank or broker is not permitted to cast your vote on your behalf on those matters.

Under Delaware law, stockholders are not entitled to appraisal or dissenters’ rights with respect to the proposals presented in this Proxy Statement.

Other Business

The Board knows of no other matters that may be presented for shareholder action at the Annual Meeting. If other matters are properly brought before the Annual 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 Common Stock, as of December 13, 2017, 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 December 13, 2017.

Name [(1)]	Shares Beneficially Owned	Percent of Common Stock
Gerald W. Bodzy[(2)]	27,278	*
Judith B. Craven[(3)]	81,645	*
Arthur R. Emerson[(4)]	84,396	*
K. Scott Gray[(5)]	315,394	1.05%
Jill Griffin[(6)]	77,988	*
Frank Markantonis[(7)]	164,066	*
Joe C. McKinney[(8)]	135,166	*
Gasper Mir, III[(9)]	115,100	*
Christopher J. Pappas[(10)]	5,637,970	18.79 %
Harris J. Pappas[(11)]	5,416,252	18.05 %
Peter Tropoli[(12)]	362,832	1.21%
All directors and executive officers of the Company, as a group (11 persons)[(13)]	11,350,890	37.84 %

* Represents beneficial ownership of less than one percent of the shares of Common Stock issued and outstanding on December 13, 2017.

(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 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 shares of 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 27,278 shares shown for Mr. Bodzy are shares of restricted stock.

(3) The shares shown for Dr. Craven include 51,557 shares held for her benefit in a custodial account, 7,500 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 11,119 shares of restricted stock.

(4) The shares shown for Mr. Emerson include 53,951 shares held jointly with his wife in a custodial account, 7,500 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 11,119 shares of restricted stock.

(5) The shares shown for Mr. Gray include 69,773 shares held for his benefit in a custodial account and 245,621 shares which he has the right to acquire within 60 days under Luby’s Incentive Stock Plan.

(6)

The shares shown for Ms. Griffin include 59,369 shares held for her benefit in a custodial account, 7,500 shares which she has the right to acquire within 60 days under the Nonemployee Director Stock Plan, and 11,119 shares of restricted stock.

(7) The shares shown for Mr. Markantonis include 110,055 shares held for his benefit in a custodial account, 7,500 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 42,632 shares of restricted stock.

(8) The shares shown for Mr. McKinney include 107,650 shares held for his benefit in a custodial account, 7,500 shares which he has the right to acquire within 60 days under the Nonemployee Director Stock Plan, and 20,016 shares of restricted stock.

(9) The shares shown for Mr. Mir include 63,266 shares held for his benefit in a custodial account, 7,500 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 41,881 shares of restricted stock.

(10) The shares shown for Christopher J. Pappas include 4,513,273 shares held for his benefit in a custodial account, 57,500 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 4,236,022 shares held for his benefit in a custodial account, 57,500 shares which he has the right to acquire within 60 days under Luby's Incentive Stock Plan, 55,533 shares of restricted stock, 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 85,576 shares held for his benefit in a custodial account and 277,256 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 9,350,492 shares held in custodial accounts, 682,877 shares which they have the right to acquire within 60 days under the Company's various benefit plans, 220,697 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 Common Stock by each person or group known by the Company to own beneficially more than 5% of the outstanding shares of Common Stock as of December 13, 2017 and, unless otherwise indicated, is based on disclosures made by the beneficial owners in SEC filings under Section 13 of the Securities Exchange Act of 1934, as amended (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	5,637,970	18.79%
Harris J. Pappas(3) 13939 Northwest Freeway Houston, Texas 77040	5,416,252	18.05%
Hodges Capital Management, Inc.(4) 2905 Maple Ave. Dallas, Texas 75201	2,832,264	9.44%
Dimensional Fund Advisors LP(5) Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas, 78746	2,305,855	7.69%
Bandera Partners LLC(6) 50 Broad Street, Suite 1820 New York, New York 10004	1,504,459	5.01%

(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 4,513,273 shares held for his benefit in a custodial account, 57,500 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. 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 4,236,022 shares held for his benefit in a custodial account, 57,500 shares which he has the right to acquire within 60 days under Luby’s Incentive Stock Plan, 55,533 shares of restricted stock, and 1,067,197 shares owned by Pappas Restaurants, Inc. 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, 2017 on Form 13F-HR dated November 2, 2017 and filed on November 2, 2017 with the SEC by Hodges Capital Management, Inc. Hodges Capital Management, Inc. has sole voting authority with respect to 0 shares and has no voting authority with respect to 2,832,264 shares.

(5) Information based solely on Report for the Calendar Year or Quarter Ended September 30, 2017 on Form 13F-HR dated November 13, 2017 and filed on November 13, 2017 with the SEC by Dimensional Fund Advisors LP. Dimensional Fund Advisors LP has sole voting authority with respect to 2,233,392 shares and has no voting

authority with respect to 72,463 shares.

(6) Information based solely on Report for the Calendar Year or Quarter Ended September 30, 2017 on Form 13F-HR dated November 13, 2017 and filed on November 13, 2017 with the SEC by Bandera Partners LLC. Bandera Partners LLC has shared voting authority with respect to all 1,504,459 shares.

ELECTION OF DIRECTORS (Item 1)

Each director is elected to a one-year term expiring at the next succeeding annual meeting. In accordance with the Bylaws of the Company, the Board has fixed the number of directors for fiscal 2018 at nine, pursuant to a resolution adopted by a majority of the entire Board.

The terms of Jill Griffin, Christopher J. Pappas, Judith B. Craven, Frank Markantonis, Arthur R. Emerson, Gasper Mir, III, Joe C. McKinney, Harris Pappas, Peter Tropoli, and Gerald Bodzy will expire at the Annual Meeting. The Board nominates Jill Griffin, Christopher J. Pappas, Judith B. Craven, Frank Markantonis, Gasper Mir, III, Joe C. McKinney, Harris Pappas, Peter Tropoli, and Gerald Bodzy for election as directors to serve until our 2019 annual meeting or until their successors are elected and qualified. The Board recommends a vote “FOR” each nominee. Arthur Emerson reached the age of 73 during fiscal 2017, as a result and pursuant to the Company’s Corporate Governance Guidelines, Mr. Emerson has offered his resignation from the Board of Directors effective as of the Annual Meeting. The Nominating and Corporate Governance Committee has waived the age restriction to stand for election to the Board of Directors set forth in the Company’s Corporate Governance Guidelines for Harris Pappas due to his extensive experience as a restaurant operator and the Committee's desire to retain such experience on the Board of Directors.

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, a director and the Company’s Chief Operating Officer.

The following information is furnished with respect to each of the nominees of the Board, 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 our directors.

Nominees for Election to Terms Expiring in 2019

JILL GRIFFIN, 63, advises corporations, both domestically and abroad, on customer loyalty strategies. Ms. Griffin is a NACD corporate fellow. 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. Her latest book is Earn Your Seat On A Corporate Board. In 1988, she founded, and continues to operate, Austin-based consulting firm, Jill Griffin Executive Learning, which helps people grow to be successful executives who rise into the c-suite and onto corporate boards. Ms. Griffin has been an independent director of the Company since January 2003 and is Chair of the Personnel and Administrative Policy Committee and a member of the Executive Compensation Committee, Nominating and Corporate Governance Committee, and the Executive 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. 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 Directors’ ("NACD") Texas Tri-Cities Chapter and the immediate past Board Chairwoman of the Austin Convention and Visitors Bureau. She is also a member of the Advisory Board of Broadway Bank. Her most recent books are Earn Your Seat on a Corporate Board and Women Make Great Leaders.

Qualifications, Experience, Key Attributes, and Skills: Ms. Griffin has more than 34 years’ experience, has published four 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, 70, 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. Mr. Pappas is also an advisory director of Amegy Bank N.A.; the University of Houston Conrad Hilton School of Hotel and Restaurant Management Dean's Advisory Board; the Greater Houston Partnership Board; and a director emeritus of the National Restaurant Association.

Qualifications, Experience, Key Attributes, and Skills: Mr. Pappas has more than 39 years of 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 34-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 in previous years and currently as an advisory board member Amegy Bank. Mr. Pappas and his brother, Harris Pappas, are widely regarded as restaurant industry experts.

JUDITH B. CRAVEN, M.D., M.P.H., 72, 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, the Personnel and Administrative Policy Committee, the Executive Compensation Committee, the Executive Committee, and the Nominating and Corporate Governance Committee. She is also a director of Sun America Fund; and Valic Corp. She is a former member of the Board of Regents of the University of Texas at Austin and the Houston Convention Center Hotel. Dr. Craven is a former director of SYSCO Corporation (NYSE:SYY).

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 34 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.

FRANK MARKANTONIS, 69, is an attorney with over forty 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 twenty 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 Foundation. 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 42 years as a 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.

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GASPER MIR, III, 71, is a principal owner of the professional services firm MFR Group, Inc. (formerly known as MFR P.C.) ("MFR"), 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 LLP, 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, Chair 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 the Company's management. Mr. Mir is also a director of the Memorial Hermann Health System; and the Houston A+ Challenge.

Qualifications, Experience, Key Attributes, and Skills: Mr. Mir has more than 45 years of experience in accounting, finance, and audit from his distinguished tenure at the accounting firms KPMG LLP and MFR. He is an active member of NACD and regularly participates in their professional development conferences. Additionally, Mr. Mir has experience in public relations, government, education, health care and community outreach from his board service on several community based organizations.

JOE C. McKINNEY, 71, 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 of directors 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 Chair of the Finance and Audit Committee and a member of the Nominating and Corporate Governance Committee and the Executive Committee. He is a director of Broadway National Bank; Broadway Bancshares, Inc.; and New York REIT (NYRT). He was a director of USAA Real Estate Company; US Industrial REIT I, II, and III; Cobalt Industrial REIT I, II, and III; US Global Investors Funds; and Prodigy Communications Corporation.

Qualifications, Experience, Key Attributes, and Skills: Mr. McKinney has over 43 years of experience in banking, finance, and management from his distinguished career in banking, culminating in a tenure of over 14 years as Chairman of the Board and Chief Executive Officer of JPMorgan Chase Bank-San Antonio and 15 years as Vice-Chairman of Broadway National Bank. He further brings significant board experience from his service on over six boards of banks, investment funds, and corporations.

HARRIS J. PAPPAS, 73, previously served as Chief Operating Officer of the Company from March 2001 until his retirement in 2011. Mr. Pappas has been a director since 2001 and is a member of the Executive Committee and the Personnel and Administrative Policy Committee. Mr. Pappas has been President of Pappas Restaurants, Inc. since 1980. Mr. Pappas graduated from Texas A&M University with a Bachelor of Business Administration in Finance and Accounting. He received the Distinguished Alumnus Award from Texas A & M University in 2001 and the Outstanding Alumnus Award from the Texas A & M Mays College of Business in 1999. He is a director of Oceaneering International, Inc. (NYSE: OII). Mr. Pappas is an advisory board member of Frost National Bank-Houston and is a committee member of Memorial Hermann Health System.

Qualifications, Experience, Key Attributes, and Skills: Mr. Pappas has more than 40 years of 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 33-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 a petroleum exploration company, as well as educational and healthcare institutions. Mr. Pappas and his brother, Christopher Pappas, are widely regarded as restaurant industry experts.

PETER TROPOLI, 45, has been Chief Operating Officer of the Company since April 2011 and a director since March 2014. He also serves as President of the Company's operating subsidiary, Luby's Fuddruckers Restaurants, LLC. From 2001 to 2011 he served as Senior Vice President of Administration and General Counsel for the Company. From January 2006 to April 2011 he was also Corporate Secretary. Mr. Tropoli is a member of the Executive Committee. He is a graduate of the University of Texas at Austin (1993, Magna Cum Laude) and the University of Houston Law Center (1996).
Qualifications, Experience, Key Attributes and Skills: Mr. Tropoli has over 18 years of experience in the restaurant industry. Mr. Tropoli has broad executive management and operational experience in retail and institutional foodservice. He is also very experienced with real estate, employment, business transactions, legal, and regulatory matters affecting the foodservice industry.

GERALD W. BODZY, 66, has been President and owner of Showcase Custom Vinyl Windows and Doors a manufacturer of residential windows and doors in Houston, Texas, since 2004. Mr. Bodzy has been a director of the Company since 2016 and is a member of the Finance and Audit Committee and the Executive Compensation Committee. Mr. Bodzy is also an advisory director of Post Oak Bancshares in Houston, Texas, a director of the Boys & Girls Club of Greater Houston, a national trustee of National Jewish Health in Denver, Colorado, where he has been a member of the investment committee since 2000, and a member of Phi Beta Kappa. From 1990 to 2000, Mr. Bodzy was a Managing Director of Stephens, Inc. where he headed the investment banking firm's Houston office. From 1979 to 1990, he was employed by Smith Barney, Inc. in New York (as Managing Director from 1986). From 1976 to 1979, he worked in the real estate group at General Crude Oil Company in Houston. Mr. Bodzy is a former director of Earthwise Windows, Oshman's Sporting Goods, Benchmark Electronics, and Republic Bankshares of Texas. He earned a B.A. Degree in Economics from the University of Texas in 1973 and a J.D. Degree from the University of Texas School of Law in 1976.
Qualifications, Experience, Key Attributes and Skills: Mr. Bodzy has over 40 years of experience in investment banking, investments, and business management, including 11 years at Smith Barney and 10 years at Stephens Inc., in both firms culminating in service as Managing Director, representing clients in equity and debt offerings and mergers and acquisitions. Most recently, he has served 13 years at Showcase Custom Vinyl Windows and Doors as President and owner. Mr. Bodzy also has significant board experience from his service on boards of banks, retail, and manufacturing companies, where he has also served on audit, compensation, and nominating committees.

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

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)(2)(3)	Option awards ($)(4)	Non-equity incentive plan compensation ($)	Change in nonqualified deferred compensation earnings	All Other Compensation ($)(5)	Total ($)
Gerald W. Bodzy	$15,000	$ 88,700	—	—	—	—	$103,700
Judith B. Craven	50,000	46,946	—	—	—	—	96,946
Arthur R. Emerson	60,000	46,946	—	—	—	—	106,946
Jill Griffin	60,000	46,946	—	—	—	—	106,946
Frank Markantonis	12,500	91,950	—	—	—	—	104,450
Joe C. McKinney	54,000	58,948	—	—	—	—	112,948
Gasper Mir, III	37,500	85,948	—	—	—	—	123,448
Harris J. Pappas	—	106,951	—	—	—	—	106,951
J. S. B. Jenkins	20,000	45,451	—	—	—	—	65,451

(1) Amounts shown reflect the aggregate proportionate fair value for shares of restricted stock granted to directors in fiscal 2017 that the Company has recognized as compensation costs in its financial statements for fiscal 2017, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Share-Based Payment. The grant date fair value for each share is based on the average of the high and low stock price of our Common Stock on the date of grant.

(2) The grant date fair value of each equity award granted to each director, was as follows:

Name	1st Quarterly Grant October 1, 2016	Discretionary Grant November 30, 2016	2nd Quarterly Grant January 1, 2017	3rd Quarterly Grant April 1, 2017	4th Quarterly Grant July 1, 2017
Gerald W. Bodzy	$ 14,000	$ 31,950	$ 14,250	$ 14,249	$ 14,251
Judith B. Craven	3,748	31,950	3,749	3,750	3,749
Arthur R. Emerson	3,748	31,950	3,749	3,750	3,749
Jill Griffin	3,748	31,950	3,749	3,750	3,749
Frank Markantonis	3,748	31,950	18,751	18,751	18,750
Joe C. McKinney	6,750	31,950	6,749	6,749	6,750
Gasper Mir, III	24,749	31,950	9,749	9,750	9,750
Harris J. Pappas	18,749	31,950	18,751	18,751	18,750
J. S. B. Jenkins	9,752	31,950	3,749	—	—

(3) In the aggregate, there were 371,468 stock awards outstanding at the end of fiscal 2017.

(4) In the aggregate, there were no options outstanding at the end of fiscal 2017.

(5) Perquisites and other personal benefits that did not exceed $10,000 in the aggregate for any director have been excluded.

Each nonemployee director other than the Chairman of the Board is paid an annual retainer fee of $50,000 and a single fee of $15,000 for all other committees in which each such nonemployee director is a member. Nonemployee directors do not receive meeting fees. The Chairman of the Board is paid an annual retainer fee of $85,000. Further, the Chair of the Finance and Audit Committee is paid an additional annual retainer fee of $14,000, and the Chair of each other committee of the Board is paid an additional annual retainer fee of $10,000. The Chairman of the Board does not receive any additional annual retainer fee for service as the Chair of any other committee of the Board.

Pursuant to the Company's Second Amended and Restated Nonemployee Director Stock Plan (the "Plan"), each nonemployee director is required to receive a portion of the annual retainer fee in restricted stock in an amount as determined by the Board (the "Mandatory Retainer Award"). The Board has set the Mandatory Retainer Award at the dollar value equivalent of $15,000. In addition (as defined in the Plan), each nonemployee director, prior to the end of any calendar year, may elect to receive an additional portion of their annual retainer fee in the dollar value equivalent of restricted stock (the "Elective Retainer Award"). On the first day of each January, April, July, and October during the term of the Plan, the director receives the Mandatory Retainer Award and any Elective Retainer Award so elected in restricted stock, the amount of shares being equal to the dollar value equivalent of the elected portion of the director's annual retainer fees. Directors receiving an Elective Retainer Award will also receive an additional number of whole shares of restricted stock equal to 20% of the number of whole shares of restricted stock issued in payment of the Elective Retainer Award for the quarterly period beginning on that date.

Further, under the Plan, nonemployee directors may be periodically granted nonqualified options to purchase shares of Common Stock at an option price equal to 100% of the fair market value on the date of grant or shares of restricted stock. Each option terminates on the earlier of the tenth anniversary of the grant date or one year after the optionee ceases to be a director. An option may not be exercised prior to the first anniversary of the grant date, subject to certain exceptions specified in the Plan. No nonemployee director may receive options to purchase more than 7,500 shares in any 12-month period.

The Company's Nonemployee Director Deferred Compensation Plan permits nonemployee directors to defer all or a portion of their directors' fees in accordance with applicable regulations under the Internal Revenue Cod