

CRACKER BARREL OLD COUNTRY STORE, INC  
Form DEFA14A  
October 13, 2015

**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.
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  - (3) Filing Party:

(4) Date Filed:

*The following is a letter sent to shareholders of Cracker Barrel Old Country Store, Inc. (the Company) in a mailing commenced on October 13, 2015:*

October 13, 2015

Dear Cracker Barrel Shareholders:

At the Cracker Barrel Annual Meeting of Shareholders, to be held on November 12, 2015, you are being asked to vote on the election of the Company's nine directors and several other proposals, including, importantly, the approval of the Company's Shareholder Rights Plan. We believe this is a critical choice for you to make in protecting your investment.

By way of background, a Shareholder Rights Plan substantially identical to the version up for approval now has been in place since shareholders overwhelmingly approved it at our 2012 annual meeting. That Plan was adopted as a response to the rapid open-market acquisition program by Biglari Holdings of our outstanding common stock. That Plan expired on April 9, 2015 and the Board of Directors, acting after thoughtful deliberation and in what it believes to be in the best interest of all Cracker Barrel shareholders, approved and implemented a substantially identical Plan for an additional three years, subject to shareholder approval at this year's Annual Meeting.

As we sit here today, Biglari Holdings remains a threat: with a 19.7% ownership position in Cracker Barrel, we believe that Sardar Biglari desires a controlling stake in our Company. By keeping this Plan in place, our shareholders will continue to be protected from Biglari Holdings, or any other party, who tries to accumulate a potentially controlling position in the Company through any takeover strategies that do not provide ALL Cracker Barrel shareholders an equal opportunity to benefit from a change in control premium.

**BIGLARI'S ACTIONS WITHIN HIS OWN COMPANY CONTINUE TO MAKE HIM A THREAT TO CRACKER BARREL SHAREHOLDERS**

We believe Mr. Biglari's questionable governance track record within his own company speaks volumes as to why Cracker Barrel needs the continued protections of a Shareholder Rights Plan. In recent years, Mr. Biglari has pursued numerous tactics that, in our view, seem designed primarily to gain unchallenged control of Biglari Holdings for Mr. Biglari at the expense of his own shareholders. This has included advocating for a dual-class stock structure that would reserve a higher proportion of the voting power to shares controlled by Mr. Biglari, installing a lucrative licensing agreement for the use of his own name that would make any move to replace Mr. Biglari as CEO difficult and costly, altering voting bylaws in his favor and utilizing shareholder money to acquire a controlling stake in a publicly traded company of which he is already the Chairman and CEO.

For more information on Mr. Biglari's track record of poor governance actions we encourage you to review the presentation available on the Cracker Barrel investor website at [investor.crackerbarrel.com](http://investor.crackerbarrel.com).

## **PROTECTING SHAREHOLDER VALUE THROUGH THE RIGHTS PLAN**

The Plan before you for approval is not intended to prevent a takeover or deter fair offers for securities of the Company. To the contrary, it is designed to encourage anyone seeking to acquire the Company to negotiate with the Board of Directors prior to attempting a takeover and contains a qualifying offer provision which allows for all-cash, fully financed tender offers to proceed without triggering rights under the Plan. This should enable all shareholders to realize the full value of their investment in our Company. We believe this Plan is shareholder friendly and provides effective protection against creeping acquisitions of control and other abusive takeover tactics.

If shareholders approve the Plan at the Annual Meeting, it will remain effective through April 9, 2018. Therefore, it is important that shareholders vote to maintain this critical protection.

## **CRACKER BARREL CONTINUES TO DELIVER SUPERIOR RESULTS**

Fiscal year 2015 was a year of continued success on many fronts as we demonstrated the strength of the differentiated brand and our ability to execute effectively on our strategic initiatives to generate strong results. During the year, we drove increased traffic which resulted in comparable-store restaurant sales growth of more than 5% and earnings per share growth of more than 20%. We also generated \$334 million in cash from operations, which allowed us to increase our quarterly dividend and declare a special dividend.

The success of 2015 builds on our strong existing track record of executing on our growth initiatives and creating value for shareholders. In fact, Cracker Barrel has delivered total shareholder returns of 65%, 172%, and 261%, respectively, during the last one-, three- and five-fiscal year periods, substantially outperforming the S&P MidCap 400<sup>®</sup> index.

As we continue to execute on our proven strategic priorities, we believe it is vitally important to have a Rights Plan in place that protects against Biglari Holdings or another third party potentially derailing the momentum we have achieved and allows management and the Board to remain focused on delivering superior returns for all of our shareholders.

## **OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE SHAREHOLDER RIGHTS PLAN**

Whether or not you expect to be present at the Annual Meeting, please vote and submit your proxy as soon as possible via the Internet, by phone, or if you have requested to receive printed proxy materials, by mailing a proxy card enclosed with those materials.

If you have any questions or require assistance with voting your proxy card, please call MacKenzie Partners, Inc., toll-free, at (800) 322-2885.

Sincerely,

Sandra B. Cochran

President and Chief Executive Officer

**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 Cracker Barrel's 2015 annual meeting of shareholders to be held on November 12, 2015. On October 2, 2015, 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 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 can 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](http://www.sec.gov). Copies are also available at no charge at the Investor Relations section of our corporate website at [www.crackerbarrel.com](http://www.crackerbarrel.com).

*The following materials were first used in a presentation to investors on October 12, 2015 and posted to the Company's Investor Relations website, [investor.crackerbarrel.com](http://investor.crackerbarrel.com).*

Fall 2015  
Investor Presentation  
Delivering a Best-in-Class Guest Experience  
and Exceptional Shareholder Returns



Important Additional Information

Cracker  
Barrel  
Old  
Country  
Store,  
Inc.

(the  
Company )  
urges  
caution  
in  
considering  
current  
trends  
and  
earnings  
guidance  
disclosed  
in  
this  
presentation.  
Except  
for  
specific  
historical  
information,  
matters  
discussed  
in  
this  
presentation  
are  
forward  
looking  
statements  
that  
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  
U.S.  
Securities  
and  
Exchange  
Commission  
(SEC),

press  
releases  
and  
other  
communications.

The  
Company,  
its  
directors  
and  
certain  
of  
its  
executive  
officers  
may  
be  
deemed  
to  
be  
participants  
in  
the  
solicitation  
of  
proxies  
from  
the

Company's shareholders in connection with the matters to be considered at the Company's 2015 annual meeting of shareholders on November 12, 2015. On

October 2, 2015, the Company filed a definitive proxy statement (as it may be amended, the "Proxy Statement") with

the SEC in connection with any such solicitation of proxies from the Company's shareholders. INVESTORS AND SHAREHOLDERS ARE STRONGLY ENCOURAGED TO READ THE PROXY STATEMENT AND ACCOMPANYING PROXY CARD AND OTHER INFORMATION FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION. Shareholders can obtain the Proxy Statement, any amendments or supplements to the Proxy Statement and other information filed by the Company with the

SEC

for no charge at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies are also available at no charge at the Investor Relations section of our corporate website at [www.crackerbarrel.com](http://www.crackerbarrel.com).

I.  
Cracker Barrel's Track Record  
Delivering  
Superior  
Results  
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I.  
CBRL s  
Track  
Record

Delivering  
Superior

Results



Cracker  
Barrel s  
Heritage

Pleasing  
People  
Since

1969

Source:

Public  
filings,  
Technomic  
and  
Company  
website

(1)

Percentages  
represent  
each

day-part s  
percentage  
of

restaurant  
sales

in

FY2015.

(2)

Brands  
include:

A:

The  
Cheesecake  
Factory,

B:

P.F.  
Chang's  
China  
Bistro,

C:

Bonefish  
Grill,

D:

Buffalo  
Wild  
Wings

Grill

&

Bar,

E:

Olive  
Garden,

F:

Texas  
Roadhouse,

G:

Famous  
Dave's,

H:

Red

Lobster,

I:

California

Pizza

Kitchen,

J:

IHOP,

K:

Outback

Steakhouse,

L:

Carrabba's

Italian

Grill,

M:

Romano's

Macaroni

Grill,

N:

Mimi's

Café,

O:

Waffle

House,

P:

On

The

Border

Mexican

Grill

&

Cantina,

Q:

BJ's

Restaurant

&

Brewhouse,

R:

Logan's

Roadhouse,

S:

LongHorn

Steakhouse,

T:

Bob

Evans,

U: Ruby Tuesday, V: TGI Friday's, W: Chili's Grill & Bar, X: Friendly's, Y: O'Charley's, Z: Shoney's, A1: Denny's, A2: Perkin

Highly differentiated concept providing wholesome

connections to guests

635 old-fashioned country stores welcome ~6,700

guests a week

~\$2.84bn in annual revenues; ~20% of annual revenues

coming from retail business

Welcome break for travelers across 42 states

The Cracker Barrel Concept

Lunch

Breakfast

Dinner

Diversified

Menu

and

Meal

Offerings

1

39%

37%

24%

Delivering a Recognized Guest

Experience

Technomic Brand Metrics Study -

Brand Uniqueness

Cracker Barrel is Perceived to be

More

Unique

Than

Competitors

2

CBRL Has Delivered Exceptional Shareholder Value Since  
the Original Six Priorities Were Announced

Source: Public filings, Bloomberg, market data as of 30-Sep-2015

Note: 12-Sep-2011 represents the day prior to announcement of Strategic Priorities on 13-Sep-2011.

(1)

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

\$30

\$40  
\$50  
\$60  
\$70  
\$80  
\$90  
\$100  
\$110  
\$120  
\$130  
\$140  
\$150  
\$160  
\$170  
Sep-2011  
Mar-2012  
Sep-2012  
Mar-2013  
Sep-2013  
Mar-2014  
Sep-2014  
Mar-2015  
Sep-2015  
Daily from 12-Sep-2011 to 30-Sep-2015  
\$ 147.28  
13-Sep-2011  
New CEO Sandy  
Cochran  
announces  
Strategic  
Priorities  
Proxy Vote I  
20-Dec-2011  
A majority of votes cast  
by shareholders (~74% of  
non-Biglari  
shares)  
1  
are  
for CBRL's slate of  
directors  
Proxy  
Vote  
II  
15-Nov-2012  
A majority of votes cast by  
shareholders (~90% of non  
-  
Biglari  
shares)

1

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

Proxy

Vote

III

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  
02-Jun-2015

CBRL announces special  
dividend of \$3.00 per share,  
in addition to the quarterly  
dividend of \$1.10 per share

Proxy

Vote

IV

23-Apr-2014

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

1

are against  
Biglari's proposals

26-Feb-2013

CBRL announces comparable store  
traffic up 0.2%, the first quarter in more  
than 10 years with positive comparable  
store traffic against a prior-year quarter  
with positive comparable store traffic

26-Sep-2013

CBRL

authorizes

new

\$50mm share

repurchase plan

03-Oct-2014

CBRL

announces  
quarterly dividend of  
\$1.00 and authorizes  
new \$25mm share  
repurchase plan

+276.6 %

CAGR: 39.3 %

26-Apr-2012

CBRL

announces  
comparable store restaurant  
sales up 3.1% for the  
quarter and a 60% increase  
in its quarterly dividend

24-Feb-2015

CBRL announces comparable store  
restaurant sales up 7.9% and increases  
earnings per  
share

guidance

for 2015

to \$6.40 to \$6.50 from \$5.95 to \$6.10

the previous quarter



CBRL Stock Price has Outperformed Its Benchmarks  
Since  
Announcement  
of  
Strategic  
Priorities  
1

Last Twelve Months

Source: Bloomberg, market data as of 30-Sep-2015

Note:

S&P

400

Restaurant

Index

includes

Panera,

Buffalo

Wild

Wings,

Cheesecake

Factory,

Brinker,

Cracker

Barrel,

Jack

in

the

Box,

Domino s

Pizza,

Dunkin

Brands

and

Wendy s.

S&P

500

Restaurant

Index

includes

Chipotle,

Darden,

McDonald s,

Starbucks

and

YUM!

Brands.

S&P

600

Restaurant

Index

includes

Papa

John s,

Texas

Roadhouse,

DineEquity,

Popeyes

Louisiana  
Kitchen,  
Sonic,  
Red  
Robin  
Gourmet  
Burgers,  
Bob  
Evans,  
BJ s  
Restaurants,  
Biglari  
Holdings,  
Ruth's  
Hospitality  
and  
Ruby  
Tuesday.

(1)

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

Cracker Barrel

S&P 400 Restaurant Index

S&P 500 Restaurant Index

S&P 600 Restaurant Index

S&P 400 Mid-Cap Index

Russell 2000 Index

60%

100%

140%

180%

220%

260%

300%

340%

380%

420%

Sep-2011

Sep-2012

Sep-2013

Sep-2014

Sep-2015

276.6 %

132.9 %

154.1 %

65.4 %

61.9 %

64.2 %

90%

100%

110%

120%

130%

140%

150%

160%

Sep-2014

Dec-2014

Mar-2015

Jun-2015

Sep-2015

45.5 %

26.2 %

21.5 %

19.1 %

(0.1)%

(0.2)%

Performance Has Been Even More Dramatic When  
Layering in Dividends

7

Source: Bloomberg as of 30-Sep-2015

Note:

Represents

Total

Shareholder  
Return  
over  
the  
period  
12-Sep-2011  
through  
30-Sep-2015.

Total  
Shareholder  
Return  
calculated  
by  
share  
price  
appreciation  
and  
dividends  
paid  
(assumes  
dividends  
paid

are re-invested into the stock (purchasing more shares) on the ex-dividend date). 12-Sep-2011 represents the day prior to annual

Share Price Appreciation

Dividend Contribution

277%  
342%  
289%  
225%  
161%  
106%  
95%  
77%  
78%  
382%  
364%  
236%  
175%  
194%  
169%  
137%  
50%  
42%  
(18)%  
46%  
16%  
7%  
24%  
9%  
15%

17%  
12%  
13%  
24%  
4%  
26%  
17%  
322%  
358%  
296%  
225%  
185%  
116%  
109%  
94%  
78%  
395%  
364%  
248%  
199%  
198%  
169%  
163%  
67%  
42%  
4%  
(18)%  
-0.5  
0  
0.5  
1  
1.5  
2  
2.5  
3  
3.5  
4  
4.5  
Median TSR = 150%  
Median TSR = 169%  
Median TSR = 150%  
Median TSR = 169%  
4%  
S&P 400 Restaurants  
S&P 600 Restaurants

CBRL is Keenly Focused on Continuing to Create Value  
for Shareholders

8

Drive traffic  
and sales through  
advertising, menu strategies and  
targeted marketing programs



Continue

to use seasonal menu promotions to drive frequency

Further expand retail offerings to appeal to a larger segment of the population and reach new markets

Increase number of on air weeks, sustain the successful use of pulsing strategy and broaden media mix with greater digital spend

Apply

technology and process

improvements to enhance overall guest experience

Integration

of

new

digital

technology

as

a

way

to

add

convenience and enhance the guest experience

Test online waitlist capabilities through new dining room management system

Launch of the Cracker Barrel Games App

Implement cost savings initiatives

to further drive operating margins

Improve operating margins through process

enhancements, reductions in food costs, utilities and restaurant and retail labor

Several of these important initiatives to be completed during

FY16

Invest

in long-term growth

through new unit expansion and

development of the fast casual

concept

Expand

Cracker Barrel footprint, including growth outside the core market

Offer a different type of guest experience through fast casual concept restaurants

1

2

3

4

Business Priorities for 2016

II.  
Why We Are Here  
Protecting Shareholder Value

We Are Asking You to Approve Our Shareholder-Friendly  
Rights Plan

10

Source:

2015 ISS United States Summary Proxy Voting Guidelines

ISS Guidelines

Deter creeping acquisition

of control without  
premium by investor with history of doing so  
Should  
be  
thoroughly  
explained  
3  
years  
from  
adoption  
No more than 3 years  
20% trigger  
No lower than a 20% trigger, flip-in or flip-over, but  
just under 5% for NOL rights plan  
No dead-hand, slow-hand, no-hand or similar  
feature that limits the ability of a future board to  
redeem the pill  
No dead-hand, slow-hand, no-hand or similar  
feature that limits the ability of a future board to  
redeem the pill  
If the board refuses to redeem the pill 90 days after  
a  
qualifying  
offer  
is  
announced,  
10%  
of  
the  
shares  
may call a special meeting or seek a written  
consent to vote on rescinding the rights plan  
If the board refuses to redeem the pill 90 days after  
a  
qualifying  
offer  
is  
announced,  
10%  
of  
the  
shares  
may call a special meeting or seek a written  
consent to vote on rescinding the rights plan  
If existing CBRL Rights Plan not approved by  
shareholders,  
will  
terminate  
upon  
certification

of  
shareholder vote  
Within 12 months of adoption

Rationale

Rationale

Term

Term

Threshold

Threshold

Limitations

on Future

Redemptions

Limitations

on Future

Redemptions

Mandatory

Redemption

Mandatory

Redemption

Shareholder

Ratification

Shareholder

Ratification

In Guidelines?

CBRL 20% Rights Plan

Adopted in Apr-2015

The plan before you is not intended to prevent a take-over or to deter fair offers for securities of the Company, and contains a qualifying offer provision for all-cash, fully financed tender offers

ISS Commentary on 2012 Shareholder Rights Plan (02-Nov-2012)

A vote FOR this proposal is warranted because the rights plan contains features that protect shareholders from entrenchment ri year term, a 20-percent trigger, and a robust qualifying offer clause and there is no dead-hand or slow-hand provision. In addition, governance concerns at the company.

Identical to the Rights Plan Approved by Shareholders  
by a Substantial Margin in 2012

WITH MANAGEMENT

All this coincides not only with the dissident's announcement of their first, failed proxy contest, but with the new CEO's announcement of her strategic objectives, which thus far appear to (be) delivering the goods

and driving meaningful increases in shareholder value.

-ISS, Nov-2012

Our Shareholders Have Overwhelmingly Supported Us in the Past

Proxy Advisory Firms Recommendations

11

Source: Press releases, Public filings

(1)

Percentages based on number of shares voted excluding shares controlled by Biglari Holdings and its affiliates.

WITH MANAGEMENT

The company's key performance trends, careful executive succession process, and current board renewal efforts strongly suggest that the dissident's arguments are poorly-founded, and that there is not a compelling need for shareholders to effect board change at this time.

-ISS, Dec-2011

WITH MANAGEMENT

Support for this proposal, therefore, is not warranted given the firm's relatively strong performance and because the board appears to be exercising prudent stewardship of capital.

-ISS, Apr-2014

WITH MANAGEMENT

Given the strong operating and financial performance under the reconstituted board the dissidents have not made a compelling case that board change is necessary.

-ISS, Oct-2013

2011 Proxy Vote<sup>1</sup>

2012 Proxy Vote<sup>1</sup>

2013 Proxy Vote<sup>1</sup>

2014 Special

Meeting Vote<sup>1</sup>

WITH DISSIDENT

Accordingly, we recommend that shareholders use Biglari's GOLD proxy card to vote.

-Glass Lewis, Dec-2011

WITH MANAGEMENT

Further foundering Biglari's

most

recent solicitation are a series of relatively unconvincing

and, at times,  
specious arguments, which  
collectively do little to support a  
forward operating plan that is  
decidedly light on detail.

-Glass Lewis, Nov-2012

WITH MANAGEMENT

We find no meaningful footing for the  
Dissident's current solicitation. In the  
simplest terms, the submitted resolutions  
are unnecessarily prescriptive,  
impractical and counterproductive.

-Glass Lewis, Apr-2014

WITH MANAGEMENT

We believe investors should  
reasonably consider the dubious  
corporate governance principles  
promulgated by Biglari when  
considering the prospective appeal of  
electing either of Messrs. Biglari or  
Cooley.

-Glass Lewis, Nov-2013



Source: Public filings, company websites, other public sources

We Believe Biglari's Actions Within His Own Company  
Demonstrate the Need to Protect CBRL Shareholders (1/2)  
Sardar Biglari has a track record of dubious corporate governance  
Sardar Biglari  
Used His  
Shareholders  
Money to Usurp  
Voting Control of  
Biglari Holdings  
In 2010, Sardar Biglari used shareholder funds to obtain personal voting control of ~15% of Biglari Holdings shares

Mr. Biglari used Biglari Holdings cash to invest in his personally-controlled investment vehicle, The Lion Fund, which The Lion Fund then used to buy Biglari Holdings stock, allowing the shares to remain outstanding and allowing him to claim personal voting control (even though he directly owned only ~1%)  
In 2015, Sardar Biglari increased his control of Biglari Holdings to 49.5% through a controversial tender offer via The Lion Fund, again using Biglari Holdings shareholder money to do it

This tender offer followed a closely contested proxy fight at Biglari Holdings and now serves to effectively entrench Mr. Biglari's position

The maneuver was facilitated by a change to the corporate by-laws (the day before the tender offer), which included allowing Mr. Biglari to personally vote all 49.5% of shares and only allowing for special meetings to be called by the Board or Chairman

Glass Lewis referred to Mr. Biglari's structure as: a circuitous and economically misaligned ownership framework between Biglari Holdings and Mr. Biglari's shareholder-funded investment vehicle

Lucian Bebchuck, Director of the Program on Corporate Governance at Harvard Law School, said of the move: the tender offer is an aggressive entrenchment move aimed at enabling the CEO [Sardar Biglari] to use shareholders' money to gain control over the Company

Source: Public filings, company websites, other public sources

(1)

Percentage represents value of ~4.0mm CBRL shares held in The Lion Fund II (\$103.18 per share) divided by BH market capitalization.

(2)

FY2014 ending 24-Sep-2014. On 16-Oct-2014, Biglari Holdings changed their fiscal year end from September to December.

(3)

Forbes, *The Implosion Of A Warren Buffett Wannabe*, 20-March-2015.

(4)

Biglari Holdings Form 10-K/A filed 30-Apr-2015; Figure includes \$900k Base Salary, Biglari Holdings Bonus (\$10mm in 2013,

\$34.4mm

in

2014);

excludes

Provision

for

Shared

Services

by

Biglari

Holdings

to

Biglari

Capital

Corp.

which

equaled

\$1.6mm

in

2014.

(5)

Biglari Holdings Form 8-K, filed 3-Jul-2013; Biglari Holdings Form 10-K, filed 13-Dec-2010.

*We Believe Biglari's Actions Within His Own Company*

*Demonstrate the Need to Protect CBRL Shareholders (2/2)*

Sardar Biglari

Has Also

Engaged in

Several Other

Transactions

That Served to

Further Entrench

His Position

In 2013, Biglari Holdings transferred ~3.8 million shares of CBRL stock to The Lion Fund (controlled by Sardar Biglari through his ownership of Biglari Capital Corp., the general partner) with a 5-year lock-up

This

restructuring

transferred

control

over

an

asset  
that  
constituted  
~58%  
of  
Biglari  
Holdings  
market

cap  
1  
from  
the public company to Mr. Biglari's  
personally-controlled private investment entity

In 2013, Biglari Holdings entered into a Trademark License Agreement with Sardar Biglari which requires the Company to pay him 2.5% of revenues per year upon certain events such as his termination from the Company or a Change of Control

2.5%  
of  
Biglari  
Holdings  
FY2014

2  
revenues  
was  
~\$20  
million  
Other Self-  
Interested  
Transactions

Biglari Holdings' restructurings have allowed Sardar Biglari to circumvent his shareholder-approved \$10.9mm compensation cap  
3

Sardar  
Biglari  
paid  
himself  
more  
than  
\$25mm  
in  
2013  
and  
more  
than  
\$35mm  
in 2014

4

The 2015 tender offer may allow Mr. Biglari to enhance his personal pay package even further by allowing him to collect hedge fund-like fees on nearly 50% of Biglari Holdings stock

Sardar Biglari has proposed a dual class, high vote / low vote stock structure at Biglari Holdings on multiple occasions

As part of the 2013 restructuring, Sardar Biglari acquired 100% of the stock in Biglari Capital Corp. (the general partner of The Lion Fund) from Biglari Holdings for ~\$1.7mm, an asset that Biglari Holdings had previously

purchased

from

Sardar

Biglari

in

2010

for

~\$4.1mm

5

Given Sardar Biglari's

corporate governance track record, we believe

Cracker Barrel shareholders need the continued protections of a shareholder rights plan

Third Party Views on Biglari's Governance Practices

Source: ISS, Glass Lewis, Forbes, The New York Times, New York Post

The Board Room Strikes Back

Steven Davidoff Solomon, 21-Apr-2015

[Biglari Holdings] victory is all the more remarkable because the company is a symbol of bad governance. It paid Mr. Biglari \$34.4 million last year, prompting recommendations

against  
the  
management  
slate  
from  
I.S.S.  
and  
Glass  
Lewis.

Sardar Biglari in the Press

[Biglari Holdings ] numerous questionable governance practices, and particularly decisions by the independent directors regarding corporate investments in the CEO's personal hedge fund, raise significant questions about the stewardship of the incumbent directors.

-ISS, 26-Mar-2015

Proxy Advisory Firms Commentary on Biglari Holdings Spring 2015 Proxy Contest With Groveland Capital

In lieu of acting as a check on Mr. Biglari's predilection for sole investment and management control, the incumbent board appears, at the very least, content with continuing to support any program or policy forwarded by Mr. Biglari. These policies and programs have included, among other things, failed attempts at creating a dual class share structure at no discernible benefit to ordinary investors, creation of a circuitous and economically misaligned ownership framework between BHI and Mr. Biglari's shareholder-funded investment vehicle and execution of an array of licensing and compensation arrangements that appear to do little more than transfer wealth to Mr. Biglari without much regard to the operating performance of the Company's primary asset base or the tangible returns realized by BHI investors.

-Glass Lewis, 26-Mar-2015

There is a case to be made that Steak n Shake might not have survived the financial crisis without some sort of activist intervention. There is also a case to be made, without contradicting the first case, that after having helped the company survive, the cure subsequently became as bad as the disease.

-ISS, 05-Oct-2015

The Implosion Of A Warren Buffett Wannabe

Antoine Gara, 20-March-2015

In the case of Biglari Holdings, the holding company run by Buffett disciple Sardar Biglari, 37, there's little evidence of the corporate stewardship, shareholder returns and investing prowess that's made Berkshire Hathaway a hallmark of American capitalism. Instead, shareholders in Biglari Holdings are beginning to tire with Biglari's excessive compensation, self-dealing and unchecked power, in addition to his company's murky and sharply declining financial results.

Biglari's problems begin with CEO compensation and are illustrative of the poor judgement and overreach that can ruin a business. Over the past six years, Mr. Biglari has been paid a total of \$75.9 million, with his 2014 pay exceeding \$34 million as annual operating income tumbled to a five-year low. How Biglari hoodwinked shareholders into such an arrangement is indicative of his company's issues.

Maxim's Relaunch As Men's Luxury Magazine

Falls Flat



Keith J. Kelly, 1-September-2015

Biglari fancies himself a Warren Buffett-style conglomerate builder, although his publicly traded company has been underperforming the overall stock market for several years. He recently cemented his power by compelling

Lion  
Fund

an  
investment  
company  
that  
he  
controls

to  
snap  
up  
29 percent of Biglari Holdings stock at \$420 a share, giving him control of about  
49 percent of the stock.

**III.**  
Vote to Approve the Shareholder Rights Plan

CBRL is Delivering Superior Performance

(1)

Company

same

store

restaurant

sales

measured  
against  
the  
Knapp-Track  
TM  
Casual  
Dining  
Index,  
based  
upon  
respective  
weekly  
averages.  
Quarters  
relate  
to  
Cracker  
Barrel s  
fiscal  
year.  
Outperformed  
the  
Casual  
Dining  
Industry  
1  
15  
Out  
of  
the  
Last  
16  
Quarters

And Our Success is Reflected in Our Results  
Cracker Barrel Annual Earnings Per Share  
Cracker Barrel Annual Dividend Per Share  
Source: Public filings, Press releases and Capital IQ as of 30-Sep-2015  
Note:  
EPS  
numbers

adjusted  
for  
53  
rd  
week  
in  
2012,  
and  
all  
years  
adjusted  
for  
proxy  
contest  
expenses,  
tax  
reinstatements,  
severance  
and  
restructuring  
charges  
where  
applicable.

Please

see

Appendix

for

reconciliation of GAAP basis operating results to adjusted non-GAAP operating results. Years relate to CBRL fiscal years.

(1)

Current quarterly dividend of \$1.10 annualized by multiplying by four.

Three Years Ago We Presented Our Plan for  
FY 2013 to FY 2015  
Adjusted Operating Income  
8-10% annual growth  
Adjusted EPS  
12-15% annual  
growth

Adjusted Total Shareholder Return

15-18% per year

Metric

Plan

How did we do?



We Achieved These Results Through the Successful  
Execution of Our Business Priorities

19

Extending the reach of the Cracker  
Barrel brand to drive traffic and  
sales

in both our restaurant and

retail businesses

Grew comparable store restaurant sales by 5.1%

Grew comparable store retail sales by 3.6%

Increased comparable store traffic by 2.1%

Optimizing average guest check

through the implementation of

geographic pricing tiers

Developed geographic pricing model and implemented

pricing tiers

Laid the foundation for further optimization of average

guest check

Applying technology and process

enhancements to drive store

operating margins

Realized notable labor savings through our plateware

reduction

initiative

and

a

systemwide

update

to

our

retail

labor scheduling

Completed the rollout of the Dining Room Management

system

Invest

in long-term growth

through new unit expansion and

development of the fast casual

concept

Since implementing new site selection tools, new stores

have outperformed expectations

Opened first of our new store (Fusion) prototype,

designed to save \$200K/year in operating costs

Maintaining our balanced

approach to capital allocation

Declared a \$3 special dividend

Increased our regular quarterly dividend by 10%,

bringing the total increase of our dividend to 400+%

since 2011

1

2

3

4

Business Priorities for 2015

5



**Approve the Shareholder Rights Plan**

We are continuing to execute on our proven strategic priorities

We believe it is vitally important to protect our shareholders from Biglari Holdings or any other party who attempts to accumulate a potentially controlling position without paying a change of control premium

This is a critical choice for you to make in protecting your investment

Our Board unanimously recommends a vote for the approval of the Shareholder Rights Plan

Appendix  
Additional Materials

Reconciliation of GAAP Basis Operating Results to  
Adjusted Non-GAAP Operating Results  
Twelve Months Ended August 3, 2012  
Twelve Months Ended July 29, 2011  
As Reported  
Adjustments  
1,4

53rd  
Week

As Adjusted  
As Reported  
Adjustments

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  
Earnings Per Share  
Basic  
\$ 4.47  
\$ 0.21  
(0.27)  
\$ 4.41  
\$ 3.70  
\$ 0.21  
\$ 3.91  
Earnings Per Share  
Diluted  
\$ 4.40  
\$ 0.21  
(0.27)  
\$ 4.34  
\$ 3.61  
\$ 0.20  
\$ 3.81

Source: Public filings

(1)

Severance, other charges and tax effects related to organizational changes.

(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.

(5)

Provision for taxes adjusted to exclude the \$2.1 million prior year favorable effect of the retroactive reinstatement of the work

(6)

Accrued

liability

and

tax

effects

related

to

the

settlement

of

the

Fair

Labor

Standards

Act

litigation.

Full

year

adjustments

includes

the

amount

accrued

in

the

first

quarter

of

2015,

which was not previously included in the reconciliation schedule.

(7)

Provision for taxes adjusted to exclude the \$2.3 million prior year favorable effect of the retroactive reinstatement of the Work

(8)

Charges and tax effects of the special meeting of shareholders or proxy contest at the annual shareholders meeting.

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

Twelve Months Ended July 31, 2015

Twelve Months Ended August 1, 2014

Twelve Months Ended August 2, 2013

As Reported

Adjustments

6,7

As Adjusted

As Reported

Adjustments

8

As Adjusted

As Reported

Adjustments

1,4,5

As Adjusted

Total Revenue

\$

2,842,284

\$

2,842,284

\$

2,683,677

\$

2,683,677

\$ 2,644,630

\$ 2,644,630

Store Operating Income

402,424

402,424

337,793

337,793

344,786

344,786

General and Administrative

Expenses

147,544

(3,519)

144,025

129,387

(4,313)

125,074

143,262

(5,634)

137,628

Impairment and Store

Dispositions, Net

Operating Income

254,880

3,519

258,399

208,406

4,313

212,719

201,524

5,634

207,158

Interest Expense

16,679

16,679

17,557

17,557

35,742

35,742

Pretax Income

238,201

3,519

241,720

190,849

4,313

195,162

165,782

5,634

171,416

Provision

for Income Tax

74,298

3,417

77,715

58,721

1,327

60,048

48,517

3,847

52,364

Net Income

\$ 163,903

\$ 102

\$ 164,005

\$ 132,128

\$ 2,986

\$ 135,114

\$ 117,265

\$ 1,787

\$ 119,052

Earning Per Share

Basic

\$ 6.85

\$ 0.01

\$ 6.86

\$

5.55

\$ 0.13

\$ 5.68

\$ 4.95

\$ 0.08

\$ 5.02

Earning Per Share

Diluted

\$ 6.82

\$

\$ 6.82

\$ 5.51

\$ 0.12

\$ 5.63

\$ 4.90

\$ 0.07

\$ 4.97

S&P Restaurant Index Composition  
Respective S&P Restaurant Index Constituents  
Ticker  
Company Name  
Logo  
S&P  
400

S&P  
500  
S&P  
600  
BH  
Biglari Holdings  
BJRI  
BJ's Restaurants  
BOBE  
Bob Evans Farms  
BWLD  
Buffalo Wild Wings  
CAKE  
The Cheesecake Factory  
CBRL  
Cracker Barrel Old Country Store  
CMG  
Chipotle Mexican Grill  
DIN  
DineEquity  
DNKN  
Dunkin Brands Group  
DPZ  
Domino's Pizza  
DRI  
Darden Restaurants  
EAT  
Brinker International  
JACK  
Jack in the Box  
Source: Standard & Poor's  
Ticker  
Company Name  
Logo  
S&P  
400  
S&P  
500  
S&P  
600  
MCD  
McDonald's  
PLKI  
Popeyes  
Louisiana Kitchen  
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