

**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.

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

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:





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Cracker Barrel Files Updated Presentation on Biglari Holdings Proxy Contest

Underscores initial indicators of success under new leadership

Urges shareholders to reject Biglari's self-nomination to the Board and vote FOR Cracker Barrel's nominees

LEBANON, Tenn., November 29, 2011--(BUSINESS WIRE)—Cracker Barrel Old Country Store, Inc. (“Cracker Barrel” or the “Company”) (Nasdaq: CBRL) today filed an updated version of its investor presentation in its proxy contest with Biglari Holdings Inc. The new presentation highlights the progress Cracker Barrel has made under new leadership, and outlines in additional detail why it believes Sardar Biglari is wrong for Cracker Barrel and why shareholders should NOT support him in his attempt to gain a seat on the Company’s Board of Directors.

The Company’s updated presentation can be found at the following link:

http://investor.crackerbarrel.com/proxy_contest.cfm

The presentation emphasizes that Cracker Barrel:

- Stock has outperformed the market and peers over the long term;
- Has a strategy in place for its next phase of growth under new CEO Sandy Cochran that is delivering results;
- Has significantly renewed the Board and management with experienced, engaged, energetic leaders, and
- Continues to strive for operational excellence and create value for shareholders.

It further sets forth the Company’s views on how Mr. Biglari:

- Has previously used a proxy fight to gain control without paying a premium to shareholders;
- Has a history of extraordinary turnover on boards after he joins;
- Raises business and legal conflicts of interest issues as the CEO of a restaurant company that the Company believes competes with Cracker Barrel;
- Has engaged in what the Company views as poor corporate governance and self-interested transactions, and
- Has raised ideas for Cracker Barrel that are not appropriate at this time.

Cracker Barrel urges its investors to vote the WHITE card in favor of the Company's Board nominees.

About Cracker Barrel

Cracker Barrel Old Country Store restaurants provide a friendly home-away-from-home in their old country stores and restaurants. Guests are cared for like family while relaxing and enjoying real home-style food and shopping that's surprisingly unique, genuinely fun and reminiscent of America's country heritage...all at a fair price. The restaurant serves up delicious, home-style country food such as meatloaf and homemade chicken n' dumplings as well as its signature biscuits using an old family recipe. The authentic old country retail store is fun to shop and offers unique gifts and self-indulgences.

Headquartered in Lebanon, Tennessee, Cracker Barrel Old Country Store, Inc. (Nasdaq: CBRL) was established in 1969 and operates 608 company-owned locations in 42 states. Every Cracker Barrel unit is open seven days a week with hours Sunday through Thursday, 6 a.m. — 10 p.m., and Friday and Saturday, 6 a.m. - 11 p.m. For more information, visit: crackerbarrel.com.

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 2011 Annual Meeting. On November 8, 2011, 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.** 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 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 will also be available at no charge at the Investor Relations section of our corporate website at www.crackerbarrel.com.

Cracker Barrel Old Country Store, Inc. (the "Company") used the following presentation in meetings with Institutional Shareholder Services Inc. beginning on November 29, 2011. This presentation was also posted to the "Biglari Proxy Contest" section of the Company's Investor Relations website, investor.crackerbarrel.com.



November 2011

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 Securities and Exchange Commission, press releases and other communications.

The legal issue of whether there is competition between the Company and Steak n Shake has not been determined by a court of law.

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Agenda

- I. Overview
- II. Cracker Barrel's Track Record of Success
- III. Ongoing Transformation of the Company
- IV. Other Proxy Matters
- V. Why We Believe Biglari is Wrong for Cracker Barrel



Executive Summary



Key Facts to Consider in Your Recommendation

Cracker Barrel

- ✓ Stock has outperformed the market and peers over the long term
- ✓ Has a strategy in place for next phase of growth under new CEO that is delivering results
- ✓ Has significantly renewed the board and management with experienced, engaged, energetic leaders
- ✓ Continues to strive for operational excellence and create value for shareholders

Sardar Biglari

- ✗ Has previously used proxy fight to gain control without paying a premium to shareholders
- ✗ Has a history of "extraordinary" turnover in boards after he joins
- ✗ As CEO of a restaurant company that we believe competes with Cracker Barrel, Biglari raises business and legal conflicts of interest issues
- ✗ Has engaged in what we view as poor corporate governance and self-interested transactions
- ✗ Has raised ideas for Cracker Barrel that are not appropriate at this time



Gaining Momentum

- **We believe first quarter results validate CEO Sandy Cochran's six strategic priorities**

- Since becoming CEO and announcing her specific plans, comparable sales traffic, comparable restaurant sales, and comparable retail sales have improved sequentially each month through the quarter
- 1st Quarter EPS of \$1.03 compared to First Call consensus of \$0.90
- Full-year guidance revised upward to \$4.10 - \$4.25 from \$4.05 - \$4.20 before proxy expenses

- **"Much better-than-expected"¹ FQ1 results support our ability to raise full year guidance**

- **Research reactions reinforce we're on the right track and building momentum**

*"We expect CBRL shares to outperform peers based on the news of improving November sales trends. **We think the nascent turnaround should be a vote of confidence in new CEO Sandra Cochran**, as we argue the first fruits of CBRL's turnaround plan outlined on the September earnings call now are beginning to bear fruit."*

Stephen Anderson, Miller Tabak, 21-Nov-2011

*"We believe the monthly **same-store sales accelerations in 1Q12 were in part driven by initiatives undertaken late in the summer to emphasize value in both divisions**, and we are encouraged that future sales initiatives communicate existing price points..."*

Brad Ludington, KeyBanc Capital Markets, 22-Nov-2011

*"...comps have continued to show sequential improvement from October through the first three weeks of November... **Cracker Barrel is well positioned to leverage the power of its brand**... We are maintaining our Outperform rating on Cracker Barrel given our favorable view of the company's improvement initiatives, demographic trends supporting the company's growth, and share valuation..."*

Jeff Omohundro, Wells Fargo Securities, 22-Nov-2011

Source: Company filings and publically available equity research. Permission to use quotations neither sought nor obtained
1 Jeff Omohundro, Wells Fargo Securities, 7-Nov-2011.



We Believe Biglari's Suggestions Are Not Appropriate At This Time...

- Biglari argues that we should stop opening new stores and should only buy back shares. We believe that this strategy is wrong
 - We have devoted a significant amount of time to analyzing the trade-off between new store investment and returning cash to shareholders
 - We believe our investment in new stores has generated attractive returns for our capital investment
 - We couple sensible store growth with return of capital to shareholders
 - We return cash and invest in the Company in the form of dividends and share repurchase
 - \$65 million share repurchase cap allowed CBRL to obtain best terms on our new credit facility – lowering cost of debt and allowing for cost savings through merger of holding company
- Biglari has also suggested that we explore avenues to “extract value” from our owned real estate
 - Ultimately, we will operate with comparable adjusted leverage whether we lease or buy real estate
 - The cost of capital in the public debt markets is lower than in a sale-leaseback (especially when coupled with additional transaction costs)
 - We operate with attractive leverage at a low cost, and we believe our real estate strategy facilitates our ability to deliver the greatest value to our shareholders




...And We Have a Focused Plan But Remain Open to New Ideas

- We are focused on the six strategic priorities that CEO Sandy Cochran has outlined to drive significant shareholder value
- We continue to evaluate additional avenues to drive long term shareholder value
- While we remain open to new ideas, the ideas Mr. Biglari raises are not new – management and the board have discussed these ideas, and others not suggested by Mr. Biglari, over the past several years but must prioritize key focus areas
 - While international expansion and licensing of retail and food products sound exotic, they won't produce the immediate "return on effort" that the six priorities will in terms of impact on the system



We're Open to New Ideas From Any Source

- ✓ New CEO appointed in September
- ✓ Added 4 new directors to the board in the past 6 months
- ✓ We listen to our shareholders



However, based on his track record, potential conflict of interest and his interactions with our board to date, we believe Mr. Biglari would not be a constructive addition to our board



I. Overview



History, Heritage & Success

30 Years Delivering Superior Returns

Management and the Board of Directors have led the growth and evolution of Cracker Barrel Old Country Store into one of the top restaurant companies in America



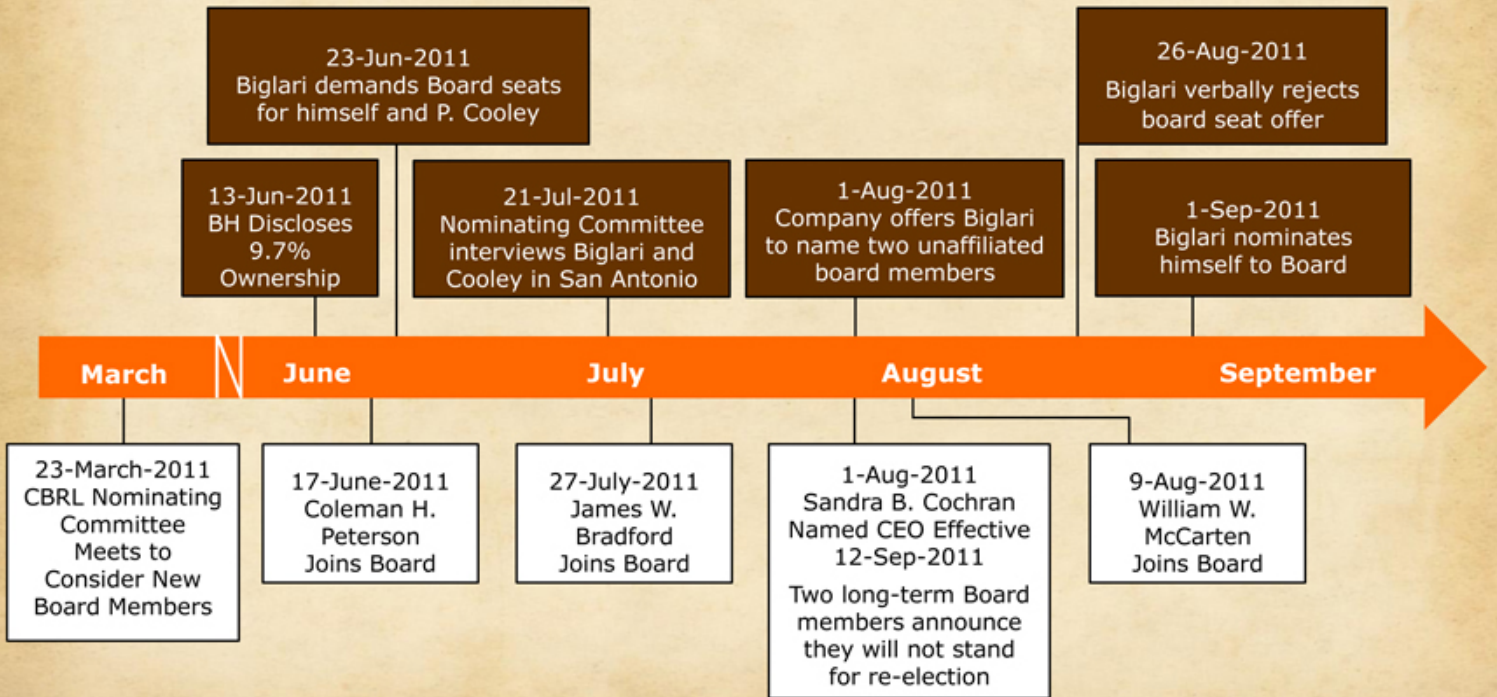
Pleasing People[®] Creating Value



Note: Indexed Performance 5-Nov-1981 to 30-Sep-2011, excludes dividends



Cracker Barrel Proceeds With Planned Succession While Biglari Nominates Himself



Experienced Board of Directors is The Right Team

Board of Directors	Elected	Selective Biography
Michael A. Woodhouse, Executive Chairman	1999	Executive Chairman of the Company since September 12, 2011. Served as Chairman of the Board from 2004 until 2011, as President and CEO of the Company from 2001 until 2010 and as CEO of the Company from 2010 until 2011
Sandra B. Cochran, President & CEO	2011	Became President and CEO on September 12, 2011 following her service as Cracker Barrel's President and COO, a post she assumed in November 2010 after serving as CFO. Previously served from 2004 until 2009 as CEO of Books-A-Million, Inc. (NASDAQ: BAMB), a leading book retailer in the southeastern United States
Robert V. Dale, Lead Director	1986	President of Windy Hill Pet Food Company from March 1995 until its sale in July 1998; director of Genesco, Inc. (NYSE: GCO) 2000 to Present
James W. Bradford	2011	Dean and Ralph Owen Professor for the Practice of Management at Vanderbilt University's Owen Graduate School of Management. Previously served as President and CEO of United Glass Corporation, a consolidation of glass fabricators in the United States and Canada, from 1999 to 2001. Previously served from 1992 to 1999 as President and CEO of AFG Industries Inc.
Richard J. Dobkin	2005	Managing Partner of the Tampa, Florida office of Ernst & Young, LLP from 1987 until June 2005
Charles E. Jones	1981	Founded Corporate Communications, Inc., an investor/shareholder communications and public relations firm where he presently serves as Chairman and CEO
B.F. (Jack) Lowery	1971	Chairman and CEO of LoJac Companies Inc. He is also a practicing attorney
William W. McCarten	2011	Chairman of DiamondRock Hospitality Company (NYSE: DRH), a lodging-focused Real Estate Investment Trust that he founded in 2004 and took public in 2005. From 2001 through 2003, was the President of the Marriott Services Group of Marriott International, Inc. Prior to that position, served as President and CEO of HMSHost Corporation which operates restaurants and retail stores in travel venues around the world
Martha M. Mitchell	1993	Senior Partner and Senior Vice President at Fleishman-Hillard, Inc., an international communications consulting and public relations firm from 1987 until July 2005
Coleman H. Peterson	2011	President/CEO of Hollis Enterprises, LLC, the human resources consulting firm he founded in 2004 following his service for Wal-Mart Stores, Inc. as Chief People Officer from 1994-2004
Andrea M. Weiss	2003	President and CEO of Retail Consulting, Inc. Served as President of dELIA*s Corp., a multichannel retailer to teenage girls and young women, from May 2001 to October 2002

Note: Two board members who are not standing for re-election are not listed



Cracker Barrel Made a Good Faith Settlement Offer that Biglari Refused

Letter to Sardar Biglari, 22-Aug-2011:

"...in an effort to be constructive, the Board authorized me to make the settlement offer that we discussed on August 1 and August 10."

*"Under that offer, we would immediately add to our Board **two mutually agreed independent directors unaffiliated with Biglari Holdings or any other restaurant company, to be recommended by Biglari Holdings** and approved by the Cracker Barrel Board."*

"When we spoke on August 10, 2011, you indicated that you would be willing to provide us with your proposed director nominees in connection with this offer..."

- Michael Woodhouse



II. Cracker Barrel's History of Success



The Cracker Barrel Concept

- Owns and operates 608 Old Country Stores across 42 states
- Pleasing People®—genuine hospitality
- Honest value
- Good country cookin’
- Old-fashioned country store
- Welcome break for travelers



Menu Has Evolved to Maintain Relevance and Reach

**Traditional Menu Offers
"Home-Style" Country Cookin'**



Sunrise Sampler

Fancy Fixin's
Meatloaf Dinner



Chicken n' Dumplins
Country Dinner Plate



**New Menu Offerings
Appeal to Lighter Users**

Wholesome
Mornin'
Sampler



Six Grain n'
Granola
Pancake
Breakfast



Chicken n'
Vegetable
Salad



Retail is Integral to the Cracker Barrel Experience

- Guest waiting area
- Rockers on the front porch
- Gifts for under \$20
- Regional products
- Cracker Barrel branded foods
- Exclusive music



Winning Concept Results in Top Industry Rankings

#1 Family Dining Restaurant and Top Honors in Food Quality, Cleanliness, Service, Menu Variety, Atmosphere, Reputation, and Likely to Recommend



*-Nation's Restaurant News
(Consumer Picks 2011 National Survey)*

"Best Breakfast" among Family Dining Chains

- Zagat's 2010 & 2011 Consumer Surveys



Top of the Full-Service Restaurants in Casual and Family Dining

- Consumer Brand Metrics Program—Technomic, Inc.

Ranked as the Top "Family Dining" Chain for 19 Consecutive Years in Restaurants & Institutions "Choice in Chains" Annual Consumer Survey

- Restaurants & Institutions Magazine



Most RV-Friendly Sit-Down Restaurant in America for 10 Consecutive Years

- The Good Sam Club

Best National Restaurant Chain in Readers' Choice awards

- Packaged Travel Insider



Gold Award – Courier Magazine's Favorite Group Friendly Restaurant

- NTA Tour Operators



Powerful Concept Has Outperformed Peers and Market Over Long Term...

Last 5 Years



Last 10 Years



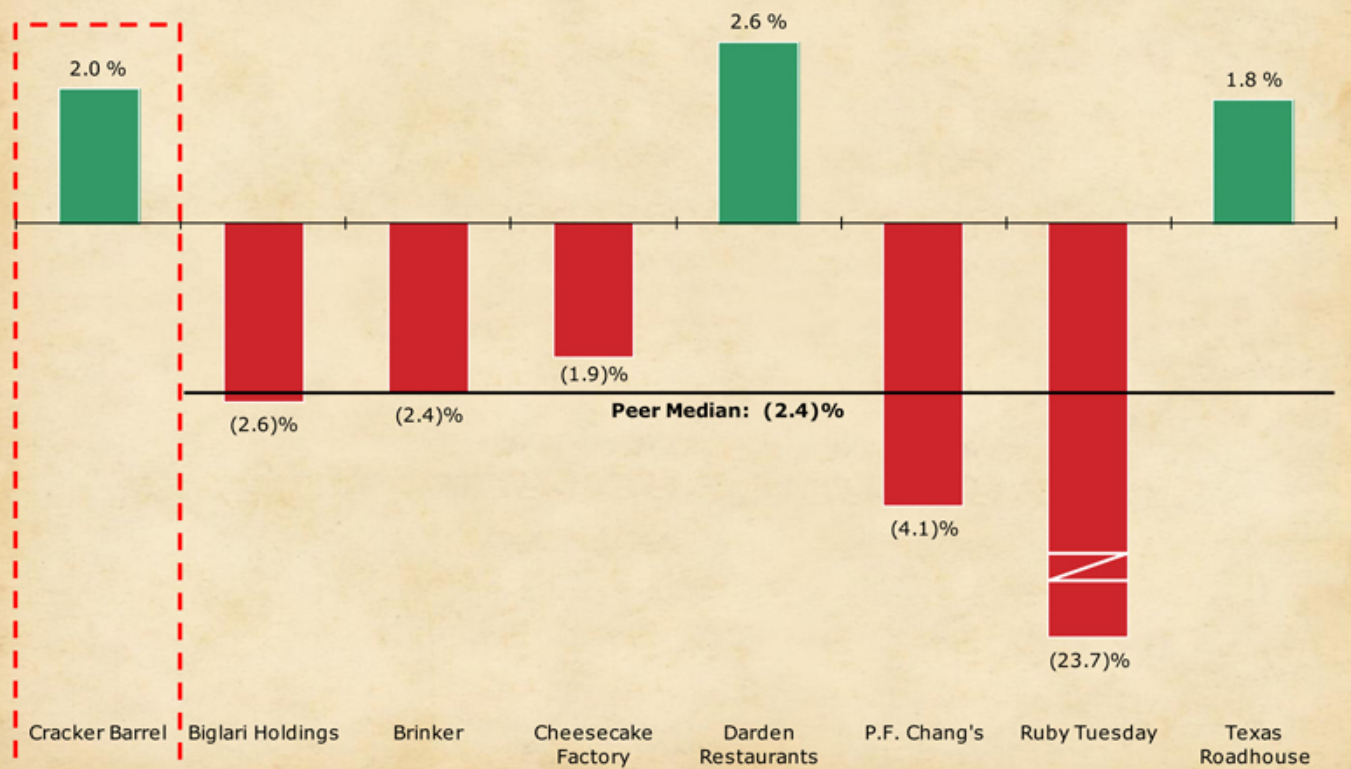
■ Cracker Barrel ■ Restaurant Peers ■ S&P 500 Index

Source: Bloomberg as of 30-Sep-2011

Note: Peer group includes Biglari Holdings, Brinker, Cheesecake Factory, Darden, PF Chang's, Ruby Tuesday, and Texas Roadhouse



...And Five-Year Total Shareholder Return Exceeds Peers

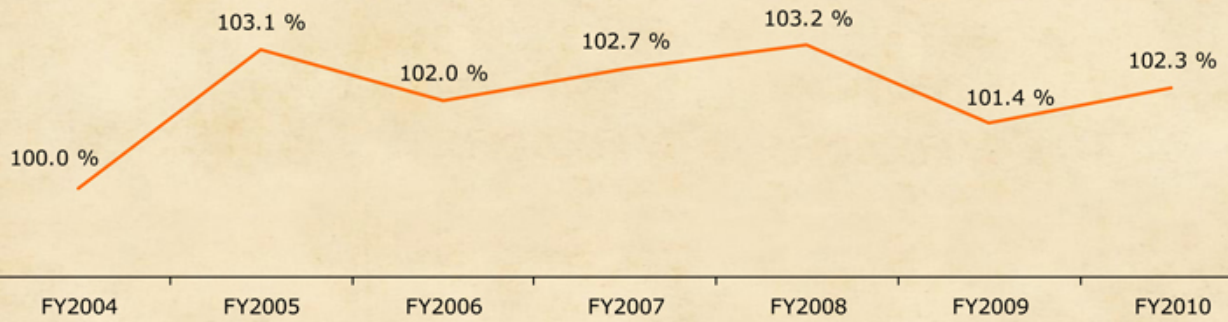


Source: S&P Research Insight, 30-Sep-2011. Total Return is defined as: "The Total Return concepts are annualized rates of return reflecting monthly price appreciation plus reinvestment of monthly dividends and the compounding effect of dividends paid on reinvested dividends."

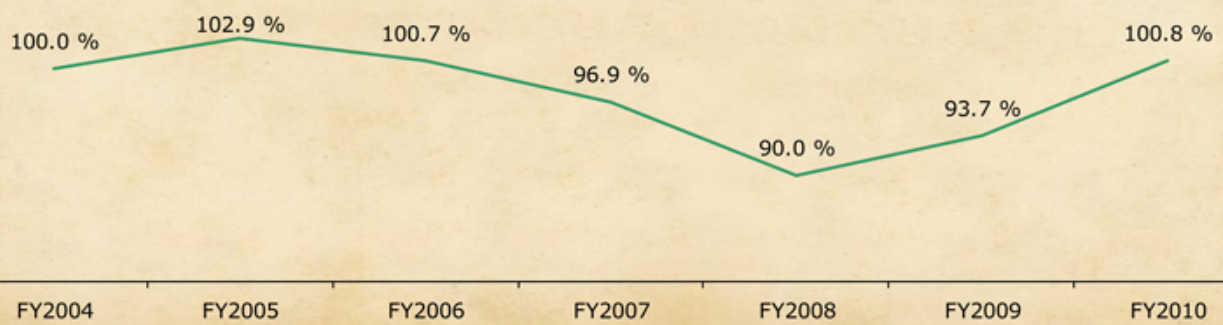


Traffic Is Only One Component of Same Store Sales Growth

Cracker Barrel Same Store Sales Indexed to 2004



Steak n' Shake Same Store Sales Indexed to 2004

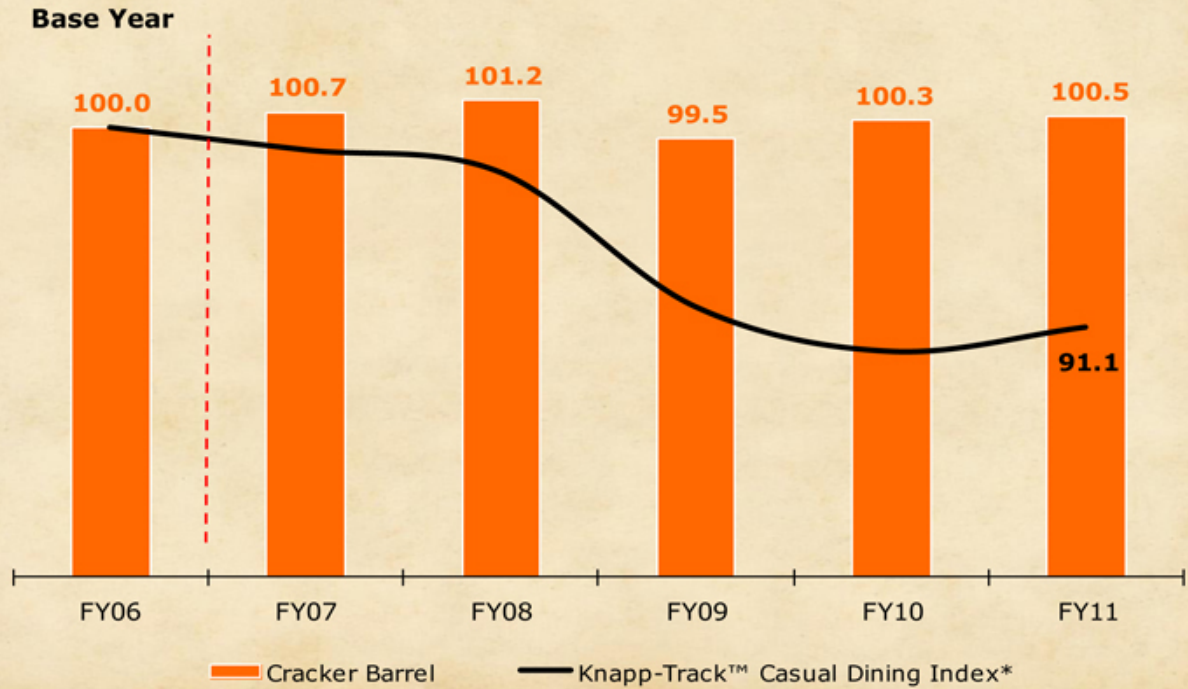


Source: Public Filings



Our Same Store Sales Growth Outperforms Knapp-Track™ Casual Dining

Cumulative Comparable Same Store Sales Index, FY2006 = 100

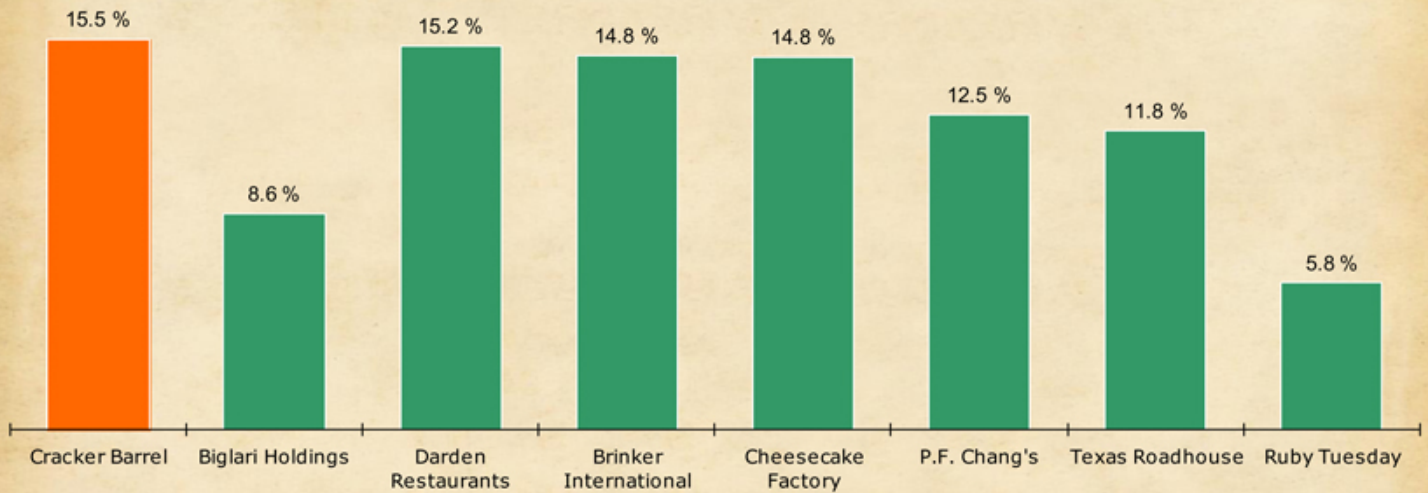


Note: Knapp-Track™ Casual Dining Index same store sales figure is an approximation based on the weekly averages. Biglari Holdings does not participate in Knapp-Track™



We Have Achieved a More Attractive Return on Invested Capital

Estimated Latest Twelve Months ROIC



Source: Capital IQ and latest available publicly-filed Company Financial Statements as of 30-Sep-2011






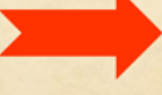
Note: ROIC calculated as NOPAT over 1-year average invested capital. CBRL NOPAT adjusted for \$2.8mm in one-time charges. Invested Capital calculated as Book Value of Total Debt plus Book Value of Total Equity. Debt figures exclude interest rate swap liability as not considered invested capital



III. Ongoing Transformation of the Company



CEO Sandy Cochran Brings Experience, Energy and a Plan to Grow Traffic, Sales, Profits and Shareholder Value

- 1**  New marketing messaging
- 2**  Refined menu and pricing
- 3**  Enhanced restaurant operating platform
- 4**  Innovative tactics driving retail sales growth
- 5**  Focused cost reduction
- 6**  Balanced approach to capital allocation



CBRL Strategic Initiatives

1

New Marketing Messaging

Reinforce Authentic Value



- Marketing spend to increase media coverage
- Advertising to build traffic
- Newly-redesigned website & social media initiative
- New advertising firm

2

Refined Menu and Pricing

Increase Variety & Everyday Affordability



- Increase guest visits
- Promotional strategy of limited-time offers
- New offerings at more accessible price points

3

Enhanced Restaurant Operating Platform

Sustainably Improve the Guest Experience



- Refinement of restaurant operating platform
- Increased focus on guest experience has driven sequential improvement in guest satisfaction



CBRL Strategic Initiatives

4

Innovative Tactics Driving Retail Sales Growth

*Deliver Value & Connection
With the Brand*



- Emphasize unique and proprietary items such as Cracker Barrel branded food, regional offerings, and new exclusive doll line
- Highlight affordability with strong price points and prominent locations for giftable offerings

5

Focused Cost Reduction

*Offset Commodity
Pressure*



- New system expected to reduce labor cost 10-20bps
- Controlling food waste, supplies, maintenance and transportation expenses
- \$10mm annual savings from staff reductions

6

Balanced Approach to Capital Allocation

*Enhance
Shareholder Value*



- Investments in new store growth that are accretive to shareholder value
- Steady return of capital including 13.6% increase in quarterly dividend & \$65mm share repurchase authorization
- New \$750mm credit facility



What Analysts Are Saying

Analyst Commentary

"Management up-to-the-challenge"

"We believe management, led by new President, CEO Sandy Cochran and Chairman Mike Woodhouse, remain intently focused to recapture the strong operating **trends which catapulted CBRL shares to almost triple over the past decade...**"

-Robert Derrington, Morgan Keegan;
14-Sep-2011

"We are particularly encouraged by the sequential monthly improvement as we head into the key holiday sales period... **Our outperform rating on Cracker Barrel reflects our view of the company's improvement initiatives**"

-Jeff Omohundro, Wells Fargo Securities;
7-Nov-2011

"New CEO Sandra Cochran has addressed the Company's critics effectively by developing a **credible plan to build traffic and grow margin.**"

- Stephen Anderson, Miller Tabak;
13-Sep-2011

"**We do not expect many shareholders to support [Biglari's] bid.**"

- Bryan Elliot, Raymond James;
15-Sep-2011

"In times past [Biglari has] taken on much smaller companies that were very poorly managed. In those instances, he found relatively low-hanging fruit to make some positive changes. **I don't think Biglari has the ability to make dramatic positive changes in the company's business model** as he has in prior companies."

-Robert Derrington, Morgan Keegan;
Nashville Tennessean, 14-Sep-2011

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



IV. Other Proxy Matters



Shareholder-Friendly Rights Plan Keeps Biglari From Creeping Control

Adopted in response to Biglari Holdings' clearance under the Hart-Scott-Rodino Act to acquire up to 49.99% of the Company's common stock

Shareholder friendly provisions:

- Rights plan would not be triggered by acquisitions pursuant to all-cash, fully financed tender offers that remain open for a minimum of 60 business days ("qualifying offers")
- Rights plan is focused on creeping acquisitions above 10% and would not deter a non-coercive cash offer for all shares
- Rights expire if shareholders do not approve rights plan at December 2011 annual meeting
- If shareholders approve, rights would expire in September 2014

Biglari's Argument that the Rights Plan Was Not Necessary Is Belied by His Own Words in Biglari Holdings' 2010 Letter From The Chairman:

*"In fulfilling that objective, we will require favorable investment opportunities, **preferably controlling interests** in businesses with diverse operating and financial traits."*

"We are control investors..."



Cracker Barrel Rights Plan Compares Favorably to ISS Recommended Attributes

Cracker Barrel Rights Plan

- **Shareholder ratification:** Less than 3 months following adoption
- **Mandatory redemption:** Automatic redemption within 3 months of a qualifying offer
- **Limitations on Future Redemptions:** No dead-hand, slow-hand or similar features
- **Term:** 3 years if approved by shareholders
- **Threshold:** 10% (same threshold as Tennessee Business Combination Act that precludes mergers for 5 years)
- **Rationale:** Deter creeping acquisition of control without premium by investor with history of doing so.

ISS Recommended Attributes*

- **Shareholder Ratification:** Within 12 months of adoption
- **Shareholder redemption:** If board refuses to redeem 3 months after announcement of a qualifying offer, 10% of shareholders may call special meeting to approve redemption or act by written consent
- **Limitations on Future Redemptions:** no dead-hand, slow-hand or similar features
- **Term:** No more than 3 years if approved by shareholders
- **Threshold:** Generally 20%, but 4.9% for NOL rights plans
- **Rationale:** Should be thoroughly explained

*As set forth in ISS 2011 U.S. Proxy Voting Guidelines Summary



Why a 10% Rights Plan Threshold?

- The 10% threshold is narrowly targeted at a party seeking to make a creeping acquisition of control without paying a premium – it does not interfere with takeover bids
 - Biglari has a history of making a creeping acquisition of control at Steak n Shake
 - Cracker Barrel has a strong governance profile that would not deter a takeover bid:
 - No staggered board
 - 20% of shareholders can call special meetings
 - Mergers / business combinations may be approved by a simple majority vote
 - Under the Tennessee Business Combination Act, any bidder who wants to leave open possibility of a merger at appropriate change-of-control premium would not cross 10% whether or not company had a 10% rights plan, due to five-year statutory bar
- The qualifying offer provision reinforces the narrowness of the rights plan:
 - All cash, fully-financed tender offers open for 60 business days could be immediately consummated – even more "chewable" than ISS guidelines would recommend (i.e., no additional 10% special meeting requirement that would further delay consummation)

Bottom line: A 10% threshold is the right threshold for Cracker Barrel. We believe it is not in the best interests of Cracker Barrel or its shareholders to have Biglari on the Board, and that it is in the best interests of Cracker Barrel and its shareholders to approve a short-term rights plan that deters Biglari from a creeping acquisition of 19.9% (or 49.9%) that could put him in an even stronger position to take control of the Board next year.



Management Paid Based on Long Term Value Creation

- **Cracker Barrel's central compensation objectives:**
 - **Reward performance**
 - **Align executives' interests with interests of shareholders**
 - **Attract and retain talented executives**
- CBRL base salaries and bonuses are in line with peers:
 - Base salaries generally targeted at **60th percentile** of peer group
 - Bonuses generally targeted at **50th percentile** of peer group
- Strong pay-for-performance philosophy:
 - In 2011, **79%** of CEO compensation and **72%** of other officer compensation was "**at risk**" based upon Company performance
- Operating Income threshold **provides appropriate Board discretion** and **protects tax deductibility**
- The Compensation Committee uses the following metrics to determine compensation levels:
 - Year-over-year improvement in **Income from Operations** (annual incentive plan)
 - Improvement in **ROIC** (long-term incentive plan)
 - Improvement in **Total Shareholder Return** (long-term incentive plan)
- In FY2011, the Company paid annual bonuses to named executive officers equal to 91% of target, which was **45% of the maximum potential bonus**

Management Incentives Are Aligned with Shareholder Interests



Plan to Collapse Holding Company Will Save Money

- Cracker Barrel Old Country Store (i.e. Holding Company) will be merged with the wholly owned operating company subsidiary, CBOCS, Inc.
 - Holding Company was originally formed in 1998 to oversee CBOCS and potentially for other businesses acquired
 - Although the Holding Company has owned and operated other businesses, it now only owns and operates CBOCS
- **Why now?** The previous credit facility did not allow this merger, however, the new credit facility does, making these cost savings possible
- Holding company format no longer necessary, its elimination will allow us to:
 - **Realize tax and other savings of approximately \$2mm per year**
 - **Simplify the corporate structure**
 - **Facilitate more efficient cash management**
- We believe merging the two companies is in the best interest of shareholders



V. Why We Believe Biglari is Wrong for Cracker Barrel



Why We Believe Biglari Is Wrong for Cracker Barrel

- X** Gained initial board representation at Steak 'n Shake and then took control over time without paying a premium, with most Board members exiting the Board after he joined it

- X** Slashed operational investment at Steak 'n Shake – focused only on short-term

- X** Proposed excessive compensation plan for himself

- X** Proposed dual class of stock at Biglari Holdings for acquisitions – has delayed special meeting twice, and now “on hold”

- X** Returns little cash to shareholders

- X** Presence on our Board would create a potential conflict of interest – he is the CEO of a restaurant company that we believe competes with Cracker Barrel

- X** His approach with our board to date has been confrontational and cagey – not constructive to a corporate board



Biglari's Rhetoric Changes Over Time and Cannot be Relied On

Target	Original Announced Intentions	Actual Actions Taken / Result
	<ul style="list-style-type: none"> 13-Jun-2011 13D: "The Reporting Persons intend to evaluate their investment in the Shares on a continuous basis." 23-Sep-2011: "...we told Chairman Michael Woodhouse that we have purchased stock for investment purposes only." 	<ul style="list-style-type: none"> 23-Jun-2011: Demanded Board seats for himself and P. Cooley 26-Aug-2011: Filed HSR to acquire up to 49.99% of CBRL shares 1-Sep-2011: Launched Proxy Fight 8-Sept-2011: Borrowed \$83.2 million through subsidiary to up-stream a cash dividend to Biglari Holdings
	<ul style="list-style-type: none"> 7-Aug-2006 13D: "The Reporting Persons have acquired their Shares of the Issuer for investment. The Reporting Persons evaluate their investment in the Shares on a continual basis." 	<ul style="list-style-type: none"> 11-Dec-2006: Launched Proxy Fight 17-Jun-2007: Friendly's announces acquisition by Sun Capital (BH was not involved)
	<ul style="list-style-type: none"> 10-Nov-2005 13D: "The Reporting Persons intend to evaluate the business prospects of the Issuer, as well as its present and future intentions." 	<ul style="list-style-type: none"> 1-Dec-2005: Biglari appointed to the Board of Directors 22-Oct-2009: Western Sizzlin announces Merger Agreement with Steak 'n Shake
	<ul style="list-style-type: none"> 17-Aug-2007 13D: "The Reporting Persons acquired the Securities for investment purposes." 	<ul style="list-style-type: none"> 12-Aug-2007: Biglari first requests board seats for himself and Cooley 7-Mar-2008: Biglari elected to the Board of Directors 8-Aug-2008: Biglari appointed CEO 8-Apr-2010: Company renamed Biglari Holdings

Source: Public filings



How Did Biglari Take Control of Steak 'n Shake?



BIGLARI HOLDINGS INC.

Purchased through:

- Lion Fund
- Western Sizzlin
- P. Cooley
- Cooley's wife

Call Options:

- 20,000 shares through Lion Fund
- 561,000 shares through Western Sizzlin

5.8% Ownership

7-Mar-2008

Biglari wins Proxy Contest

8-Aug-2008

Biglari appointed CEO

8-Apr-2010

Renamed Biglari Holdings
Biglari only controlled 6.8%²

Today: Ownership of 15.1%³ and CEO

17-Aug-2007

Share Price: \$309.00¹
Biglari discloses 5.8% ownership in Steak 'n Shake
Nominates himself and Cooley to the Board

19-Jun-2008

Biglari appointed Chairman of the Board

Jul-2008

Two executive team members resign

22-Oct-2009

Announces Merger with Western Sizzlin

Share Price (30-Sep-2011) \$296.39

Biglari originally claimed that he had acquired shares "for investment purposes"

Instead he:

- ✗ Took control
- ✗ Became Chairman and CEO
- ✗ Merged with Western Sizzlin
- ✗ Renamed Biglari Holdings

Source: Public filings

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 proxy filing on 1-Jul-2011.



Biglari Enters... ...Existing Board Members Leave

After Biglari Joined the Western Sizzlin' Board (02-Dec-05)				Biglari Holdings Board Today ²				
Name	Resigned ?	Name	Resigned ?	Name	Director Since	Role	Age	Background
Paul C. Schorr	✓	Roger D. Sack	✓	Sardar Biglari	2008	Chairman of the Board, CEO	34	• Director of Western Sizzlin' since 2005
Jones Yorke	✓	Stanley L. Bozeman, Jr.	✓	Phillip Cooley	2008	Vice Chairman of the Board & Independent Director	67	• Director of Western Sizzlin' since 2005 • Advisory Director of Biglari Capital since 2000 • Biglari's professor at Trinity University, Prassel Distinguished Professor of Business Administration
Alan Cowart	✓	Jesse M. Harrington	✓	Kenneth Cooper	2010	Independent Director	66	• Served as a Director of Western Sizzlin' Corp. from 2007 to 2010 • His law practice concentrates on real estate transactions
Thomas M. Hontzas	✓	Pat Vezertzis	✓	Ruth Person	2002	Independent Director	65	• Chancellor and Professor of Management, University of Michigan-Flint • Served as President of Board of Directors of Workforce Development Strategies, Inc.
Titus W. Greene ¹	NA							
After Biglari Joined the Steak 'n Shake Board (07-Mar-08)								
Name	Resigned ?	Name	Resigned ?					
Fred Risk	✓	Edward W. Wilhelm	✓					
Geoffrey Ballotti	✓	Steven M. Schmidt	✓					
John W. Ryan ²	NA	Wayne L. Kelley	✓					

Ruth J. Person **Current**

Source: Public Filings

¹ Titus Greene served on the WSC Board until the Company merged with SNS.

² John Ryan served on the Board of BH until his death earlier this year.



We Are Not the Only Ones Who Think Biglari's Governance Record is Poor

"...there does not appear to be any desire to appreciate or be receptive to other points of view on the board of directors than the current Steak 'n Shake chairman's position..."

...although our current chairman and CEO [Biglari] espoused openness and transparency, the opposite has been the case. The board has not been actively involved in developing the vision and strategy of the business, but rather has been informed about it belatedly."

-Wayne L. Kelley, Former Steak 'n Shake CEO; 22-Mar-2009

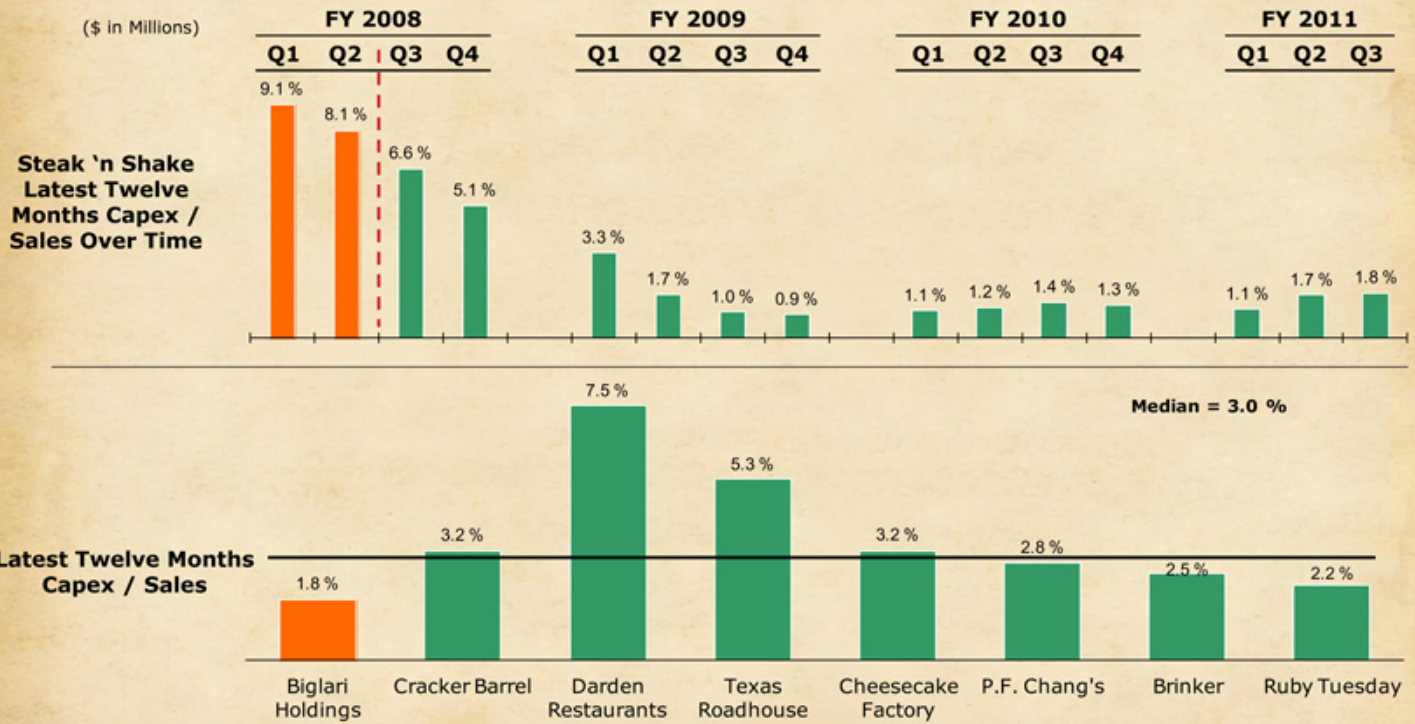
"The unanimous vote [to transform Steak 'n Shake into Biglari Holdings] came after **Biglari, the board chairman, managed to push out every board member** unwilling to give him dictatorial authority over Steak 'n Shake despite his relatively modest ownership stake."

-Indianapolis Business Journal; 6-Feb-2010

Note: Permission to use quotes was neither sought nor obtained



Biglari Stopped Investing in Growth at Steak 'n Shake...



Source: Capital IQ as of 30-Sep-2011

Note: Red Line denotes when Biglari obtained a Board seat (Apr-2008). Fiscal Year end is September 30



...And Focused on His Own Compensation

Compensation Package Overview

- Biglari's proposed compensation at Biglari Holdings provided him with 25% of the gain in book value over the annual hurdle rate of 5% with no cap
 - If the \$300mm book value increased 10%, Biglari would receive ~\$4mm
 - This is in addition to his \$900k annual base salary

- Following adverse shareholder and ISS response, Biglari revised his proposal increasing the hurdle rate to 6% and installing an annual cap at \$10mm
- Biglari received \$1.2 million prorated incentive payment under this plan for the *first quarter* it was in place (4Q of FY 11)

Source: BH Annual Meeting Proxy Statement
Note: Permission to use quotes was neither sought nor obtained

Public Reaction

"...one of the sweetest compensation arrangements I've ever seen at a public company."

- Richard Gibbons, *The Motley Fool*; May 2010

"The pay is too rich for such little growth"

- Ken Skarbeck, *Managing Partner, Aldebaran Capital*; Aug-2010

"The current system, as proposed, is ridiculous by itself and, additionally, runs contrary to the ethos Mr. Biglari claimed to have when nominating himself for election to the Board of Steak 'n Shake.

"The decision by the Board of Biglari Holdings (BH) to accept such a generous and easily manipulated compensation system, demonstrates they either fail to understand the nuances of the proposal or they are simply unwilling to take a stand against Mr. Biglari"

- *NFI Shareholder Letter to Biglari*; May 2010



...And Maintaining Control Despite His Minority Ownership

Biglari's Dual Class Stock Proposal

- Biglari is attempting to create a dual class of stock, which would enable him to consolidate voting rights in BH to himself
 - ✗ Under the proposal Class B shares = 1/5 Economic and 1/100 Voting Rights
 - ✗ **Could enhance his voting control and reduce voting power of future shareholders of Biglari Holdings**
 - ✗ **Class B stock would be his currency for future acquisitions**
- But given shareholder challenges to these proposals, these actions are "on hold"



We Believe Sardar Biglari Has a Business Conflict

- We compete with many restaurant concepts
 - We seek to attract restaurant traffic away from these other restaurant concepts
 - Cracker Barrel's board regularly considers pricing, product and menu development, promotions, advertising, store locations, growth and expansion, and strategic plans
- We believe what Biglari learns from our board could be applied at Steak 'n Shake
- We believe Biglari's proposed board service also raises antitrust concerns under the Clayton Act



We Believe Cracker Barrel and Steak 'n Shake are Competitors



Full Service, Family Dining Format	✓	✓
Breakfast	✓	✓
Lunch	✓	✓
Dinner	✓	✓
Similar Menu Items	✓	✓
Geographical Overlap	✓	✓
Americana Brand	✓	✓
Alcoholic Beverages	✗	✗
Average Check	Mid – High Single Digits	Mid – High Single Digits



Illustrative Menu Item Similarities



Skillet Breakfast¹



Momma's Pancakes

Chicken 'n Vegetable Salad



NEW COUNTRY Skillet



CAKES 'N EGGS Breakfast



GRILLED CHICKEN Salad



Source: Cracker Barrel archive and Steak 'n Shake website
1 Not currently offered.



Which Biglari Do You Believe?

What Biglari Said Before

- *Before Cracker Barrel raised conflict of interest:*
"Steak n Shake offers its patrons **full-service dining with counter and dining room seating**, as well as drive-thru and carry-out service." – *Biglari Holdings Form 10-K for the fiscal year ended September 29, 2010 (emphasis added)*
- *Before launching proxy fight:*
In April and May of 2011, **Biglari Holdings sold over 99% of the almost \$10 million Cracker Barrel share position** it had accumulated since February.
Source: Schedule II of Biglari Holdings' Definitive Proxy Statement on Schedule 14A, filed on November 9, 2011
- *Before launching proxy fight:*
Biglari promises he would support Mike Woodhouse as Chairman if Biglari and Cooley are appointed to the Board without a proxy fight – *Telephone conversation between Sardar Biglari, Mike Woodhouse and Larry Hyatt on July 13, 2011*
- *Before launching proxy fight:*
"We are **control investors ...**" -- *Biglari Holdings' 2010 Letter from the Chairman (emphasis added)*

Biglari Holdings files for regulatory approval in August 2011 to **acquire up to 49.99% of CBRL shares**

What Biglari Says Now

- *After Cracker Barrel raised conflict of interest:*
"Steak n Shake is a nearly 500 unit **fast-food chain** that primarily sells burgers and shakes." – *Letter from Sardar Biglari to CBRL shareholders, November 14, 2011 (emphasis added)*
- *After launching proxy fight:*
"I have made a commitment to own Cracker Barrel stock for the **long term...**" – *Letter from Sardar Biglari to CBRL shareholders, November 14, 2011 (emphasis added)*
- *After launching proxy fight:*
"We believe the Board's decision [to appoint Mr. Woodhouse as Executive Chairman] is simply bad governance and bad business." – *Letter from Sardar Biglari to CBRL shareholders, November 14, 2011*
- *After launching proxy fight:*
"In meetings, we told Chairman Michael Woodhouse that we have purchased stock **for investment purposes only.**" -- *Press release issued by Biglari Holdings, September 23, 2011 (emphasis added)*
"Naturally, **I would seek additional board seats** if the [board] members stonewall ideas or take actions that are counter to shareholder interests" -- *Letter from Sardar Biglari to CBRL shareholders, November 14, 2011 (emphasis added)*



Biglari's Curious Choice of Benchmarks

- In his November 14 letter, Biglari compares Cracker Barrel's total shareholder return to the "S&P Restaurant Index"
 - But there is no single "S&P Restaurant Index" – the index he uses is the S&P 500 Restaurant index
 - The S&P 500 Restaurant Index comprises **only five companies**: McDonald's, Starbucks, YUM! Brands, Darden, and Chipotle
 - This peer set is clearly not an appropriate comparison given that **all 5 companies are large cap** and **4 out of 5 are global quick service**
- Biglari curiously chose not to use the S&P 600 Restaurant index**
 - The S&P 600 Restaurant Index includes 16 small-cap restaurant companies, **including Cracker Barrel and Biglari Holdings**
- Why did Biglari use the S&P 500 Restaurant index instead of the S&P 600 Restaurant index?

	Cumulative Total Shareholder Return				
	1 Year	3 Year	5 Year	7 Year	10 Year
Cracker Barrel	(19.7)%	63.5 %	10.2 %	26.7 %	111.0 %
S&P 500 Restaurant Index	22.9 %	70.3 %	103.5 %	202.9 %	333.7 %
S&P 600 Restaurant Index	(4.4)%	30.2 %	(7.6)%	11.7 %	90.1 %
CBRL Outperformance vs S&P 600 Restaurant Index	(15.3)%	33.2 %	17.8 %	15.1 %	20.9 %

Source: S&P Research Insight as of 30-Sep-2011



Biglari Slashed Capital Expenditures, But Paid to Put His Picture in Every Restaurant



Key Message

From Cracker Barrel's Board

We believe Sardar Biglari is wrong for our shareholders

- We are a strong company and a leader in the industry
- We have delivered strong results over time, and have the strategy to continue to drive performance
- Our current board is actively involved at Cracker Barrel and continuously seeks to create value
- We believe Biglari is dedicated to Biglari – not the best interests of all Cracker Barrel shareholders
- **We believe Biglari's playbook of creeping control and poor corporate governance will harm Cracker Barrel and its shareholders**

Vote the WHITE Proxy Card

