

CRACKER BARREL OLD COUNTRY STORE, INC
Form DEFA14A
April 04, 2014

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
(Amendment No.)

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 Pursuant to §240.14a-12

Cracker Barrel Old Country Store, 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):

- x 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):

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. 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:

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

 - (3) Filing Party:

(4) Date Filed:

Cracker Barrel Old Country Store, Inc. (the Company) used the following investor presentation in meetings with investors beginning on April 4, 2014. This investor presentation was also posted to the Proxy Contest section of the Company s Investor Relations website, investor.crakerbarrel.com.

Generating Shareholder Value By Continuing to
Deliver an Outstanding Guest Experience
Spring 2014
Investor Presentation

Cracker Barrel, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from Cracker Barrel shareholders in connection with the matters to be considered at the special meeting of Cracker Barrel's shareholders to be held on April 23, 2014. On March 21, 2014, Cracker Barrel filed a definitive proxy statement (the "Proxy Statement") with the U.S. Securities and Exchange Commission (the "SEC") in connection with the solicitation of proxies from Cracker Barrel shareholders. INVESTORS AND SHAREHOLDERS ARE STRONGLY

ENCOURAGED TO READ THE PROXY STATEMENT AND ACCOMPANYING WHITE PROXY CARD AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION.

Shareholders may obtain the Proxy Statement, any amendments or supplements to the Proxy Statement and other documents filed by Cracker Barrel with the SEC for no charge at the SEC's website at www.sec.gov. Copies are also available at no charge at the Investor Relations section of our corporate website at www.crackerbarrel.com.

Important Additional Information

st

1

Table of Contents

I. Situation Overview and Why We Urge You to Vote Against Both Proposals

II. Delivering Strong Shareholder Performance Through Focused Execution

Appendix A: Supplemental Information

2

I. Situation Overview and Why We Urge You to Vote Against Both Proposals

Despite Biglari's Overwhelming Proxy Losses and the
Company's Continued Strong Business Performance
We Are
Here, Again
Generating
superior
returns

for
shareholders

Delivered
~24%
in
Total
Shareholder
Return
in
the
last
twelve
months
and
~160%
since
the
initial
announcement
of
its
six
strategic
priorities
in
September
2011
Returning
~\$104mm
in
cash
dividends
to
its
shareholders
since
the
beginning
of
fiscal
year
2012
and
tripling
the
quarterly
dividend
since
September

2011
4
Returning
~\$31mm
in
cash
through
share
repurchases
since
the
beginning
of
fiscal
year
2012
4
Nine
consecutive
quarters
of
outperforming
the
Knapp-Track
casual
dining
index
Leader
in
nine
of
ten
categories
according
to
2013
Technomic
Consumer
Restaurant
Brand
Metrics
Study

Source: Public filings, Technomic, and Bloomberg as of 28-Mar-2014

Note: See appendix for additional details on Technomic Consumer Restaurant Brand Metrics Study and other industry recognition

- (1) Percentages based on number of shares voted excluding shares controlled by Biglari.
- (2) Total Shareholder Return calculated by share price appreciation and dividends paid (assumes dividends paid are re-invested).
- (3) 12-Sep-2011 represents the day prior to announcement of Strategic Priorities on 13-Sep-2011.
- (4) Figures through CBRL's fiscal Q2 2014.

2011

2012

2013

\$20 Special

Dividend Vote:

~90% Against

~8% For

~ 2% Abstentions

Despite Being Rejected by a Significant Margin of Votes Cast by CBRL Shareholders in Each of the Last Three Years,

Sardar

Biglari

Remains

Insistent

in

His

Campaign

Against

Cracker

Barrel

While CBRL Continues to Deliver Strong Performance for Shareholders

Biglari

Nominees

~26%

Cracker

Barrel

Nominees

~74%

Cracker

Barrel

Nominees

~90%

Biglari

Nominees

~10%

Biglari

Nominees

~8%

Cracker

Barrel

Nominees

~92%

1

1

1

TM

3

2

4

And Biglari's Recent Public Statements Show a Questionable
Shift in Narrative

What Biglari Said Before

2011

2013

Source: Public filings

What Biglari Says Now

2014

Our intention was that even if we were to purchase additional stock, we would keep ownership well under 20%.

Biglari Holdings is not seeking to acquire control of Cracker Barrel.

Furthermore, under Tennessee law, there are strict antitakeover laws.

[W]e have been clear about our agenda: We are interested in making money, not controlling the Company.

If a sale of Cracker Barrel were approved by the Board, we would also be willing to submit a bid to purchase the

Company
under
a
structure
that
would allow current shareholders the
opportunity to participate in the
Company's future performance.

we
have
stated
our
willingness
to
enter
into
discussions
to
acquire
the
Company
in
a
transaction
that
we
give
credit to as in the best interests of all
shareholders.

5

Proposal #1: Why You Should Vote Against Pursuing All
Potential Extraordinary Transactions

Background

The

Board

Recommends

That

You
Vote
AGAINST

This
Proposal

As shown on Slide 4, at each of the last three annual meetings of the Company's shareholders, Biglari nominees have been defeated by significant and increasing margins

Moreover, just months ago, at the 2013 Annual Meeting in November 2013, the Company's shareholders also voted, by a wide margin, against a non-binding proposal publicly made by Biglari recommending that the Board approve the payment of a \$20 per share cash special dividend to all shareholders

Yet, despite Biglari's history of repeated, significant losses in its proxy contests at the Company's annual meetings, Biglari seems bound and determined to force yet another meeting on the Company

The Company has delivered strong operational performance and shareholder returns that the Board believes are exceptional relative to the Company's peers over the last two and a half fiscal years

The Board believes that Biglari's demand for a special meeting may be motivated by Biglari's self-interest in seeking to achieve full liquidity of its investment through a single extraordinary transaction rather than the long-term interests of all shareholders

The Board believes that the interests of all shareholders are best served by the management team continuing to focus on the execution of the Company's current operational and strategic plan

Since the Company's announcement of its strategic priorities in September 2011, the Company has delivered total shareholder return of approximately

160%,

which

consisted

of

approximately

144%

growth

in

the

Company's

stock

price

and

approximately

16%

in

quarterly

dividends paid

The Board believes that the interests of a single shareholder should not take priority over the long-term interests of ALL shareholders

Publicly undertaking a sale process at this time would disrupt the Company's progress, which could damage the long-term value of the

Company

6

Why

You

Should

Vote

AGAINST

This

Proposal

Proposal #2: Why You Should Vote Against the Proposal for the Company to "Take Any Action Necessary" to Amend the Tennessee Business Corporation Act

The provision of Tennessee law that Biglari desires to amend restricts shareholders holding 10% or more of the voting securities of a publicly traded Tennessee corporation from engaging in business combinations with that corporation for a period of five years following the date on which the shareholder acquired the securities crossing the 10% threshold. Biglari crossed the 10% threshold with its CBRL share purchases in January 2012.

In
a
letter
to
the
Company's
Chairman,
Biglari
requested
that
the
Board
support
its
efforts
to
seek
to
amend
applicable
Tennessee
law
to
allow
Biglari
to
seek
to
acquire
the
Company
as
part
of
a
sale
process
Why
You
Should
Vote
AGAINST
This
Proposal

Before acquiring a 10% stake in the Company's common stock, Biglari had the opportunity either to make an offer directly to the Company's shareholders or to approach the Board about a possible business combination transaction, but chose not to do either

In all three proxy contests, Biglari has vehemently denied any intent to acquire control of the Company and, in fact, repeatedly cited the Tennessee law's prohibition as evidence to try to refute the Board's concerns about Biglari's intentions

The Board does not have the power to amend Tennessee law

The Board believes that the interests of all shareholders are best served by the management team continuing to focus upon the execution of the Company's current operational and strategic plan, rather than engaging in a time consuming and potentially expensive lobbying effort

Moreover, there appears to be no evidence to suggest that Biglari has taken any steps of its own to seek an amendment; given the Tennessee legislative calendar, we believe at this point any proposed amendment could not be considered by the Tennessee legislature until 2015 at the earliest

Background

The

Board

Recommends

That

You

Vote

AGAINST

This

Proposal

7

II. Delivering Strong Shareholder Performance Through Focused Execution

Since Initial Announcement of Strategic Priorities In 2011,
CBRL's Share Price Is Up 144%...

Source: Public filings, Bloomberg, and IBES as of 28-Mar-2014

Note: 12-Sep-2011 represents the day prior to announcement of Strategic Priorities on 13-Sep-2011. Proxy fight related annotation indicates whether quarterly Adj. EPS beat IBES consensus median estimates. Outperforms / Underperforms Knapp-Track indicates whether Sales outperformed the Knapp-Track casual dining index.

(1)

Percentages based on number of shares voted excluding shares controlled by Biglari.

\$39.86

\$ 97.22

\$30

\$40

\$50

\$60

\$70

\$80

\$90

\$100

\$110

\$120

Sep-2011

Feb-2012

Jul-2012

Dec-2012

May-2013

Oct-2013

Mar-2014

12-Sep-2011 to 28-Mar-2014

13-Sep-2011

New CEO Sandy

Cochran announces

Strategic Priorities

22-Nov-2011

CBRL Q1 2012

Results:

Exceeds IBES

Underperforms

P

Knapp-Track

20-Dec-2011

A majority of votes cast

by shareholders (~74%

of

non-Biglari

shares)

1

are for CBRL's slate of

directors

19-Sep-2012

CBRL Q4 and FY

2012 Results:

Exceeds IBES

Outperforms

P

Knapp-Track

13-Nov-2013

A majority of votes cast by shareholders (~92% of non-

Biglari shares)¹ are for CBRL's slate of directors. A majority of votes cast by shareholders (~90% of non-Biglari shares)

1
are against a \$20 per share special dividend

29-Nov-2012
CBRL Q1 2013

Results:
Exceeds IBES
Outperforms
P

26-Feb-2013
CBRL Q2 2013

Results:
Exceeds IBES
Outperforms
P

Knapp-Track
18-Sep-2013
CBRL Q4 and FY

2013 Results:
Exceeds IBES
Outperforms
P

Knapp-Track
15-Nov-2012
A majority of votes cast by shareholders

(~90%
of
non-Biglari
shares) are

1
for CBRL's slate of directors, an even higher percentage than 2011

26-Nov-2013
CBRL Q1 2014

Results:
Exceeds IBES
Outperforms
P

Knapp-Track
03-Jun-2013
CBRL Q3 2013 Results:

Exceeds IBES
Outperforms
P

Knapp-Track
21-Feb-2012

CBRL Q2 2012

Results:

Exceeds IBES

Outperforms

P

Knapp-Track

22-May-2012

CBRL Q3 2012

Results:

Exceeds IBES

Outperforms

P

Knapp-Track

25-Feb-2014

CBRL Q2 2014

Results:

Exceeds IBES

Outperforms

P

Knapp-Track

9

Knapp-Track

Cracker Barrel
Peer Set
S&P 500 Restaurant Index
S&P 600 Restaurant Index
S&P 1,500 Restaurant Index
S&P 500 Index
Outperforming Benchmarks

Edgar Filing: CRACKER BARREL OLD COUNTRY STORE, INC - Form DEFA14A

Source: Bloomberg as of 28-Mar-2014

Note: 12-Sep-2011 represents the day prior to announcement of Strategic Priorities on 13-Sep-2011. Peer Set includes BH, BO
Index includes the restaurant companies in the S&P 500 Index: CMG, DRI, MCD, SBUX, YUM. S&P 600 Restaurant Index
BH, BWLD, CEC, CBRL, DIN, JACK, PZZA, RRGB, RT, RUTH, SONC, TXRH. S&P 1,500 Restaurant Index includes the
EAT, BWLD, CEC, CAKE, CMG, CBRL, DRI, DIN, DPZ, JACK, MCD, PNRA, PZZA, RRGB, RT, RUTH, SONC, SBUX,

144 %

114 %

55 %

60 %

45 %

37 %

70%

100%

130%

160%

190%

220%

250%

280%

Sep-2011

Apr-2012

Dec-2012

Jul-2013

Mar-2014

12-Sep-2011 to 28-March-2014

10

Driving Significant Shareholder Value

Source: Public filings and Bloomberg

Note: 12-Sep-2011 represents the day prior to announcement of Strategic Priorities on 13-Sep-2011. Years relate to CBRL fiscal year

(\$ in millions)

\$ 916

\$ 1,442

\$ 104

\$ 31
\$ 2,492
CBRL Equity
Market Cap.
Increase in
CBRL Equity
Market Cap.
12-Sep-2011
31-Jan-2014
Total
Shareholder
Value
Dividends Paid
Shares
Repurchased
\$1,577
11

CBRL's Total Shareholder Return Since Announcement of Strategic Priorities Is Almost Double The Peer Median

Source: Bloomberg as of 28-Mar-2014

Note: Total Shareholder Return calculated by share price appreciation and dividends paid (assumes dividends paid are re-invested ex-dividend date). 12-Sep-2011 represents the day prior to announcement of Strategic Priorities on 13-Sep-2011.

12

Cracker Barrel vs. Knapp-Track
Consistent Outperformance of Peers in Comparable Store
Restaurant Sales is an Important Driver of Our Business
Momentum
Cracker Barrel Comparable
Restaurant Sales
(1.6)%

3.5%

3.1%

3.8%

3.3%

3.3%

3.1%

2.6%

2.8%

(0.6)%

Knapp-Track™

Casual Dining

Index Comparable Sales

0.9%

2.2%

1.0%

0.3%

(0.3)%

(0.9)%

0.0%

(1.9)%

(1.3)%

(2.6)%

(2.5)%

1.3 %

2.1 %

3.5 %

3.6 %

4.2 %

3.1 %

4.5 %

4.1 %

2.0 %

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

2012

2013

2014

Outperformed

Knapp-Track

Casual

Dining

Index

For
The
Last
Nine
Quarters

Source: Public filings and Knapp-Track™

Note:

Knapp-Track™

Casual Dining Index Comparable Sales figure is an approximation based on respective weekly averages. Quarters relate to Cr

TM

TM

13

We Are Keenly Focused on Our Updated Business Priorities to
Continue Driving Performance
Focus on Better-For-You menu
additions and reinforce everyday
value
Introduced Better-For-You menu items with our
Wholesome Fixin's program launch

Increase value proposition with menu and process adjustments designed to increase overall guest satisfaction while maintaining our affordable price points

Continue messaging in support of the brand, menu and merchandise

Continue

Handcrafted marketing campaign with

additional national television during the first quarter to support the Wholesome Fixin's launch

Drive retail sales with quality, depth and breadth of the merchandise assortment

Increase the quality and number of themes

Create consistency with promotions and inventory pipeline to smooth the sales curve

Focus on improving operations and margins by applying technology and process improvements

Evolve the employee and guest experiences

Implement technology to improve through-put, efficiencies and food quality

Streamline processes to increase labor productivity

Maximize long-term total shareholder value

Grow the sustainable quarterly dividend over time

Reinvest capital in the business to support existing stores and expand the footprint with modest new unit growth

Extend the brand outside the four walls

14

While Staying True To Our Core Mission Since 1969
An Outstanding
Employee Experience
An Outstanding
Guest Experience
Improved
Sales & Traffic

Grow same store sales
with **menu**
development and
retail **merchandise**
that meet
guests
evolving needs and
reinforce the brand
Maintain our marketing
message
of quality and value
and deliver a consistent guest
experience while improving
margin
Evolve the store prototype to increase
new unit profitability
Moderate new store growth with a
continued focus on **best locations** and
consistent execution
Create **long-term value**
through new
revenue streams
Extend the **power of the Cracker**
Barrel
brand beyond the physical
stores
Pleasing People
15

We Believe You Should Vote Against These Proposals

We have accomplished a great deal over two and a half years and have the right Board and management team in place to continue executing against our stated priorities

The Company has delivered strong operational performance and shareholder returns that the Board believes are exceptional relative to the Company's peers

We believe that Biglari's recent demand for a special meeting may be motivated by the self-interest of Biglari in seeking to achieve full liquidity of its investment through a single

extraordinary
transaction

and
we
believe
that
the
interest
of
a
single
shareholder
should
not

take priority over the long-term interests of ALL shareholders

The Board believes that the interests of all shareholders are best served by the management team continuing to focus upon the execution of the Company's current operational and strategic plan

16

Appendix A: Supplemental Information

Technomic Consumer Brand Metrics Study

1

40¹

42¹

39¹

40¹

44¹

Pleasant, Friendly Service

78

67¹

74¹

68¹

63¹

66¹

73¹

76

75

67¹

Food Taste & Flavor

73

60¹

65¹

61¹

54¹

60¹

69¹

72

74

62¹

Brands

A

B

C

D

E

F

G

H

I

Rank

%

%

%

%

%

%

%

%

%

%

Food Quality

73

59¹

64¹

58¹

52¹

58¹

68¹

69¹

71

59¹

Menu Variety

65

51¹

56¹

50¹

53¹

57¹

57¹

54¹

63

52¹

Availability of Healthy Options

53

46¹

49¹

39¹

40¹

44¹

47¹

42¹

48¹

29¹

Welcoming, Comfortable Atmosphere

72

56¹

60¹

54¹

45¹

50¹

62¹

64¹

63¹

50¹

Kid -

Friendly

62

45¹

53¹

43¹

47¹

51¹

46¹

41¹

43¹

51¹

Portion for Price Paid

66

53¹

57¹

51¹

51¹

53¹

59¹

54¹

56¹

51¹

Ability to Provide Value Through High -
Quality Menu Items

58

43¹

50¹

43¹

40¹

43¹

49¹

50¹

51¹

46¹

Prices Relative to Other, Similar
Restaurants

56

41¹

44¹

39¹

41

Leader in Nine of
Ten Categories

Source: Technomic Consumer Restaurant Brand Metrics Study Q1 2011 – Q4 2013

Note: Brands include: Applebee's, Bob Evans, Chili's, Denny's, IHOP, Olive Garden, Outback, Red Lobster, and Steak 'n Shake

(1) Rating significantly lower than Cracker Barrel at the 95 level of confidence (Base: approx. 1440 respondents per chain).

2

nd

18

Selected Industry Recognitions
Winner
in
Food
and
Beverage
category

among
all full
service
chains

Technomic's
2013
Inaugural
Chain
Restaurant
Consumers
Choice
Awards
Top
of
the
Full-Service
Restaurants
in
Casual
and
Family
Dining

Consumer
Brand
Metrics Program, Technomic, Inc.
Best
Breakfast
among
Family
Dining
Chains

Zagat's
2010
&
2011
Consumer
Surveys
Named
one
of
Forbes
America's
100
Most
Trustworthy
Companies
in

2014

Top

Family

Dining

Chain

for

19

Consecutive

Years

in

Choice

in

Chains

Annual

Consumer

Survey

Restaurants

&

Institutions

Magazine

Best

National Restaurant

Chain

in

Readers

Choice

awards

Packaged

Travel

Insider

Gold

Award

Courier

Magazines

Favorite

Group

Friendly

Restaurant

NTA

Tour

Operators

19

Ticker

Company Name

Logo

BH

Biglari Holdings

BOBE

Bob Evans Farms

EAT
Brinker International
CAKE
The Cheesecake Factory
DRI
Darden Restaurants
DENN
Denny's Corporation
RT
Ruby Tuesday
TXRH
Texas Roadhouse

For purposes of consistency, we are using the same peer set as previously shown in 2012 and 2013 Annual Meeting related investor presentations. We believe this subset of casual and family dining restaurants represents the most comparable set of companies to benchmark Cracker Barrel's operational performance.

Leading casual / family dining concepts

Operational comparability

Similar scale

Geographical proximity
A Note on Peer Set Used for Benchmarking
Peer Set
Rationale for Inclusion
20

S&P Restaurant Indices Composition

Ticker

Company Name

Logo

S&P

500

S&P

600
S&P
1,500
BJRI
BJ s Restaurants
BH
Biglari Holdings
BOBE
Bob Evans Farms
BWLD
Buffalo Wild Wings
CAKE
The Cheesecake Factory
CBRL
Cracker Barrel Old Country Store
CEC
CEC Entertainment
CMG
Chipotle Mexican Grill
DIN
DineEquity
DPZ
Domino s Pizza
DRI
Darden Restaurants
EAT
Brinker International
Ticker
Company Name
Logo
S&P
500
S&P
600
S&P
1,500
JACK
Jack in the Box
MCD
McDonald s
PNRA
Panera Bread Company
PZZA
Papa John s International
RRGB
Red Robin Gourmet Burgers
RT
Ruby Tuesday
RUTH
Ruth s Hospitality Group

SBUX

Starbucks

SONC

Sonic

TXRH

Texas Roadhouse

WEN

The Wendy's Company

YUM

Yum! Brands

Source: Standard & Poor's

Respective S&P Restaurant Index Constituents

21

Cracker Barrel Old Country Store, Inc. (the Company) used the following addendum to its investor presentation in meetings with investors beginning on April 4, 2014. This addendum was also posted to the Proxy Contest section of the Company s Investor Relations website, investor.crakerbarrel.com.

Addendum To Spring 2014 Investor Presentation

Cracker Barrel Comparable

Restaurant Traffic

(3.8)%

1.1%

0.6%

1.4%

0.8%

0.2%

0.7%

0.6%

(0.1)%

(2.9)%

Knapp-Track™

Casual Dining

Index Guest Traffic

(0.8)%

(0.2)%

(1.7)%

(2.0)%

(2.4)%

(2.5)%

(1.2)%

(3.2)%

(3.0)%

(4.3)%

Cracker Barrel Relative to Knapp-Track

Traffic

Outperformed Knapp-Track

TM

Guest Traffic For The Last Nine Quarters

TM

(3.0)%

1.3 %

2.3 %

3.4 %

3.2 %

2.7 %

1.9 %

3.8 %

2.9 %

1.4 %

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

2012

2013

2014

TM

Source: Public filings and Knapp-Track™

Note: Knapp-Track™

Casual Dining Index Weekly Guest Traffic figures are an approximation based on respective weekly averages. Quarters relate

YOY Growth

3.9 %

4.6 %

0.7 %

Margin Improvement

50bps

31bps

(10)bps
Store
Operating
Performance

Key
Metrics
Source: Public filings
Margin Improvement

52bps
40bps
(13)bps

EPS
\$ 3.81
\$ 4.34
\$ 4.97
\$ 5.22

EPS
Growth
5.2 %
13.9 %
14.5 %
5.0 %

(\$ in thousands)
Revenue
Adj. EBITDAR
Adj. Operating Income
Adj. Net Income

Revenue CAGR Since Strategic Priorities
Operating Profit CAGR Since Strategic Priorities
Operating Profit Margin
Store
Operating
Performance

Benchmarking

Source: Public filings

Note: Revenue and Operating Profit CAGR reflects compounded annual growth rate over the last 10 quarters. Operating Profit announced in Sep-2011.

7.7 %

10.3 %

9.2 %

8.6 %

8.4 %

5.9 %

3.4 %

(5.2)%

(6.4)%

Median: 7.2 %

8.2 %

11.5 %

10.2 %

9.9 %

(6.5)%

(12.5)%

(14.3)%

NM

NM

Median: 1.7 %

3.6 %

12.8 %

5.6 %

4.4 %

3.6 %

1.4 %

(1.3)%

(2.4)%

(6.5)%

Median: 2.5 %

Cracker Barrel Earnings Per Store vs. Steak 'n Shake
Steak
n
Shake
Earnings
per
Store

Cracker
Barrel
Earnings
per
Store

Source: Public filings

Note: Time frames referenced relate to ending month of respective quarter. Quarters represent latest reported quarters per respective Store for both businesses, metrics do not use identical methodology due to lack of publicly disclosed information.

(1) Earnings per Store as measured by Steak 'n Shake's earnings before income taxes and noncontrolling interests as reported

(2) Earnings per Store as measured by Cracker Barrel's adjusted operating income as reported by CBRL over period average

We believe

operating
income per
store

is
the metric
that more
accurately
reflects the
Company's
underlying
performance
and long-

term
financial
health.

Biglari

Capital Corp.

(8-Oct-2013)

(\$ in thousands)

\$83,338

\$94,961

\$66,778

\$71,073

\$81,665

\$88,037

\$79,638

\$75,358

\$94,961

\$94,531

FY 2012

(Jan 2012)

FY 2013

(Feb 2013)

FY 2012

(Apr 2012)

FY 2013

(May 2013)

FY 2012

(Aug 2012)

FY 2013
(Aug 2013)
FY 2013
(Nov 2012)
FY 2014
(Nov 2013)
FY 2013
(Feb 2013)
FY 2014
(Jan 2014)
Q2
Q3
Q4
Q1
Q2
\$27,855
\$17,038
\$26,565
\$16,557
\$18,237
\$13,526
\$19,909
\$8,859
\$17,038
\$10,716
FY 2012
(Dec 2011)
FY 2013
(Dec 2012)
FY 2012
(Apr 2012)
FY 2013
(Apr 2013)
FY 2012
(Jul 2012)
FY 2013
(Jul 2013)
FY 2012
(Sep 2012)
FY 2013
(Sep 2013)
FY 2013
(Dec 2012)
FY 2014
(Dec 2013)
Q1
Q2
Q3
Q4
Q1

1
2

Important Additional Information

Cracker Barrel, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from Cracker Barrel shareholders in connection with the matters to be considered at the special meeting of Cracker Barrel's shareholders to be held on April 23, 2014. On

March

21 ,

2014,

Cracker
Barrel
filed
a
definitive
proxy
statement
(the
Proxy
Statement)
with
the

U.S. Securities and Exchange Commission (the "SEC") in connection with the solicitation of proxies
from
Cracker
Barrel
shareholders.

**INVESTORS
AND
SHAREHOLDERS
ARE
STRONGLY**

**ENCOURAGED TO READ THE PROXY STATEMENT AND ACCOMPANYING WHITE PROXY
CARD AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY
WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION.**

Shareholders may obtain the Proxy Statement, any amendments or supplements to the Proxy
Statement and other documents filed by Cracker Barrel with the SEC for no charge at the SEC's
website at www.sec.gov. Copies are also available at no charge at the Investor Relations section of
our corporate website at www.crackerbarrel.com.

st