

CRACKER BARREL OLD COUNTRY STORE, INC  
Form DEFA14A  
October 16, 2012

**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):

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

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(4) Date Filed:



*Cracker Barrel Old Country Store, Inc. (the Company ) used the following investor presentation in meetings with investors beginning on October 16, 2012. This investor presentation was also posted to the Proxy Contest section of the Company s Investor Relations website, investor.crakerbarrel.com.*

On  
the  
Right  
Track,  
Generating  
Exceptional  
Performance

Fall 2012

**T****HIS**  
**B****OARD**  
**F****O****R**  
**I****S**  
**W**  
**H****Y**  
**W**  
**E**  
**B**  
**E****LIEVE**  
**S**  
**A****R****D****A****R**  
**B**  
**I****G****L****A****R****I**  
**W**  
**R****O****N****G**

1

**IMPORTANT ADDITIONAL INFORMATION**

Cracker Barrel Old Country Store, Inc. ( the Company ) urges caution in considering current trends and earnings guidance discussed in this presentation. Except for specific historical information, matters discussed in this presentation are forward looking statements and involve risks, uncertainties and other factors that may cause actual results and performance of the Company to differ materially from those expressed or implied in this discussion. All forward-looking information is provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995.

More detailed information on risks, uncertainties, and other factors is provided in the Company's filings with the Securities and Exchange Commission, press releases and other communications.

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 Cracker Barrel's 2012 Annual Meeting. On October 1, 2012, Cracker Barrel filed a definitive proxy statement (as it may be amended, the "Proxy Statement") with the U.S. Securities and Exchange Commission (the "SEC") in connection with any such solicitation of proxies from Cracker Barrel shareholders. **INVESTORS AND SHAREHOLDERS ARE STRONGLY ENCOURAGED TO READ THE PROXY STATEMENT AND ACCOMPANYING MATERIALS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE. THESE DOCUMENTS CONTAIN IMPORTANT INFORMATION.** Detailed information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, is set forth in the Proxy Statement, including Annex A thereto. Shareholders can obtain a copy of 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](http://www.sec.gov). Copies will also be available at no charge at the Investor Relations section of our corporate website at [www.crackerbarrel.com](http://www.crackerbarrel.com).



Table of Contents	
2	
I.	
Executive Summary	
II.	
Delivering on our Six Priorities	
III.	

Driving Best-in-Class Results

IV.

Why We Believe Sardar Biglari is Wrong for This Board

Appendix

I. Executive Summary

4

Improve same store sales  
and traffic trends

Accelerating same store sales  
growth in last three quarters with Q4  
traffic up 1.4%

Cut costs and leverage fixed

costs to enhance profitability  
FY 2012 operating margin growth of  
50 bps

Reconfigure the Board with  
new members bringing a  
fresh perspective

7  
new  
board  
members

,  
including

a  
new  
independent

Chairman  
Fill in key management  
positions to enhance  
functional capabilities

Revitalized  
leadership

five  
senior  
executives new to Cracker Barrel or  
serving in new positions since  
January 2011

Develop a long-term plan to  
maintain operating  
momentum

Same store sales outperforming  
casual dining peers in Knapp-

Track

for  
three  
consecutive  
quarters

#### WHAT WE HAVE ACCOMPLISHED IN THE PAST YEAR

Delivering on the Company's Promises

(1)

Changes to board since 20-Jun-2011.

(2)

As announced on 6-Aug-2012, to be effective following Michael A. Woodhouse's retirement in early November 2012.

1

2

5

**CBRL STOCK PRICE HAS INCREASED SIGNIFICANTLY**

Since Announcement of Our Strategic Priorities We Have Delivered  
Outstanding Shareholder Returns

Source: Bloomberg, public filings, Company press releases, and IBES

Note: 12-Sep-2011; is closing price the day prior to announcement of Strategic Priorities on 13-Sep-2011. Please see Appendix  
GAAP basis operating results to adjusted non-GAAP operating results.

(1) Figure used for comparability to IBES estimates is GAAP basis, earnings per diluted share of \$1.47. When adjusted for the in FY

12 and certain charges in the current and prior year, adjusted earnings per diluted share were \$1.20.

\$30

\$40

\$50

\$60

\$70

Sep-2011

Nov-2011

Jan-2012

Mar-2012

May-2012

Jul-2012

Sep-2012

Daily from 12-Sep-2011 to 28-Sep-2012

\$39.86

\$67.11

26-Apr-2012

CBRL hosts Analyst and

Investor Day reviewing

strategic initiatives

21-Feb-2012

CBRL reports 2Q12 EPS of

\$1.20 excl. proxy costs, 5.3%

higher than analyst expectations

13-Sep-2011

New CEO Sandy

Cochran announces

strategic priorities

22-Nov-2011

CBRL reports 1Q12 EPS

of \$1.09 excl. proxy costs,

4.8% higher than analyst

expectations

20-Dec-2011

A majority of

shareholders vote for

CBRL's slate of directors

22-May-2012

CBRL reports 3Q12 EPS of

\$0.86 excl. proxy costs, 16.2%

higher than analyst

expectations

19-Sep-2012

CBRL reports 4Q12 EPS

1

of \$1.47, 13.1% higher

than analyst expectations

68.4% INCREASE

6  
Since December 2011 Proxy Vote  
2  
Since Announcement of Our Strategic Priorities  
1  
CBRL HAS SIGNIFICANTLY OUTPERFORMED ITS PEERS  
No Matter What Benchmark You Use, CBRL Has Outperformed



Source: Bloomberg

Note:

Peer

set

includes

BH,

BOBE,

EAT,

CAKE,

DRI,

DENN,

RT,

TXRH.

S&P

Restaurant

Index

includes

the

restaurant

companies

in

the

S&P

500

Index:

CMG,

DRI,

MCD,

Cracker Barrel

Peer Set

S&P 500 Restaurant Index

S&P 600 Restaurant Index

S&P 1500 Restaurant Index

S&P 500 Index

90%

100%

110%

120%

130%

140%

150%

160%

170%

Daily from 12-Sep-2011 to 28-Sep-2012

68.4%

35.1%

34.8%

24.0%

17.8%

15.4%

Sep-2011

Dec-2011

Mar-2012

Jun-2012

Sep-2012

90%

100%

110%

120%

130%

140%

Daily from 20-Dec-2011 to 28-Sep-2012

36.4%

25.8%

21.9%

16.1%

3.1%

1.0%

Sep-2012

Jul-2012

Apr-2012

Feb-2012

Dec-2011

SBUX, YUM. S&P 600 Restaurant Index includes the restaurant companies in the S&P 600 Index: BJRI, BH, BWLD, CEC, RUTH, SONC, TXRH. S&P 1,500 Restaurant Index includes the restaurant companies in the S&P 1,500 Index: BJRI, BH, B DRI, DIN, JACK, MCD, PNRA, PZZA, PEET, RRGB, RT, RUTH, SONC, SBUX, TXRH, WEN, YUM.

(1)

12-Sep-2011; is closing price the day prior to announcement of Strategic Priorities on 13-Sep-2011.

(2)

20-Dec-2011; date of CBRL s 2011 Annual General Meeting, proxies voted.

7

OUR SHAREHOLDERS HAVE BENEFITED FROM OUR  
PERFORMANCE AND RETURN OF CAPITAL POLICIES

(\$ in millions)

Source: Public filings and Bloomberg

Note: 12-Sep-2011; is closing price the day prior to announcement of Strategic Priorities on 13-Sep-2011.

\$ 663.5

\$22.4  
\$915.8  
\$14.9  
\$1,616.6  
CBRL Equity  
Market Cap.  
Total  
Shareholder  
Value  
12-Sep-2011  
Increase in  
CBRL Equity  
Market Cap.  
28-Sep-2012  
Increase in  
CBRL Equity  
Market Cap.  
= \$700.7  
FY 2012  
Dividends Paid  
FY 2012  
Shares Repurchased  
28-Sep-2012

8

WE BELIEVE THIS VALUE CREATION RESULTS FROM  
SUCCESSFUL EXECUTION OF OUR STRATEGIC PRIORITIES

Source: Public filings

Note: Announcement of Strategic Priorities on 13-Sep-2011.

Q4 2011

Q1 2012

Q2 2012

Q3 2012

Q4 2012

Comparable Restaurant

Traffic

(4.2)%

(3.8)%

1.1 %

0.6 %

1.4 %

Average Check

2.8 %

2.2 %

2.4 %

2.5 %

2.4 %

Comparable Restaurant

Sales

(1.4)%

(1.6)%

3.5 %

3.1 %

3.8 %

Comparable Retail Sales

(0.7) %

(1.3)%

3.4 %

0.3 %

3.1%

Our Customers Have Responded to Focus on Menu, Marketing, and Execution

Announcement

of Our Strategic

Priorities

9

**WHY WE ARE HERE AGAIN**

Despite losing by a significant margin in last year's proxy fight, Sardar Biglari remains inexplicably insistent in his campaign against Cracker Barrel. Why do we say inexplicably?

Because of all we accomplished over the past year  
What would Biglari have done differently?

We don't know  
he hasn't raised specific new ideas or suggestions to  
management  
or  
the  
Board,  
despite  
having  
many  
opportunities  
to  
do  
so  
We  
believe  
Sardar  
Biglari  
has  
a  
conflict  
of  
interest,  
a  
history  
of  
creeping  
control  
that  
is not in the best interest of shareholders, and a questionable track record on  
corporate governance  
Despite being offered two independent seats (for the second year), he turned the  
offer down

Biglari refuses to consider any settlement offer unless he is personally appointed to  
the Board

Our shareholders determined he was not right for the Board last year

We agreed and believe he is not right for the Board this year either  
This discussion should be about the business and who's got it on the right path



## II. Delivering on our Six Priorities

11  
New marketing messaging  
Reinforce Authentic Value  
Refined menu and pricing  
Increase Variety & Everyday Affordability  
Enhanced restaurant operating  
platform

Sustainably Improve the Guest  
Experience

Innovative tactics driving retail  
sales growth

Deliver Value & Connection With the  
Brand

Focused cost reduction

Offset Commodity Pressures and Other  
Costs

Balanced approach to capital  
allocation

Enhance Shareholder Value

WHAT WE TOLD YOU WE DID DO 12 MONTHS AGO

1

2

3

4

5

6

Key Priorities

Objectives

12

Hand Crafted by Cracker Barrel  
NEW MARKETING MESSAGE

Source: Public filings

1

Launched  
national

cable  
advertising  
for  
the  
first  
time,  
focusing  
on  
brand building during the busiest seasons (Q2 & Q4)  
Utilized radio advertising to promote products and value  
Leveraged billboards to support travel business  
Hired new advertising agency Havas Worldwide (formerly known as  
Euro RSCG Worldwide)  
Continued Investment in Billboards  
First National Television Campaign  
Comparable Restaurant Traffic

13  
Guest  
Satisfaction  
Results  
Show  
Overall  
Value

Scores

at

Historic

Highs

REFINE MENU AND PRICING

Launched salad refresh as part of the  
summer seasonal promotion

Feature salad, including dressing  
and crackers, under 600 calories

Exceeded expectations for mix and  
guest satisfaction

2

Highlighted an attractive \$5.99 price point

Drove week-day lunch traffic

Reinforced value perception across all day-parts

Better-

For-You

Daily

Lunch

Specials

14

(1) Source: Nation's Restaurant News and WD Partners, 2012 Consumer Picks family dining segment survey.

(2) Weighted by attribute importance.

(3) 100-149 responses.

3

During the year, received all-time company high scores in nine categories on the guest feedback program



For the second year in a row we have received top honors in the family dining segment of the Consumer Picks survey conducted for Nation s Restaurant News magazine Past Year s Focus on Guest Experience Has Driven Significant Improvements to Guest Satisfaction Overall Satisfaction Intent to Recommend Overall Value

July-2011

July-2012

70.0%

71.0%

July-2011

July-2012

59.1%

61.1%

July-2011

July-2012

69.7%

70.6%

#### ENHANCE RESTAURANT OPERATING PLATFORM

Rank

1

Chain

Score

2

Cracker Barrel Restaurant and Old Country Store

70.3%

2

MarieCallender's

3

62.1

3

Bob Evans Restaurants

61.2

4

The

OriginalPancake

House

3

59.7

5

IHOP

53.5

6

Steak 'N Shake

52.1

7

Village Inn

51.9

8

Perkins Restaurant & Bakery

51.5

9

Big Boy

50.2

10

Friendly's Ice Cream

47.5

11

Shoney's

45.5

12

Huddle

House

3

44.8

13

Denny's

43.9

14

Waffle House

41.4

1

INNOVATIVE TACTICS DRIVING RETAIL SALES GROWTH

Game Plan for Growing Retail Sales

Source: Public filings

Quarterly Retail Same Store Sales

4

Merchandising  
Strategy

Be a destination retailer  
for specific occasions  
and drive traffic for the  
restaurant

Unique  
Nostalgic  
Seasonal

Everyday Needs

April-2012: Appointed new SVP of  
Retail, Laura Daily

Support the restaurant  
by reinforcing the  
emotional connection to  
the Brand

(0.7)%

(1.3)%

3.4%

0.3%

3.1%

Q4 2011

Q1 2012

Q2 2012

Q3 2012

Q4 2012

15

FOCUSED COST REDUCTION

Source: Public filings

(1) Adjusted for 53

rd

week in

FY 12,

proxy

contest  
expenses,  
severance  
and  
restructuring  
charges.  
Please  
see  
Appendix  
for  
reconciliation  
of  
GAAP  
basis operating results to adjusted non-GAAP operating results.

5

Improving Productivity of the Box  
Eliminating Annual G&A and Labor Expenses  
April-2012: Realigned field leadership  
July-2011: Restructured home office  
Labor Management System  
Improves direction of weekly training, productivity,  
and execution

Hourly wage expense down 50bps in Q4 2012

Transportation Management System

Improves efficiency in the distribution of retail  
merchandise

Improved

Technology

Streamlined

Supply

Chain and

Purchasing

Increasing

Labor

Productivity

Enhanced

Operating

Systems

Leveraging Our Support Cost Base

16

Adjusted EPS

1

& Operating Inc as % of Sales

Margin and Process Improvement

17

**BALANCED APPROACH TO CAPITAL ALLOCATION**

Dividend Yield

Dividend Payout Ratio

2.1 %

3.0 %

3.6 %

2.8 %

2.3 %

2.1 %

1.3 %

0.0 %

0.0 %

0.0 %

CBRL -

One

Year Ago

CBRL

DRI

BOBE

EAT

TXRH

CAKE

BH

DENN

RT

Peer Median: 1.7%

20.5 %

46.1 %

54.6 %

45.6 %

40.8 %

38.3 %

27.6 %

0.0 %

0.0 %

0.0 %

CBRL -

One

Year Ago

CBRL

DRI

BOBE

EAT

TXRH

CAKE

BH

DENN

RT

Peer Median: 32.9%

2

3

6

1

Source: Bloomberg and public filings

Note: Market data as of 28-Sep-2012.

CAKE not adjusted for impact of 53



rd

week in FY 11 due to lack of disclosure.

Calculated as latest annualized latest dividend per share divided by last twelve months reported diluted earnings per share. Adjusted earnings per share and / or diluted earnings per share from continuing operations used as disclosed.

rd

(1)

(2)

(3)

Adjusted for 53

week in FY 12, proxy contest expenses, severance and restructuring charges.

GAAP basis operating results to adjusted non-GAAP operating results.

Please see Appendix for reconciliation of

### III. Driving Best-in-Class Results

Decisive Action Driving

Total Shareholder

Return

**BUILDING ON OUR RECENT SUCCESS**

Continued focus on six business priorities

Focus on increasing average unit volume in existing stores

Increase retail sales with unique and nostalgic merchandise

Drive increased profitability in existing locations  
Continued commitment to profitable new unit growth  
Allocate capital in a way to maximize value

New store growth: 2-3% / per year; focus on most profitable growth, best locations, and flawless execution

Extend the power of the brand beyond the physical store

Long term value creation through e-commerce & development of branded products platform

Focus on Operational Excellence in Existing Units AND

Profitable New Restaurant Growth

2012

2015 Strategic Plan

Sales Growth

~5%

Operating Income Growth

~8-10%

Earnings Per Share Growth

~12-15%

Total Shareholder Return

~15-18%

19

20  
ACCELERATION  
OF  
COMPARABLE  
RESTAURANT  
SAME  
STORE

SALES VS. KNAPP-TRACK

Three

Consecutive

Knapp-Track

Beats

in

FY

2012

Source: Public filings and Knapp-Track

Note: Knapp-Track

Casual

Dining

Index

Comparable

Sales

figure

is

an

approximation

based

on

respective

weekly

averages.

Cracker Barrel vs.

Knapp-Track

(2.5)%

(1.6)%

3.5 %

3.1 %

3.8 %

0.9 %

2.2 %

1.0 %

0.3 %

First Quarter

Second Quarter

Third Quarter

Fourth Quarter

Cracker Barrel Comparable Restaurant Sales

Knapp-Track™

Casual

Dining

Index

Comparable

Sales

1.3%

2.1%

3.5%

21

A SECTOR LEADER IN TOTAL SHAREHOLDER RETURN

TSR Since Announcement of our Strategic Priorities

1

Source: Bloomberg and public filings

Note: Total Shareholder Return calculated by share price appreciation and dividends paid (assumes dividends paid are re-invested (purchasing more shares) on the ex-date of the dividend) over the past year.

(1) 12-Sep-2011; is closing price the day prior to announcement of Strategic Priorities on 13-Sep-2011.



Refresh Select Menu Categories  
Reinforce value proposition for guests with a  
refresh of Country Dinner Plates  
Introduce better-for-you programs, including new  
sides and Wholesome Fixins  
Grow Retail Sales with Unique  
Merchandise

Focus on unique, exclusive, authentic merchandise  
Improve productivity with visual merchandising and space planning  
Build on Successful Handcrafted Marketing Campaign  
Continue national media strategy  
Introduce new  
    Hand-crafted creative advertisements for TV, radio, and billboards  
Invest in and Leverage Technology to Support Operations and Reduce Costs  
Implement technology to improve efficiencies and food quality  
Streamline processes to increase labor productivity  
Focus on Maximizing Shareholder Returns  
Target 2-3% annual new unit growth over the next three years  
Pay competitive dividends and repurchase shares  
Improve E-commerce Business and Develop Branded Products Platform  
Grow e-commerce awareness and revenues  
Lay groundwork to sell Cracker Barrel branded products in grocery stores  
**UPDATED BUSINESS PRIORITIES TO CONTINUE DRIVING PERFORMANCE THROUGH 2013**

Key Priorities Objectives

- 1
- 2
- 3
- 4
- 5
- 6
- 22

23

**A RENEWED BOARD HELPING TO DRIVE PERFORMANCE**

Note: Represents board changes as implemented or announced. Represents Board members standing for election at Cracker Barrel Shareholder Meeting.

(1) As announced on 6-Aug-2012, to be effective following Michael A. Woodhouse's retirement in early November 2012.

New Within Past 18 Months

Tom Barr, Vice President, Global Coffee, at Starbucks Coffee Company

Independent

Sandy

Cochran,

President

and

CEO,

Cracker

Barrel

and

former

CEO,

Books-A-Million

James Bradford, Dean of Vanderbilt's Owen Graduate School of Management and former President and

CEO

of

AFG

Industries,

Inc.;

Designated

Independent

Chairman

of

the

Board

of

Cracker

Barrel

1

Glenn Davenport, Retired Chairman and CEO, Morrison Management Specialists

Norman Johnson, Executive Chairman and Former CEO, CLARCOR Inc.

William

McCarten,

Chairman

of

the

Board,

DiamondRock

Hospitality

Company

and

former

President

and

CEO, HMS Host Corporation

Coleman

Peterson,

President

and

CEO,

Hollis

Enterprises,  
LLC  
and  
former  
EVP  
and  
Chief  
People  
Officer,  
Walmart  
Richard  
Dobkin,  
retired  
Managing  
Partner  
of  
the  
Tampa,  
FL  
office  
of  
Ernst  
&  
Young

Martha Mitchell, retired Senior Partner and SVP, Fleishman-Hillard, International Communications  
Andrea Weiss, President and CEO, Retail Consulting and former Chairman, Cortefiel Group

ANALYSTS CONTINUE TO COMMENT FAVORABLY ON THE STRATEGY  
PUT FORTH BY THE INCUMBENT BOARD AND NEW MANAGEMENT

24  
Source: Publicly available equity research reports, permission to use quotations neither sought nor obtained  
Selected Analyst Commentary

#### IV. Why We Believe Sardar Biglari is Wrong for This Board

26  
WHY WE BELIEVE SARDAR BIGLARI IS STILL WRONG FOR THIS  
BOARD  
New Cracker Barrel CEO and reconfigured Board laid out a new plan and are successfully executing that  
plan  
we believe Biglari would be disruptive to current business momentum  
We



believe  
Biglari's  
presence  
on  
our  
Board  
would  
create  
a  
conflict  
of  
interest

he  
is  
the  
CEO  
of  
a  
family  
restaurant chain and CEO of a restaurant acquisition vehicle

We believe Biglari would want to be operationally involved but has failed to disclose his specific plans or agenda for the business, either to management or directly to the Board

His  
repeated  
public  
pronouncements  
highlight  
his  
combative  
approach

was  
offered  
two  
independent  
board seats for representation (twice) but turned BOTH offers down

Biglari has a history of creeping control

that we believe is not in the best interest of shareholders:

took control of Steak 'n Shake over time without paying a premium

We believe Biglari has a questionable track record on corporate governance: still proposing dual class of high vote / low vote stock at Biglari Holdings and proposed excessive compensation for himself at Biglari Holdings which received negative shareholder and ISS responses

Biglari Holdings just agreed to pay a \$850,000 civil penalty to resolve a Federal Trade Commission complaint for failing to comply with the Hart-Scott-Rodino Act in amassing its initial position in Cracker Barrel

a  
violation  
the

FTC's  
Chairman  
characterized  
as  
trying  
to  
abuse  
the  
laws  
passive  
investor  
exemption

27

BIGLARI HAS ARGUED THAT HE PURCHASED CBRL STOCK FOR INVESTMENT PURPOSES ONLY

(1) Biglari Holdings, press release dated 23-Sep-2011.

However, Biglari's Rhetoric Changes Over Time and We Believe Cannot Be Relied Upon

we told Chairman Michael

Woodhouse that we have

purchased stock for  
investment purposes only

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

Current ownership of 17.4% exceeds his previously  
announced intentions

Biglari has twice attempted to gain board seats to  
influence

the  
Company

not  
investment

purposes  
only

In September 2012, Biglari Holdings agreed to pay  
\$850,000 to settle charges that it violated anti-trust  
rules when it purchased Cracker Barrel shares

1

Sardar  
Biglari

1

Sardar  
Biglari

28

WHAT SARDAR BIGLARI RECENTLY CONFIRMED ABOUT  
BIGLARI HOLDINGS

We,  
however,  
are  
control

investors

Biglari Holdings is an unconventional public company because it is in the business of owning other businesses without regard to any particular industry along with the stipulation that all major capital allocation decisions are made by Sardar Biglari, Chairman and CEO.

The logic underlying the dual class structure indicates that we could gain increased flexibility in structuring acquisitions and financing transactions to augment our growth. As a holding company, we believe that the greater flexibility resulting from our proposal would transform into an advantage in our pursuit of other businesses. We may also use such stock

to  
acquire  
other  
businesses  
or  
combinations  
thereof.

Source:

Public  
filings

Note:

Emphasis  
added.

(1)  
Biglari  
Holdings,  
2011  
Letter  
from  
the  
Chairman,  
dated  
10-Dec-2011.

(2)  
Biglari  
Holdings,  
Schedule  
14A,  
filed  
12-Sep-2012.

2

1

2

29

**WHAT DOES BIGLARI REALLY THINK?**

Biglari Holdings is a jockey stock.  
You are choosing the jockey; I am choosing the horses.  
It  
would  
be

asinine  
to  
bet  
on  
the  
jockey  
and  
then  
deny  
him  
the  
saddle  
or  
whip.  
1

Source: Public filings

(1)

Biglari Holdings, 2011 Letter from the Chairman, dated 10-Dec-2011.



30

OUR VIEWS ON BIGLARI ARE SHARED BY WALL STREET  
ANALYSTS

Selected Analyst Commentary

Source: Publicly available equity research reports, permission to use quotations neither sought nor obtained

Mr. Biglari's argument seems to be less focused on corporate governance and shareholder performance, which was the basis of last year's proxy fight, and more focused on demanding that as the largest

shareholder  
he  
deserves  
two  
seats  
on  
Cracker  
Barrel's  
board.  
We  
are  
skeptical  
that  
the  
other  
82%  
of  
Cracker  
Barrel's  
shareholders  
would  
vote  
for  
two  
executives  
of  
a  
direct  
competitor,  
Steak  
n  
Shake,  
to  
join  
Cracker  
Barrel's board. We find it interesting that if you exclude the investment in Cracker Barrel, Biglari Holdings has not  
made many shareholder enhancing decisions the past two years. Assuming the market is reflecting the CBRL  
investment gain in BH's market valuation, we estimate BH's market value would be down about 10% since it  
became an active investor in Cracker Barrel on June 13, 2011 (vs. KBCM Restaurant Index +30%). We estimate  
the  
CBRL  
investment  
represents  
roughly  
55%  
of  
BH's  
enterprise  
value.  
We

expect  
Biglari  
Holdings  
will  
lose  
the  
proxy fight in November.

-

Chris O Cull, KeyBanc Capital Markets; 20-Sep-2012

Mr.  
Biglari  
has  
not  
issued  
an  
alternative  
strategic  
plan  
for  
CBRL  
but  
has  
suggested  
aggressive  
goals  
to  
drive  
sales  
and  
traffic  
without  
supporting  
details  
as  
to  
how  
such  
results  
would  
be  
realized.  
Under  
Sandy  
Cochran,  
who  
became  
CEO  
in  
September  
2011,

the  
company  
has  
performed  
strongly.  
Numerous  
changes  
have  
been  
implemented ranging from board composition (much higher quality board in our opinion) to marketing, cost  
management, and willingness to return cash to shareholders. ***It is not clear what Mr. Biglari s plans might***  
involve or if they could be as effective as management s recent performance.

-  
Joseph T. Buckley, Bank of America Merrill Lynch ; 19-Sep-2012

31  
OUR VIEWS ON BIGLARI ARE SHARED BY WALL STREET  
ANALYSTS (CONT.)  
Selected Analyst Commentary  
Source: Publicly available equity research reports, permission to use quotations neither sought nor obtained

32

BIGLARI OFTEN STATES HE IS A "CONTROL INVESTOR  
BUT WE BELIEVE  
YOU SHOULD NOT ALLOW HIM TO TAKE CREEPING CONTROL OF  
CRACKER BARREL AS HE DID WITH STEAK 'N SHAKE

Source: Public filings and Bloomberg

17-Aug-2007

Share Price:

\$309.00

1

Biglari discloses

5.8% ownership in

Steak 'n Shake

Nominates himself

and Cooley to the

Board

Purchased

through:

-

Lion Fund

-

Western Sizzlin

-

P. Cooley

Call Options:

-

20,000 shares

through Lion

Fund

-

561,000 shares

through Western

Sizzlin

7-Mar-2008

Biglari wins Proxy

Contest

19-Jun-2008

Biglari appointed Chairman

of the Board

Jul-2008

Two executive team

members resign

8-Aug-2008

Biglari appointed

CEO

Biglari originally claimed that

he had acquired shares

for investment purposes

Instead he:

22-Oct-2009

Announces Merger with

Western Sizzlin

5.8%

Ownership

Today:

Control

of

15.5%

3

and CEO

Share Price

(28-Sep-2012)

\$365.06

8-Apr-2010

Renamed Biglari Holdings

Biglari

only

controlled

6.8%

2

(1)

Stock price adjusted for reverse split to be comparable to current market price.

(2)

As per Biglari's Schedule 13D/A filing on 3-Feb-2010.

(3)

As per Biglari's preliminary proxy filing on 12-Sep-2012.

Took control

Became Chairman and CEO

Merged with Western Sizzlin

Renamed Biglari Holdings



EVEN  
WITH  
BIGLARI  
HOLDINGS  
LARGE  
STAKE,  
BH

HAS  
SIGNIFICANTLY  
UNDERPERFORMED  
CBRL

CBRL Represents over 50% of BH's Market Cap

Source: Bloomberg and public filings

Note: 12-Sep-2011; is closing price the day prior to announcement of Strategic Priorities on 13-Sep-2011.

What value has Biglari  
created for his  
shareholders in his own  
restaurant business  
without CBRL?

90%

100%

110%

120%

130%

140%

150%

160%

170%

Sep-2011

Nov-2011

Jan-2012

Mar-2012

May-2012

Jul-2012

Sep-2012

Daily from 12-Sep-2011 to 28-Sep-2012

Cracker Barrel

Biglari Holdings

68.4%

22.4%

33

34

**BIGLARI AGAIN TURNED DOWN A GOOD FAITH SETTLEMENT  
OFFER**

Biglari Rejected The Following Settlement Proposal:

Biglari  
Holdings

was

offered  
two  
board  
seats  
subject  
only  
to  
the  
reasonable  
requirements  
that  
nominees:

Not be affiliated with Biglari Holdings

Not be a current executive officer or director of a competing restaurant company

Comply with CBRL's long-standing publicly disclosed qualification criteria  
This offer was subject to the minimal conditions that, Biglari Holdings:

Support the Board-recommended slate of nominees at the 2012 annual meeting that would include the two nominees of Biglari Holdings

Not nominate other candidates or present shareholder proposals at the 2012 annual meeting

Not seek to call or support any special meeting prior to the Company's 2013 annual meeting  
Many proxy fights are settled with the appointment of one or more directors that are not affiliated with the dissident, yet Biglari refuses even to consider nominating an independent director, insisting that it has to be him and Cooley

Does  
Mr.  
Biglari  
really  
want  
representation  
or  
simply  
a  
platform  
for  
himself?

In voting Biglari down last year, shareholders determined last year he wasn't right for the Board

35

ONE THING THAT HAS NOT CHANGED AT BIGLARI HOLDINGS

.It s All About Sardar

36

**OTHER SHAREHOLDER MATTERS**

Shareholder-Friendly Rights Plan is Fully Consistent with ISS Guidelines, Including a 20% Threshold  
Compensation

Pay for Performance Culture

Adopted in April 2012 in response to threat that Biglari could gain creeping control without paying a control premium

In  
his  
2011  
Letter  
From  
the  
Chairman,  
Biglari  
said

We are  
control  
investors  
when  
we  
own  
a  
sizeable  
block  
of  
stock  
engendering influence

Tennessee law preventing shareholders from voting shares above 20% without shareholder approval is not sufficient. By acquiring shares above 20%, Biglari could still prevent other shareholders from voting those shares and gain greater influence by virtue of economic ownership

Shareholder-friendly provisions include:

Rights  
plan  
would  
not  
be  
triggered  
by  
qualifying  
offers  
(all-cash,  
fully  
financed  
tender  
offers  
that  
remain  
open  
for  
at  
least  
60 business days)

Rights plan is focused on creeping acquisitions above 20% and would not deter a non-coercive cash tender offer for all

shares

Rights expire if shareholders do not approve rights plan at November 2012 annual meeting

If shareholders approve, rights would expire on April 9, 2015

80% of CEO's target total direct 2012 compensation, and 69% of other named executive officers, is contingent upon measurable performance

Incentive programs have one, two and three year performance periods to promote long term and current year shareholder value

2012

Total

Shareholder

Return

significantly

outperformed

the

S&P

500,

600,

and

1,500

Restaurant

indices

Revenue growth, improved margins, incentive plan performance in excess of targets and recognized guest experience #1 in Family Dining segment in 2012 Consumer Picks



37

**WHY YOU SHOULD VOTE THE WHITE PROXY CARD**

We have accomplished a great deal over the last year  
with more to come

Our reconfigured Board is highly engaged and continuously seeks to create value  
We believe Biglari's and Cooley's presence would create a conflict of interest and  
would be detrimental to the functioning of our Board

We again made a good faith offer this year to permit Biglari to appoint two independent directors to the Board and again he rejected. Is his fight about having representation or just about him?

We believe Biglari's historic playbook of creeping control and poor corporate governance could harm Cracker Barrel and its shareholders

Appendix

39

**RECONCILIATION OF GAAP BASIS OPERATING RESULTS  
TO ADJUSTED NON-GAAP OPERATING RESULTS**

(Unaudited and \$ in thousands, except per share data)

- (1) Severance, other charges and tax effects related to operational restructuring.
- (2) (Charges) Gain and tax effects of impairment net of gain on sale of property.
- (3) Refinancing costs and tax effects related to the Company's \$750 million credit facility.

(4) Charges and tax effects of the proxy contest concluded at the Company's annual meeting of shareholders.  
 Fourth Quarter Ended August 3, 2012  
 Fourth Quarter Ended July 29, 2011  
 As Reported  
 Adjust  
 53rd Week  
 As Adjusted  
 As Reported  
 Adjust  
 1,2,3,4  
 As Adjusted  
 Total Revenue  
 \$ 700,010  
 (51,059)  
 \$ 648,951  
 \$ 612,942  
 \$ 612,942  
 Store Operating Income  
 97,577  
  
 (11,093)  
 86,484  
 74,660  
  
 74,660  
 General and Administrative Expenses  
 37,671  
  
 (1,370)  
 36,301  
 35,323  
 (2,172)  
 33,151  
 Impairment and Store Dispositions, Net  
  
  
 1,249  
 (1,044)  
 205  
 Operating Income  
 59,906  
  
 (9,723)  
 50,183  
 38,088  
 3,216  
 41,304  
 Interest Expense

11,354

(811)

10,543

16,327

(5,136)

11,191

Pretax Income

48,552

(8,912)

39,640

21,761

8,352

30,113

Provision for Income Tax

13,856

(2,632)

11,224

4,218

2,201

6,419

Net Income

\$ 34,696

\$ (6,280)

\$ 28,416

\$ 17,543

\$ 6,151

\$ 23,694

Earning

Per

Share

Basic

\$ 1.49

(0.27)

\$ 1.22

\$ 0.77

\$ 0.27

\$ 1.04

Earning

Per

Share

Diluted

\$ 1.47

(0.27)

\$ 1.20

\$ 0.75

\$ 0.26

\$ 1.01

Twelve Months Ended August 3, 2012

Twelve Months Ended July 29, 2011

As Reported

Adjust

1,4

53rd Week

As Adjusted

As Reported

Adjust

1,2,3,4

As Adjusted

Total Revenue

\$ 2,580,195

(51,059)

\$ 2,529,136

\$ 2,434,435

\$ 2,434,435

Store Operating Income

337,146

(11,093)

326,053

305,778

305,778

General and Administrative Expenses

146,171

(6,863)

(1,370)

137,938

139,222

(2,172)

137,050

Impairment and Store Dispositions, Net

(625)

830

205

Operating Income

190,975

6,863

(9,723)

188,115

167,181

1,342

168,523

Interest Expense

44,687

(811)

43,876

51,490

(5,136)

46,354

Pretax Income

146,288

6,863

(8,912)

144,239

115,691

6,478

122,169

Provision for Income Tax

43,207

2,027

(2,632)

42,602

30,483

1,707

32,190

Net Income

\$ 103,081

\$ 4,836

\$ (6,280)

\$ 101,637

\$ 85,208

\$4,771

\$ 89,979

Earning

Per

Share

Basic

\$ 4.47

\$ 0.21

(0.27)

\$ 4.41

\$ 3.70

\$ 0.21

\$ 3.91

Earning

Per



Share

Diluted

\$ 4.40

\$ 0.21

(0.27)

\$ 4.34

\$ 3.61

\$ 0.20

\$ 3.81

40

A NOTE REGARDING PEER SET USED FOR BENCHMARKING

Last year our peer set included:

Biglari Holdings, Brinker International,  
Cheesecake Factory, Darden Restaurants, P.F.  
Chang's China Bistro, Ruby Tuesday, and

Texas Roadhouse

During the past year P.F. Chang's China Bistro was acquired by Centerbridge Partners and is no longer publicly traded

Based on feedback received we have added Bob Evans Farms and Denny's Corporation both full-service restaurants chains We believe this subset of casual and family dining restaurants represents the most comparable set of companies to benchmark CBRL performance

Leading casual / family dining concepts

Operational comparability

Similar scale

Geographical proximity

Rationale for Inclusion

Peer Set

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

S&P RESTAURANT INDEX COMPOSITION

Respective S&P Restaurant Index Constituents

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  
DRI  
Darden Restaurants  
EAT  
Brinker International  
JACK  
Jack in the Box  
Ticker  
Company Name  
Logo  
S&P  
500  
S&P  
600  
S&P  
1,500  
MCD  
McDonald's  
PEET  
Peet's Coffee & Tea  
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

41