

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

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 Under Rule 14a-12

CRACKER BARREL OLD COUNTRY STORE, INC.

(Name of Registrant as Specified in Its Charter)

BIGLARI HOLDINGS INC.
BIGLARI CAPITAL CORP.
THE LION FUND, L.P.
STEAK N SHAKE OPERATIONS, INC.
SARDAR BIGLARI
PHILIP L. COOLEY

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(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:

Item 1: The following materials were posted by Biglari Holdings Inc. to <http://www.enhancecrackerbarrel.com>:

**DAMODARAN COMMENTS ABOUT CRACKER BARREL'S
RETURN ON INVESTED CAPITAL (ROIC) ANALYSIS**

Excerpt from *Express-News*, October 26, 2012:

“The Express-News contacted Damodaran to get his take on which was the best measure.

“Damodaran, cautioning he had not reviewed the details of Biglari’s letter, said in an email: ‘If as Mr. Biglari claims, Cracker Barrel has excluded depreciation, G&A and taxes to come up with a return on capital, they are wrong.

‘In fact, they are then using a ... (calculation) that actually does not measure how well you are doing as a business,’ Damodaran said.

Damodaran said he has no connection with either Cracker Barrel or Biglari.”

* * *

BIGLARI HOLDINGS' CLARIFICATION OF CRACKER BARREL'S

SUPPLEMENTAL INVESTOR PRESENTATION MATERIALS

- 1) Director purchase/sales: The Board of Cracker Barrel has sold a gross \$38,100,000 worth of stock since May 24, 2011. A total of \$175,000 of gross purchases has been made. There are many reasons why someone sells stock; regardless of Cracker Barrel's justifications, the fact remains that Board members have been significant sellers, not buyers, of the Company's stock. Whether the director is a departing or continuing Board member, the point is the same: If a person believed in the future of the Company, he or she would not be a seller. Excluding Woodhouse and Cochran, \$3.9 million have been sold by the other directors. While there are many reasons to sell a stock, a person has only one reason to purchase stock: to make money. Biglari Holdings believes in the future of Cracker Barrel and thus has invested on both a gross and net basis \$206,200,000.
- 2) LTM ROIC analysis: The methodology Cracker Barrel has used to calculate return on invested capital is fraught with error. It has been misapplied in its past presentations and continues to misstate the facts. We refer every shareholder to our October 25, 2012 letter in which an analysis can be reviewed on investments Cracker Barrel made from fiscal 2004 to fiscal 2009. Current management said that returns were 16.2% whereas according to the methods of the authority it cites, Aswath Damodaran, the actual return is 3.7%. Dr. Damodaran was contacted by the *Express-News* "to get his take on which was the best measure." The paper states: "Damodaran, cautioning he had not reviewed the details of Biglari's letter, said in an email: 'If as Mr. Biglari claims, Cracker Barrel has excluded depreciation, G&A and taxes to come up with a return on capital, they are wrong... In fact, they are then using a ... (calculation) that actually does not measure how well you are doing as a business,'" according to Damodaran.

Furthermore, Exhibit 2 has peer companies that because of their acquisitiveness exhibit ROIC numbers that are lower, but when goodwill is properly adjusted, they show superior ROIC figures (e.g., Darden Restaurants). In addition, Cracker Barrel's ROIC numbers appear better than actuality because Cracker Barrel does not follow Dr. Damodaran's formula when it excludes many expenses, modifying both net operating profit after tax (to boost the numerator) as well as adjusting invested capital (to lower the denominator). We challenge the Company to disclose its computation of ROIC for the last seven years to track exactly how the Company has improved its numbers in spite of its poor investments. The data, we are certain, would show a lack of consistency as well as artificial enlargement of its results.

- 3) It is clear that Cracker Barrel is seeking to dismiss many of the companies in the ISS peer group on the basis that many of the peers have franchise operations. Putting aside our idea that the Company should explore international franchising/licensing, if we only select those who are 100% company-operated, the median would be Darden Restaurants. In fact, we think a comparison of EBITDAR margins between Darden and Cracker Barrel would be appropriate. On the basis of EBITDAR, Darden achieved a margin of 15.6% in its most recent fiscal year, whereas Cracker Barrel asserts that it produced a margin of 11.3%. In 2012 Cracker Barrel deviated from its practice of separately reporting expenses attributable to its billboard operating leases from its restaurant operating leases. Instead, Cracker Barrel aggregated its billboard and restaurant operating leases in 2012, effectively characterizing nearly half of its advertising budget as rent expense and, thereby, we believe grossly inflating its 2012 EBITDAR margin. We believe that when the adjustments set forth below are made
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to remove billboard advertising expenditures from rent expenses, Cracker Barrel actually generated an EBITDAR margin of 11.3% in 2012. Closing the gap between Cracker Barrel's EBITDAR margin and that obtained by Darden would produce over \$100 million in additional operating income. Here are the EBITDAR margins for the respective companies since 1998, then 2005, and every year thereafter:

EBITDAR Margins

	1998	2005	2006	2007	2008	2009	2010	2011	2012
Cracker Barrel	17.1%	11.5%	11.2%	10.9%	10.1%	10.0%	11.1%	11.1%	11.3%
Darden	10.6%	15.1%	15.4%	15.2%	14.5%	14.3%	15.1%	16.0%	15.6%

Source: As Reported in SEC Filings

Darden has performed far better than Cracker Barrel. We believe it is time to close the gap.

Note:

Cracker Barrel changed its disclosure in fiscal 2012. Unlike preceding years, the Company no longer breaks out rent attributable to billboards. EBITDAR should not include billboard rentals because they are part of advertising expenses. Therefore true EBITDAR margin is lower than reported by the Company in its presentation to investors.

Elimination of Billboard Expenditures from Rent Expense

(in millions)	2012
Rent expense	\$ 67,927
Less	
Advertising expense	\$ 56,198
Percentage of advertising expense attributable to billboard advertising	49%
Expense attributable to billboard advertising	\$ 27,537
Rent Expense, less billboard advertising	\$ 40,390

Source: As Reported in SEC Filings

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RELEASE DATE

2012

OCTOBER

Damodaran Comments About Cracker Barrel's Return On Invested Capital (ROIC) Analysis October 31 2012

Biglari Holdings' Clarification Of Cracker Barrel's Supplemental Investor Presentation Materials October 31 2012

Biglari Holdings Responds To Cracker Barrel's Assertion That Misreports About Incoming Chairman James Bradford Were A "Misunderstanding" October 9, 2012

Biglari Holdings Questions Cracker Barrel's Lack Of Urgency In Addressing Misrepresentations Of Bradford's Credentials October 9, 2012

Biglari Holdings Sends Letter To Cracker Barrel's Board On Discovery Of Discrepancy In Professed Experience Of Designated Chairman James Bradford October 8, 2012

SEPTEMBER

Cracker Barrel Makes Faux "Offer" to Biglari Holdings September 5, 2012

APRIL

Sardar Biglari Issues Letter to Shareholders of Cracker Barrel Old Country Store, Inc. April 19, 2012

2011 

[Cracker Barrel Director and Officer Questionnaire](#)

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FILING	FILING DATE
DEFINITIVE PROXY STATEMENT AND PROXY CARD	
Definitive Proxy Statement	October 9, 2012
Proxy Card	October 9, 2012
DFAN 14A	▲
DFAN 14A	October 31, 2012
DFAN 14A	October 30, 2012
DFAN 14A	October 25, 2012
DFAN 14A	October 25, 2012
DFAN 14A	October 16, 2012
DFAN 14A	October 15, 2012
DFAN 14A	October 12, 2012
DFAN 14A	October 11, 2012
DFAN 14A	October 10, 2012
DFAN 14A	October 9, 2012
DFAN 14A	October 9, 2012
DFAN 14A	September 14, 2012
DFAN 14A	September 7, 2012
DFAN 14A	April 19, 2012
DFAN 14A	December 15, 2011
DFAN 14A	December 15, 2011
DFAN 14A	December 14, 2011
DFAN 14A	December 12, 2011
DFAN 14A	December 9, 2011

DFAN 14A

September 23, 2011

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September 13, 2011

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September 1, 2011

SCHEDULE 13D

