

STEAK & SHAKE CO
Form S-4
November 18, 2009

**As filed with the Securities and Exchange Commission
on November 18, 2009**

Registration No. 333-

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

FORM S-4

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

THE STEAK N SHAKE COMPANY

(Exact Name of Registrant as Specified in Its Charter)

Indiana
(State or Other Jurisdiction of
Incorporation or Organization)

5812
(Primary Standard Industrial
Classification Code Number)

37-0684070
(I.R.S. Employer
Identification No.)

**The Steak n Shake Company
36 South Pennsylvania Street, Suite 500
Indianapolis, Indiana 46204
(317) 633-4100**

(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

Duane E. Geiger
Interim Chief Financial Officer
The Steak n Shake Company
36 South Pennsylvania Street, Suite 500
Indianapolis, Indiana 46204
Voice: (317) 633-4100
Facsimile: (317) 633-4105

(Name, Address Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

Copies to:

Mark B. Barnes
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, Indiana
46282-0200
Voice: (317) 236-2456
Facsimile: (317) 592-4868

Steven Wolosky
Olshan Grundman Frome
Rosenzweig & Wolosky LLP
Park Avenue Tower
65 East 55th Street
New York, NY 10022
Voice: (212) 451-2333
Facsimile: (212) 451-2222

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Edgar Filing: STEAK & SHAKE CO - Form S-4

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)	<input type="radio"/>
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)	<input type="radio"/>

TABLE OF CONTENTS**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered ⁽¹⁾	Amount to Be Registered ⁽¹⁾	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee ⁽³⁾
14% Redeemable Subordinated Debentures due 201	22,959,000 \$ aggregate principal amount	N/A	\$24,746,297.40	\$ 1,380.84

This Registration Statement relates to a new issue, not exceeding \$22,959,000 in aggregate principal amount, of 14% redeemable subordinated debentures to be issued by the registrant to holders of common stock, par value (1) \$0.01 per share (Western Common Stock), of Western Sizzlin Corporation, a Delaware corporation (Western), pursuant to the Agreement and Plan of Merger, dated as of October 22, 2009, by and among the registrant, Western and Grill Acquisition Corporation.

Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the Securities Act) and computed pursuant to Rule 457(c) and 457(f) promulgated under the Securities Act. The proposed maximum offering price is equal to the product of (a) \$8.70, the average of the high (2) and low prices per share of Western Common Stock as reported on the NASDAQ Capital Market on November 13, 2009, and (b) 2,844,402, the maximum possible number of shares of Western Common Stock to be canceled pursuant to the merger (which is the number of issued and outstanding shares of Western Common Stock as of November 13, 2009).

(3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$55.80 per \$1,000,000 of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF CONTENTS

The information contained herein is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED , 2009

**PROPOSED MERGER PROXY
STATEMENT/PROSPECTUS**

Dear Western Sizzlin Stockholder:

The Steak n Shake Company (Steak n Shake) proposes to purchase Western Sizzlin Corporation (Western Sizzlin). This purchase would be accomplished pursuant to an Agreement and Plan of Merger, dated as of October 22, 2009, which we refer to herein as the merger agreement. The parties to the merger agreement are Steak n Shake, Western Sizzlin, and Grill Acquisition Corporation, a wholly-owned subsidiary of Steak n Shake (Merger Sub). The merger agreement provides that Merger Sub will be merged with and into Western Sizzlin, with Western Sizzlin continuing as the surviving entity and all outstanding shares of Western Sizzlin being converted into the right to receive the purchase price for their shares that is described below. If the merger is completed, Western Sizzlin will cease to be a publicly traded company and will become a wholly-owned subsidiary of Steak n Shake.

Pursuant to the merger agreement, on October 22, 2009, Western Sizzlin declared a special dividend payable to Western Sizzlin s stockholders in the form of 1,322,806 shares of Steak n Shake common stock that were beneficially owned by an investment subsidiary of Western Sizzlin. Each stockholder of Western Sizzlin of record as of November 2, 2009 was entitled to receive this dividend, which was distributed on November 6, 2009. The dividend was paid at the rate of approximately 0.465 shares of Steak n Shake common stock for each share of Western Sizzlin common stock outstanding as of November 2, 2009 (fractional share interests were settled by a cash payment).

Under the terms of the merger agreement, the merger consideration payable by Steak n Shake to Western Sizzlin stockholders will be in the form of a new issue of 14% redeemable subordinated debentures issued by Steak n Shake, which we refer to herein as the debentures, in an aggregate principal amount not to exceed \$22,959,000. Subject to stockholder approval and satisfaction or waiver of the other conditions specified in the merger agreement, as described in the attached proxy statement/prospectus, at the effective time of the merger, each outstanding share of common stock of Western Sizzlin (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin s stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be converted into the right to receive a pro rata portion of the debentures (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2009), with cash to be paid in lieu of fractional debenture interests.

The debentures will be unsecured debt obligations of Steak n Shake that are subordinated in right of payment (subject to certain limitations) to all of its other present and future senior debts and obligations. The debentures will bear interest at 14% per annum from the date of issuance (which will be the same date as the effective date of the merger), payable semiannually in cash, with principal and any accrued but unpaid interest to be paid in cash at maturity on the

date that is the fifth anniversary of the date of issuance. Steak n Shake may, at its option, redeem the debentures, in whole or in part, without premium or penalty, on or after the date that is the first anniversary of the date of issuance thereof at a redemption price equal to 100% of the principal amount of the debentures to be redeemed, plus any accrued and unpaid interest to the date of redemption. The indenture governing the debentures contains covenants that restrict Steak n Shake's ability to declare or pay dividends on its common stock or incur additional indebtedness under certain circumstances. Steak n Shake applied on November 1, 2009 to list the debentures on the New York Stock Exchange upon issuance; however, because the debentures will be issued without underwriting in a direct issue limited to stockholders of Western Sizzlin in a principal amount limited to \$22,959,000, no assurance can be made that any active trading market will develop for the debentures.

The market price of Western Sizzlin common stock will fluctuate before the stockholder meeting. You should obtain current stock price quotations for Western Sizzlin's common stock. Western Sizzlin's common stock is quoted on the NASDAQ Capital Market under the symbol WEST. On 11/1, 2009, the last trading day before the distribution of the attached proxy statement/prospectus, the closing price of Western Sizzlin's common stock was \$1.00 per share.

We cannot complete the merger unless Western Sizzlin's stockholders adopt the merger agreement and approve the merger, which we refer to herein as the merger proposal. Western Sizzlin will hold a special meeting of its stockholders to vote on the merger proposal at 10:00 a.m., on November 1, 2009, at 1000 West 10th Street, Denver, Colorado. Your vote is important. Regardless of whether you plan to attend the special meeting, please take the time to vote your shares in accordance with the instructions contained in the attached proxy statement/prospectus. Failing to vote will have the same effect as voting AGAINST the merger proposal. You will also have an opportunity to vote to approve the postponement or adjournment of the special meeting, if necessary or appropriate in

TABLE OF CONTENTS

the judgment of the Chairman, to solicit additional proxies in favor of the approval of the merger proposal, referred to herein as the adjournment proposal.

Steak n Shake and Western Sizzlin are affiliated with each other by certain common directors, certain common executive officers, and certain common shareholders. In addition, at the time of approval of the merger agreement, Western Sizzlin beneficially owned more than five percent of the outstanding common stock of Steak n Shake. In recognition of this affiliation and these close relationships, the merger agreement was negotiated between special committees of the boards of directors of Steak n Shake and of Western Sizzlin, each of which was comprised entirely of directors who had no relationships with the other party. For a discussion of the special factors that apply to the merger in light of the close relationships of the parties to the merger and their affiliates and associates, and the conflicts of interest that may be deemed to result from those relationships, see Special Factors beginning on page 32 of the attached proxy statement/prospectus.

The special committee of Western Sizzlin's board of directors, and, acting in part upon the recommendation of Western Sizzlin's special committee, the Western Sizzlin board of directors, have recommended that Western Sizzlin stockholders vote FOR the merger proposal and FOR the adjournment proposal.

The attached proxy statement/prospectus describes the special meeting, the merger proposal, the adjournment proposal, the debentures to be issued in the merger, and other related matters. Please carefully read this entire proxy statement/prospectus, including Risk Factors beginning on page 24 and Special Factors beginning on page 32, for a discussion of the risks relating to the merger proposal and the debentures and the special factors arising from the affiliation of Steak n Shake with Western Sizzlin. You also can obtain information about Western Sizzlin and Steak n Shake from documents that each of us has filed with the Securities and Exchange Commission.

The date of the attached proxy statement/prospectus is , 2009, and it is first being mailed to Western Sizzlin stockholders on or about , 2009.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR THE MERGER OR PASSED UPON THE FAIRNESS OF THE MERGER OR UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THE ATTACHED PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

WESTERN SIZZLIN CORPORATION
401 Albemarle Ave SE
Roanoke, Virginia 24013

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To the Stockholders of Western Sizzlin Corporation:

Notice is hereby given that a Special Meeting of Stockholders of Western Sizzlin Corporation, a Delaware corporation (Western Sizzlin), will be held on , 2009 at a.m., time, at .

Only holders of shares of Western Sizzlin's common stock, par value \$0.01 per share, of record at the close of business on , 2009, may vote at this meeting or at any adjournments or postponements thereof that may take place. At the meeting, stockholders will be asked:

To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 22, 2009 (as it may be amended from time to time, the merger agreement), among The Steak n Shake Company (Steak n Shake), Grill Acquisition Corporation, a wholly-owned subsidiary of Steak n Shake (Merger Sub), and Western Sizzlin, a copy of which is attached as Annex A to the proxy statement/prospectus attached to this notice, and approve the merger of Merger Sub with and into Western Sizzlin (the merger), as a result of which Western Sizzlin will be the surviving corporation in the merger and will be a wholly owned subsidiary of Steak n Shake; pursuant to the merger agreement, each share of Western Sizzlin's common stock (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be cancelled and converted into the right to receive a pro rata portion of a new issue, not exceeding \$22,959,000 in aggregate principal amount, of 14% redeemable subordinated debentures to be issued by Steak n Shake (the debentures), (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2009), with cash to be paid in lieu of fractional debenture interests; and

To approve the adjournment or postponement of the meeting, if necessary or appropriate in the judgment of the Chairman, to solicit additional proxies if there are an insufficient number of votes at the meeting to approve the proposal described above.

The attached proxy statement/prospectus provides you with detailed information about the special meeting, the merger agreement and the merger. You are urged to read the entire document carefully. You may also obtain more information about Western Sizzlin from documents it has filed with the Securities and Exchange Commission.

A special committee of Western Sizzlin's board of directors comprised entirely of three of Western Sizzlin's directors who have no relationship to Steak n Shake (the Western Sizzlin special committee) was established to evaluate the proposed merger with Steak n Shake, negotiate the price and terms of the merger, and explore alternatives to the merger. After reviewing and considering the terms and conditions of the merger agreement, on October 22, 2009, the Western Sizzlin special committee and, acting in part upon the recommendation of the Western Sizzlin special committee, the Western Sizzlin board of directors unanimously resolved that the terms of the merger agreement and the merger are fair to, advisable and in the best interest of Western Sizzlin and its stockholders and recommended that Western Sizzlin's stockholders adopt the merger agreement and approve the merger. In arriving at their recommendation of the merger agreement and the merger, the Western Sizzlin special committee and the Western

Sizzlin board of directors carefully considered a number of factors which are described in the attached proxy statement/prospectus.

Each of the Western Sizzlin special committee and the Western Sizzlin board of directors have recommended that Western Sizzlin stockholders vote FOR the proposal to adopt the merger agreement and approve the merger and FOR the proposal to adjourn or postpone the meeting, if necessary or appropriate in the judgment of the Chairman, to permit further solicitation of proxies for the adoption of the merger agreement and the approval of the merger.

TABLE OF CONTENTS

When you consider the recommendation of the Western Sizzlin special committee and the Western Sizzlin board of directors to adopt the merger agreement and approve the merger, you should be aware that certain of Western Sizzlin's directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as stockholders generally and that may present actual or apparent conflicts of interests. Three directors of Western Sizzlin, Sardar Biglari, Philip L. Cooley and Jonathan Dash, along with John K. H. Linnartz, the managing member of Mustang Capital Management, LLC, in which Western Sizzlin owns a 51% interest, exercise voting control over an aggregate of 1,243,319 shares of Western Sizzlin's common stock, or approximately 43.8% of its currently outstanding common stock, based upon filings made by such persons with the Securities and Exchange Commission to date, and, at the time the merger agreement was executed, were members of a group, within the meaning of Section 13(d)(3) of the Exchange Act, along with Western Sizzlin, that beneficially owned an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009). Additionally, Mr. Biglari, Western Sizzlin's Chairman and Chief Executive Officer, is also the Chairman and Chief Executive Officer of Steak n Shake and Mr. Cooley, Vice Chairman of Western Sizzlin's board of directors, is also a director and Vice Chairman of the board of directors of Steak n Shake. These and other conflicting interests are described under the section of the attached proxy statement/prospectus entitled "Special Factors - Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger."

Western Sizzlin's stockholders will have the right to demand appraisal of their shares of Western Sizzlin common stock and obtain payment in cash for the fair value of such shares, but only if they submit a written demand for an appraisal before the vote is taken on the merger agreement and comply with the applicable provisions of Delaware law. A copy of the Delaware statutory provisions relating to appraisal rights is attached as Annex D to the attached proxy statement/prospectus and a summary of those provisions can be found in the section of the attached proxy statement/prospectus entitled "Appraisal Rights."

TABLE OF CONTENTS

YOUR VOTE IS IMPORTANT

We cannot complete the merger unless Western Sizzlin's stockholders adopt the merger agreement and approve the merger. Regardless of the number of shares you own, your vote is very important. The affirmative vote of the holders of at least a majority of all of the outstanding shares of Western Sizzlin common stock entitled to vote is required to adopt the merger agreement and approve the merger. If you fail to vote on the merger agreement and the merger, the effect will be the same as a vote **AGAINST** the adoption of the merger agreement and the approval of the merger.

WE HOPE YOU WILL BE ABLE TO ATTEND THE MEETING, BUT WHETHER OR NOT YOU PLAN TO ATTEND, PLEASE SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE BY: (1) MARKING, SIGNING AND RETURNING THE ENCLOSED PROXY CARD IN THE POSTAGE PAID ENVELOPE PROVIDED; (2) CALLING THE TOLL-FREE NUMBER LISTED ON THE PROXY CARD; OR (3) VIA THE INTERNET AS INSTRUCTED ON THE PROXY CARD.

Voting by proxy will not prevent you from voting your shares in person in the manner described in the attached proxy statement/prospectus if you subsequently choose to attend the special meeting. You may revoke your proxy at any time before the meeting. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished to you by the record holder. If you hold your shares in street name through a bank, broker or custodian, you must obtain a legal proxy from such custodian in order to vote in person at the meeting. You should not send in your certificates representing shares of Western Sizzlin's common stock until you receive written instructions to do so.

The Western Sizzlin board of directors has chosen the close of business on , 2009 as the record date that will determine the stockholders who are entitled to receive notice of, and to vote at, the Western Sizzlin special meeting or at any adjournment or postponement of the meeting. A list of the names of Western Sizzlin stockholders of record will be available at the meeting and for 10 days prior to the meeting for any purpose germane to the meeting during regular business hours at the offices of Western Sizzlin; 401 Albemarle Ave SE, Roanoke, Virginia 24013.

BY ORDER OF THE BOARD OF DIRECTORS,

Sardar Biglari
Chairman and Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Western Sizzlin's Stockholders to be Held on , 2009: We are furnishing proxy materials on the Internet in addition to mailing paper copies of the materials to each stockholder of record. This Notice of Special Meeting and the attached Proxy Statement/Prospectus are available for viewing, printing and downloading at: www.

TABLE OF CONTENTS

ADDITIONAL INFORMATION

The attached proxy statement/prospectus incorporates important business and financial information about Steak n Shake from other documents that are not included in or delivered with the proxy statement/prospectus. If you are a Western Sizzlin stockholder of record as of the record date, you will not receive copies of the documents incorporated by reference herein, unless you request such documents from Western Sizzlin and Steak n Shake, as described below. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into the proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

The Steak n Shake Company
36 South Pennsylvania Street, Suite 500
Indianapolis, Indiana 46204
Attention: Duane Geiger
Telephone: (317) 633-4100

Western Sizzlin Corporation
401 Albemarle Ave SE
Roanoke, Virginia 24013
Attention: Robyn B. Mabe
Telephone: (540) 345-3195

In addition, if you have questions about the merger or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or the documents incorporated by reference into the proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Morrow & Co., LLC, Western Sizzlin's proxy solicitor, at the address and telephone number listed below. You will not be charged for any of these documents that you request.

Morrow & Co., LLC
470 West Avenue 3rd Floor
Stamford, CT 06902

Banks and Brokerage Firms, please call (203) 658-9400

Stockholders, please call (800) 607-0088

In order to receive timely delivery of the documents in advance of the special meeting of Western Sizzlin stockholders, you must request the information no later than , 2009.

For more information, see **Other Matters** **Where You Can Find More Information** beginning on page 136.

TABLE OF CONTENTS

TABLE OF CONTENTS

<u>SUMMARY</u>	1
<u>Information about the Companies</u>	1
<u>The Merger</u>	2
<u>Merger Agreement</u>	7
<u>Debentures</u>	8
<u>Western Sizzlin Special Meeting</u>	10
<u>Risk Factors</u>	13
<u>Special Factors</u>	13
<u>QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER</u>	14
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF STEAK N SHAKE</u>	20
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF WESTERN SIZZLIN</u>	22
<u>RISK FACTORS</u>	24
<u>Risk Factors Relating to Steak n Shake and Western Sizzlin</u>	24
<u>Risk Factors Relating to the Merger</u>	25
<u>Risk Factors Relating to Western Sizzlin's Ownership Structure</u>	26
<u>Risk Factors Relating to the Debentures</u>	27
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION</u>	29
<u>INFORMATION ABOUT THE COMPANIES</u>	30
<u>The Steak n Shake Company</u>	30
<u>Western Sizzlin Corporation</u>	30
<u>Merger Sub</u>	30
<u>RECENT DEVELOPMENTS</u>	31
<u>Western Sizzlin Special Dividend</u>	31
<u>Exercises of All Outstanding Western Sizzlin Stock Options</u>	31
<u>Investment by Steak n Shake in Stock of Fremont Michigan InsuraCorp. Inc.</u>	31
<u>SPECIAL FACTORS</u>	32
<u>Structure of Merger</u>	32
<u>Expected Timing of the Merger</u>	32
<u>No Steak n Shake Stockholder Approval</u>	32
<u>Merger Expenses, Fees and Costs</u>	33
<u>Appraisal Rights That May be Available in Connection with the Merger</u>	33
<u>Background of the Merger</u>	33
<u>Recommendation of the Western Sizzlin Special Committee; Reasons for, and Effects and Fairness of, the Merger</u>	43
<u>Recommendation of the Western Sizzlin Board of Directors; Reasons for, and Effects and Fairness of, the Merger</u>	48
<u>Opinion of the Financial Advisor of the Western Sizzlin Special Committee</u>	48
<u>Recommendation of the Steak n Shake Special Committee; Reasons for, and Effects and Fairness of, the Merger</u>	57
<u>Approval of the Steak n Shake Board of Directors; Reasons for, and Effects and Fairness of, the Merger</u>	60
<u>Opinion of the Financial Advisor of the Steak n Shake Special Committee</u>	60
<u>Position of Schedule 13e-3 Filing Persons as to the Fairness of the Merger</u>	68
<u>Purposes of the Merger for the Schedule 13e-3 Filing Persons</u>	69

TABLE OF CONTENTS

<u>Alternatives to the Merger Considered by the Steak n Shake Special Committee and the Western Sizzlin Special Committee</u>	69
<u>Plans for Western Sizzlin After the Merger</u>	69
<u>Interests of Steak n Shake's and Western Sizzlin's Directors and Executive Officers in the Merger</u>	70
<u>Completion of the Merger</u>	71
<u>Governmental and Regulatory Matters</u>	72
<u>Provisions for Unaffiliated Security Holders</u>	72
<u>Listing of the Debentures</u>	72
<u>Exchange Agent</u>	72
<u>Dividends and Distributions</u>	72
<u>Material U.S. Federal Income Tax Consequences</u>	72
<u>Anticipated Accounting Treatment</u>	73
<u>Sources of Funds; Fees and Expenses</u>	73
<u>THE MERGER AGREEMENT</u>	74
<u>The Merger</u>	74
<u>The Closing</u>	74
<u>Effective Time</u>	74
<u>Special Dividend and Merger Consideration</u>	75
<u>Treatment of Fractional Debenture Interests</u>	75
<u>Surrender and Conversion of Shares</u>	75
<u>Directors and Officers of Western Sizzlin Following the Merger</u>	76
<u>Representation and Warranties</u>	76
<u>Conduct of Business Prior to Closing</u>	78
<u>Conditions to Completion of the Merger</u>	80
<u>Restrictions on Solicitation of Other Offers</u>	81
<u>Change in Recommendation</u>	82
<u>Termination of the Merger Agreement</u>	83
<u>Effect of Termination</u>	84
<u>Expenses and Fees</u>	84
<u>DESCRIPTION OF DEBENTURES</u>	85
<u>General</u>	85
<u>Maturity Date; Principal and Interest Payments</u>	85
<u>Registration and Transfer</u>	86
<u>Redemption</u>	86
<u>Modification of the Indenture</u>	86
<u>Restrictive Covenants</u>	87
<u>Events of Default</u>	87
<u>Consolidation, Merger, Sale of Assets and Other Transactions</u>	88
<u>Satisfaction and Discharge</u>	88
<u>Subordination of Debentures</u>	89
<u>Trustee Expenses</u>	89
<u>Governing Law</u>	89
<u>Information Concerning the Trustee</u>	89
<u>THE SPECIAL MEETING</u>	90
<u>Date, Time and Place</u>	90
<u>Purpose of the Special Meeting</u>	90
<u>Western Sizzlin Record Date</u>	90

TABLE OF CONTENTS

<u>Quorum</u>	90
<u>Required Votes</u>	91
<u>Treatment of Abstentions and Broker Non-Votes</u>	91
<u>Attending the Special Meeting In Person</u>	91
<u>How to Vote; Voting of Proxies</u>	91
<u>Revocability of Proxies</u>	92
<u>Solicitation of Proxies</u>	92
<u>Householding</u>	93
<u>Adjournments and Postponements</u>	93
<u>Directors and Executive Officers; Voting Agreements</u>	94
<u>Who to Call for Assistance</u>	94
<u>OTHER IMPORTANT INFORMATION REGARDING WESTERN SIZZLIN AND STEAK N SHAKE</u>	95
<u>Summary of Western Sizzlin's Business</u>	95
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations of Western Sizzlin</u>	101
<u>Comparison of Stockholder's and Debenture Holder's Rights.</u>	115
<u>Transactions in Western Sizzlin Common Stock</u>	116
<u>Security Ownership of Certain Beneficial Owners and Management</u>	118
<u>Security Ownership of Parent and Merger Sub</u>	119
<u>Steak n Shake Management</u>	119
<u>Western Sizzlin Management</u>	120
<u>Executive Compensation</u>	122
<u>Certain Transactions with Directors, Executive Officers and Affiliates</u>	125
<u>Steak n Shake's Ratio of Earnings to Fixed Charges</u>	126
<u>Western Sizzlin's Ratio of Earnings to Fixed Charges</u>	126
<u>Western Sizzlin Book Value per Share</u>	126
<u>APPRAISAL RIGHTS</u>	127
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	131
<u>THE VOTING AGREEMENTS</u>	134
<u>MARKET PRICE AND DIVIDEND INFORMATION</u>	135
<u>OTHER MATTERS</u>	136
<u>Legal Matters</u>	136
<u>Experts</u>	136
<u>Future Stockholder Proposals</u>	136
<u>Other Matters</u>	137
<u>Where You Can Find More Information</u>	137
<u>What Information You Should Rely On</u>	138
<u>INDEX TO WESTERN SIZZLIN'S FINANCIAL STATEMENTS</u>	F-1
<u>Annex A Agreement and Plan of Merger</u>	A-1
<u>Annex B Opinion of B. Riley & Co., LLC</u>	B-1
<u>Annex C Opinion of Duff & Phelps, LLC</u>	C-1
<u>Annex D Section 262 of the Delaware General Corporation Law</u>	D-1
<u>Annex E Form of Voting Agreement</u>	E-1
<u>Annex F Form of Indenture, including form of Debenture</u>	F-1

TABLE OF CONTENTS

SUMMARY

The following summary, together with the section of the proxy statement/prospectus entitled "Questions and Answers About the Special Meeting and the Merger," highlight selected information contained in this proxy statement/prospectus. It may not contain all of the information that might be important in your consideration of the merger agreement and the proposed merger. We encourage you to read carefully this proxy statement/prospectus and the documents we have incorporated by reference into this proxy statement/prospectus in their entirety before voting. See "Other Matters" Where You Can Find More Information.

In this proxy statement/prospectus, the term "Western Sizzlin" refers to Western Sizzlin Corporation, the term "Steak n Shake" refers to The Steak n Shake Company, the term "Merger Sub" refers to Grill Acquisition Corporation, a wholly-owned subsidiary of Steak n Shake, the term "merger agreement" refers to that certain Agreement and Plan of Merger, dated as of October 22, 2009, as it may be amended from time to time, among Steak n Shake, Merger Sub, and Western Sizzlin, a copy of which is attached as Annex A to the proxy statement/prospectus, the term "merger" refers to the merger of Merger Sub with and into Western Sizzlin pursuant to the Merger Agreement, and the term "debentures" refers to the new issue of 14% redeemable subordinated debentures to be issued by Steak n Shake in the merger. Where appropriate, we have set forth a section and page reference directing you to a more complete description of the topics described in this summary.

Information about the Companies

The Steak n Shake Company (Page 30)

Steak n Shake, an Indiana corporation, is a holding company. Its primary restaurant operation is conducted through Steak n Shake Operations Inc. The Steak n Shake restaurant chain, founded in 1934, is a classic American brand serving premium burgers and milk shakes through its chain of 485 restaurants.

Steak n Shake's common stock, par value \$0.50 per share, is listed on the New York Stock Exchange under the symbol SNS. The principal executive offices of Steak n Shake are located at 36 South Pennsylvania Street, Suite 500, Indianapolis, Indiana 46204, and its telephone number is (317) 633-4100.

Additional information about Steak n Shake is included in documents incorporated by reference into this proxy statement/prospectus. See "Other Matters" Where You Can Find More Information. See also "Recent Developments."

Western Sizzlin Corporation (Page 30)

Western Sizzlin, a Delaware corporation, is a holding company owning subsidiaries engaged in number of diverse business activities. Western Sizzlin's primary business activities are conducted through Western Sizzlin Franchise Corporation and Western Sizzlin Stores, Inc., which franchise and operate 101 restaurants in 19 states. Western Sizzlin currently operates and/or franchises the following brands: Western Sizzlin, Western Sizzlin Wood Grill, Great American Steak & Buffet, and Quincy Steakhouses.

Western Sizzlin's common stock, par value \$0.01 per share, is listed on the NASDAQ Capital Market under the symbol WEST. The principal executive offices of Western Sizzlin are located at 401 Albemarle Ave SE, Roanoke, Virginia 24013, and its telephone number is (540) 345-3195.

Additional information about Western Sizzlin is included in this proxy statement/prospectus, including under Other Important Information Regarding Western Sizzlin, Steak n Shake and the Merger Summary of Western Sizzlin's Business, Other Important Information Regarding Western Sizzlin, Steak n Shake and the Merger Management's Discussion and Analysis of Financial Condition and Results of Operations of Western Sizzlin and Recent Developments. See also Other Matters Where You Can Find More Information.

Merger Sub (Page 30)

Grill Acquisition Corporation, which we sometimes refer to as Merger Sub, is a Delaware corporation and a direct wholly-owned subsidiary of Steak n Shake. Merger Sub was formed solely for the purpose of consummating the merger. Merger Sub has not carried on any activities to date, except for activities incidental

1

TABLE OF CONTENTS

to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. The principal executive offices of Merger Sub are located at 36 South Pennsylvania Street, Suite 500, Indianapolis, Indiana 46204, and its telephone number is (317) 633-4100.

The Merger

Western Sizzlin's stockholders are being asked to consider and vote on a proposal to adopt the merger agreement entered into on October 22, 2009, among Steak n Shake, Western Sizzlin and Merger Sub. Subject to the terms and conditions of the merger agreement, Merger Sub will be merged with and into Western Sizzlin, with Western Sizzlin continuing as the surviving corporation. As a result of the merger, if completed, Steak n Shake will own all of Western Sizzlin's common stock, you will no longer have an equity interest in Western Sizzlin's future earnings or growth, Western Sizzlin will cease to be a publicly traded company, and Western Sizzlin may no longer be required to file periodic reports with the Securities and Exchange Commission which we refer to as the SEC.

Merger Consideration and Special Dividend (Page 75)

Subject to stockholder approval and satisfaction or waiver of the other conditions specified in the merger agreement, at the effective time of the merger, each outstanding share of common stock of Western Sizzlin (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be converted into the right to receive a pro rata portion of a new issue, not exceeding \$22,959,000 in aggregate principal amount, of 14% redeemable subordinated debentures to be issued by Steak n Shake, which we refer to herein as the debentures (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2009) with cash to be paid in lieu of fractional debenture interests.

Pursuant to the terms of the merger agreement, on October 22, 2009 Western Sizzlin declared a special dividend payable to Western Sizzlin's stockholders in the form of 1,322,806 shares of Steak n Shake common stock that was beneficially owned by an investment subsidiary of Western Sizzlin. Each stockholder of Western Sizzlin of record as of November 2, 2009 was entitled to receive this dividend which was distributed on November 6, 2009. The dividend was paid at the rate of approximately 0.465 shares of Steak n Shake common stock for each share of the Western Sizzlin common stock outstanding as of November 2, 2009 (fractional share interests were settled by a cash payment).

Expected Timing of the Merger (Page 32)

Steak n Shake and Western Sizzlin currently expect to complete the merger in December 2009 or the first calendar quarter of 2010, subject to receipt of Western Sizzlin stockholder approval and the satisfaction or waiver of other closing conditions. However, no assurance can be given as to when, or if, the merger will occur.

Appraisal Rights (Page 33)

Under Delaware law, stockholders of Western Sizzlin have dissenters' rights or rights to an appraisal of the value of their shares in connection with the merger. Please see Appraisal Rights.

No Steak n Shake Shareholder Approval (Page 32)

Steak n Shake shareholders are not required to adopt the merger agreement or approve the merger or the issuance of debentures in connection with the merger.

Board of Directors of Steak n Shake and Western Sizzlin Following Completion of the Merger (Page 76)

There are no changes to the composition of the Steak n Shake board of directors currently contemplated in connection with the merger. The directors of Merger Sub immediately prior to the effective time of the merger and such others as Steak n Shake shall have designated, if any, will be the directors of Western Sizzlin from and after the effective time of the merger. Information about the current Steak n Shake directors and executive officers can be found under Other Important Information Regarding Western Sizzlin, Steak n Shake and the Merger Steak n Shake Management.

TABLE OF CONTENTS

Anticipated Accounting Treatment (Page 73)

The merger will be accounted for under the acquisition method of accounting. Under the acquisition method, the purchase price will be allocated to identifiable assets and assumed liabilities based on their fair values. Any excess will be accounted for as goodwill. Intangible assets with definite lives will be amortized over their estimated useful lives. Goodwill and intangible assets determined to have indefinite lives will not be amortized, but will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management of Steak n Shake determines that the value of goodwill or intangible assets has become impaired, an impairment charge will be recorded in the fiscal quarter in which such determination is made. Also, costs related to the merger will be expensed during the period in which they are incurred.

Material United States Federal Income Tax Consequences (Page 72)

The exchange of Western Sizzlin common stock for debentures (and/or cash in lieu of fractional interests in debentures) in the merger will be a taxable transaction for United States federal income tax purposes for those holders of Western Sizzlin common stock who are United States citizens or otherwise described as U.S. holders by the discussion of tax consequences included elsewhere in this document. Generally, and subject to certain exceptions, a U.S. holder whose Western Sizzlin common stock is converted into the right to receive debentures and/or cash in the merger will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between (x) the sum of (1) fair market value of the debentures received by such holder in the merger, and (2) the amount of cash received by such holder in the merger, and (y) the U.S. holder's adjusted tax basis in such Western Sizzlin common stock. For holders of Western Sizzlin common stock other than U.S. holders, the exchange of Western Sizzlin common stock for debentures (and/or cash in lieu of fractional interests in debentures) in the merger by a non-U.S. holder generally will not be subject to U.S. federal income tax unless the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. holder); or the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the exchange and certain other conditions are met. See Material U.S. Federal Income Tax Consequences for a summary of the material U.S. federal income tax consequences of the merger and of the material U.S. federal income tax consequences to non-U.S. holders of holding and disposing of debentures received pursuant to the merger. Because individual circumstances may differ, each stockholder should consult the stockholder's tax advisor regarding the applicability of the rules discussed in this proxy statement/prospectus to the stockholder and the particular tax effects to the stockholder of the merger and the holding or disposing of debentures in light of such stockholder's particular circumstances, the application of state, local and foreign tax laws, and, if applicable, the tax consequences of the transactions described in this proxy statement/prospectus relating to equity compensation and benefit plans.

Recommendation of the Western Sizzlin Special Committee and Board of Directors (Pages 43 and 48)

A special committee of Western Sizzlin's board of directors comprised entirely of three of Western Sizzlin's independent directors, which we sometimes refer to herein as the Western Sizzlin special committee, was established to evaluate the proposed merger with Steak n Shake, negotiate the price and terms of the merger, and explore alternatives to the merger. After reviewing and considering the terms and conditions of the merger agreement, on October 22, 2009, the Western Sizzlin special committee and, acting in part upon the recommendation of the Western Sizzlin special committee, the Western Sizzlin board of directors unanimously resolved that the terms of the merger agreement and the merger are fair to, advisable and in the best interest of Western Sizzlin and its stockholders and recommended that Western Sizzlin's stockholders adopt the merger agreement and approve the merger. In arriving at

their recommendation of the merger agreement and the merger, the Western Sizzlin special committee and the Western Sizzlin board of directors carefully considered a number of factors which are described in this proxy statement/prospectus. **Each of the Western Sizzlin special committee and the Western Sizzlin board of directors recommend that Western Sizzlin stockholders vote FOR the proposal to adopt the merger agreement and approve the merger and FOR the proposal to adjourn the meeting, if necessary or appropriate in the judgment of the Chairman, to permit further solicitation of proxies for the adoption of the merger agreement and approval of the merger.**

TABLE OF CONTENTS

When you consider the recommendation of the Western Sizzlin special committee and the Western Sizzlin board of directors to approve the merger agreement and the merger, you should be aware that certain of Western Sizzlin's directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as stockholders generally and that may present actual or apparent conflicts of interests. Three directors of Western Sizzlin, Sardar Biglari, Philip L. Cooley and Jonathan Dash, along with John K. H. Linnartz, the managing member of Mustang Capital Management, LLC, in which Western Sizzlin owns a 51% interest, exercise voting control over an aggregate of 1,243,319 shares of Western Sizzlin's common stock, or approximately 43.8% of its currently outstanding common stock, based upon filings made by such persons with the SEC to date, and, at the time the merger agreement was executed, were members of a group, within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, which we refer to herein as the Exchange Act. The group, along with Western Sizzlin, beneficially owned at the time the merger agreement was executed, an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009). Additionally, Mr. Biglari, Western Sizzlin's Chairman, President and Chief Executive Officer, is also the Chairman, President and Chief Executive Officer of Steak n Shake and Mr. Cooley, Vice Chairman of Western Sizzlin's board of directors, is also Vice Chairman of the board of directors of Steak n Shake. These and other conflicting interests are described below in Special Factors Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger.

Western Sizzlin's Reasons for the Merger (Pages 43 and 48)

In the course of reaching its decisions, and making its recommendation, in respect of the merger, the Western Sizzlin special committee consulted its legal and financial advisors and considered a wide range of factors in its deliberations.

In the course of reaching its decision in respect of the merger, the Western Sizzlin board of directors considered, among other things, the unanimous recommendation of the Western Sizzlin special committee. Each of the Western Sizzlin special committee and the Western Sizzlin board of directors authorized and approved the merger based on the totality of the information presented to it and considered by it. See Special Factors Recommendation of the Western Sizzlin Special Committee; Reasons for, and Effects and Fairness of, the Merger and Special Factors Approval of the Western Sizzlin Board of Directors; Reasons for, and Effects and Fairness of, the Merger, which are not intended to be exhaustive.

Opinion of the Financial Advisor of the Western Sizzlin Special Committee (Page 48)

On October 22, 2009, B. Riley & Co., LLC, which we refer to herein as B. Riley, rendered its oral opinion to the Western Sizzlin special committee, which was subsequently confirmed in writing, that, as of the date of the opinion and based upon and subject to the factors and assumptions set forth in the opinion, the merger consideration to be received by Western Sizzlin's stockholders (other than Steak n Shake, Merger Sub or Western Sizzlin, or Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) in the merger, after giving effect to the pro rata distribution of the 1,322,806 shares of Steak n Shake common stock that were beneficially owned by an investment subsidiary of Western Sizzlin, in the aggregate, is fair to Western Sizzlin's stockholders from a financial standpoint. The full text of the written opinion of B. Riley, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is included as Annex B to this proxy statement/prospectus and is incorporated herein by reference. We encourage you to read B. Riley's opinion, and the section entitled Special Factors Opinion of the Financial Advisor of the Western Sizzlin Special Committee below, carefully and in their entirety. B. Riley provided its opinion to the Western Sizzlin special committee in connection with their consideration of the merger. B. Riley's opinion is not a recommendation as

to how any holder of Western Sizzlin common stock should vote with respect to the merger agreement, the merger or any other matter. Pursuant to the terms of the engagement letter with Western Sizzlin's special committee, B. Riley was paid a \$50,000 initial retainer for its financial advisory services and was paid a fee of \$150,000 for rendering its Opinion on October 22, 2009. If the merger is completed, B. Riley will be paid an additional amount equal to approximately \$100,000 for its financial advisory services.

TABLE OF CONTENTS

Steak n Shake s Reasons for the Merger (Page 60)

On October 21, 2009, a special committee of the Steak n Shake board of directors (composed entirely of three directors with no relationship to Western Sizzlin), and the Steak n Shake board of directors (acting in part upon the recommendation of the Steak n Shake special committee), unanimously approved the merger agreement. In the course of reaching its decision, and making its recommendations, in respect of the merger, the Steak n Shake special committee consulted its legal, financial and other advisors and considered a wide range of factors, including (1) the financial presentation of Duff & Phelps, LLC, which we refer to as Duff & Phelps, that was prepared for the Steak n Shake special committee, as well as the oral opinion received by the Steak n Shake special committee from Duff & Phelps, subsequently delivered to the Steak n Shake special committee in writing dated October 21, 2009, to the effect that as of the date thereof, the merger consideration to be provided to Western Sizzlin stockholders was fair, from a financial point of view, to the public shareholders of Steak n Shake, and (2) those additional factors described under Special Factors Recommendation of the Steak n Shake Special Committee; Reasons for, and Effects and Fairness of, the Merger, which is not intended to be exhaustive. In the course of reaching its decision approving the merger, the Steak n Shake board of directors considered, among other factors, the unanimous recommendation of the Steak n Shake special committee and other factors. See Special Factors Recommendation of the Steak n Shake Board of Directors; Reasons for, and Effects and Fairness of, the Merger. Each of the Steak n Shake special committee and the Steak n Shake board of directors authorized and approved the merger based on the totality of the information presented to it and considered by it.

**Opinion of the Financial Advisor of the Steak n Shake Special Committee
(Page 60)**

In connection with the merger, Duff & Phelps delivered its written opinion, on October 21, 2009, to the Steak n Shake special committee to the effect that, as of October 21, 2009, the consideration to be paid by Steak n Shake in the merger was fair, from a financial point of view, to the public shareholders of Steak n Shake (other than Mr. Sardar Biglari, Mr. Philip Cooley and their affiliates and associates).

The full text of Duff & Phelps s written opinion, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Duff & Phelps in connection with its opinion, is attached to this proxy statement/prospectus as Annex C and is incorporated into this proxy statement/prospectus by reference. We encourage you to read Duff & Phelps s opinion, and the section entitled Special Factors Opinion of the Financial Advisor of the Steak n Shake Special Committee below, carefully and in their entirety. Duff & Phelps s opinion was directed to the Steak n Shake special committee for the information and assistance of the Steak n Shake special committee in connection with its evaluation of the merger and only addressed the fairness to the public shareholders of Steak n Shake (other than Mr. Sardar Biglari, Mr. Philip Cooley and their affiliates and associates), from a financial point of view, of the merger consideration to be paid by Steak n Shake in the merger as of the date of the opinion. Duff & Phelps s opinion did not address any other aspect of the merger and was not intended to and does not constitute a recommendation to any holder of Western Sizzlin common shares as to how such holder should vote or act with respect to the merger or any matter relating thereto. In connection with Duff & Phelps s services as financial advisor to the Steak n Shake special committee in connection with the merger, the Steak n Shake special committee agreed that Steak n Shake would pay Duff & Phelps an aggregate fee of \$375,000, no portion of which is contingent on the consummation of the merger.

Interests of Western Sizzlin Directors and Executive Officers in the Merger (Page 70)

In considering the recommendations of the Western Sizzlin special committee and the Western Sizzlin board of directors that Western Sizzlin's stockholders vote FOR the proposals to approve and adopt, as the case may be, the merger agreement, the merger and a postponement or adjournment of the Western Sizzlin special meeting to solicit additional proxies, if necessary or appropriate in the judgment of the Chairman, Western Sizzlin stockholders should be aware that certain of Western Sizzlin's directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as Western Sizzlin stockholders generally and that may present actual or apparent conflicts of interests, including:

Three directors of Western Sizzlin, Sardar Biglari, Philip L. Cooley and Jonathan Dash, along with John K. H. Linnartz, the managing member of Mustang Capital Management, LLC, in which Western Sizzlin owns a 51% interest, exercise voting control over an aggregate of 1,243,319 shares

5

TABLE OF CONTENTS

of Western Sizzlin's common stock, or approximately 43.8% of its currently outstanding common stock, based upon filings made by such persons with the SEC to date, and, at the time the merger agreement was executed, were members of a group, within the meaning of Section 13(d)(3) of the Exchange Act, along with Western Sizzlin, that beneficially owned, at the time the merger agreement was executed, an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009);

Mr. Biglari, Western Sizzlin's Chairman, President, and Chief Executive Officer, is also Chairman, President, and Chief Executive Officer of Steak n Shake and Mr. Cooley, Vice Chairman of Western Sizzlin's board of directors, is also Vice Chairman of the board of directors of Steak n Shake.

Western Sizzlin's officers will continue to serve as officers of the surviving corporation after the merger is effective, as discussed in The Merger Agreement Directors and Officers of Western Sizzlin Following the Merger;

certain of Western Sizzlin's executive officers may be eligible to receive enhanced severance rights under their employment agreements if their employment is terminated as a result of the merger; and continued indemnification of Western Sizzlin's directors and officers and directors and officers liability insurance coverage is to be provided by Steak n Shake and the surviving corporation for at least six years following the effective time of the merger.

The special committee of the Western Sizzlin board of directors was aware of these differing interests and potential conflicts and considered them, among other matters, in evaluating and negotiating the merger agreement with the Steak n Shake special committee and in recommending that Western Sizzlin's board of directors and Western Sizzlin's stockholders approve and adopt, as the case may be, the proposals to be voted upon at the Western Sizzlin special meeting. These and other conflicting interests are described under the section of this proxy statement/prospectus entitled Special Factors Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger.

Interests of Steak n Shake Directors and Executive Officers in the Merger (Page 71)

In considering the recommendations of the Steak n Shake special committee that Steak n Shake's board of directors approve the merger, the Steak n Shake board of directors was aware that Sardar Biglari, Chairman, President and Chief Executive Officer of Steak n Shake, and Philip L. Cooley, Vice Chairman of the board of directors of Steak n Shake, have interests in the merger that may be different from, and/or in addition to, the interests of Steak n Shake stockholders generally, including:

Mr. Biglari is also Chairman, President, and Chief Executive Officer of Western Sizzlin and beneficially owns through private investment funds approximately 33% of the common stock of Western Sizzlin, and Mr. Cooley is also vice chairman of Western Sizzlin and beneficially owns common stock of Western Sizzlin representing less than one percent of its outstanding common stock.

Mr. Biglari and Mr. Cooley are also members of a group, within the meaning of Section 13(d)(3) of the Exchange Act, that owned, as of the date of the merger agreement, an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009), which group included, at the time the merger agreement was executed, among others, Western Sizzlin director and stockholder Jonathan Dash along with John K. H. Linnartz, the managing member of Mustang Capital Management, LLC, in which Western Sizzlin owns a 51% interest.

The Steak n Shake special committee was aware of and considered these differing interests and potential conflicts, among other matters, in evaluating and negotiating the merger agreement with the Western Sizzlin special committee

and in recommending that Steak n Shake's board of directors approve and adopt the merger

6

TABLE OF CONTENTS

agreement and the merger. These and other conflicting interests are described under the section of this proxy statement/prospectus entitled **Special Factors – Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger.**

Position of the Schedule 13e-3 Filing Persons as to the Fairness of the Merger Agreement and the Merger (Page 68)

Under a potential interpretation of the rules of the Exchange Act and the SEC regulations promulgated thereunder governing going-private transactions, Steak n Shake, Merger Sub, Sardar Biglari and Philip L. Cooley, which we refer to, collectively, as the Schedule 13e-3 Filing Persons, may be deemed to be engaged in a going private transaction. Accordingly, the applicable rules of the Exchange Act and the SEC regulations promulgated thereunder may require the Schedule 13e-3 Filing Persons to express their beliefs as to the substantive and procedural fairness of the merger to Western Sizzlin's stockholders.

Based on their beliefs regarding the reasonableness of the conclusions and analyses of the Western Sizzlin special committee and Western Sizzlin board of directors and in view of, among other things, the opinion received by the Western Sizzlin special committee from B. Riley regarding the fairness of the merger consideration, from a financial point of view, to Western Sizzlin's stockholders, the Schedule 13e-3 Filing Persons believe that (a) the merger consideration is substantively fair to the unaffiliated Western Sizzlin stockholders and (b) the merger is procedurally fair to Western Sizzlin's unaffiliated stockholders. The Schedule 13e-3 Filing Persons did not engage the services of a financial advisor in connection with the proposed merger.

Governmental and Regulatory Matters (Page 72)

Steak n Shake and Western Sizzlin have agreed to use their respective reasonable best efforts to obtain as promptly as practicable all governmental or regulatory approvals or consents that may be required to complete the transactions contemplated in the merger agreement. Neither Steak n Shake nor Western Sizzlin is aware of any material governmental or regulatory approval required for completion of the merger, other than the effectiveness of the registration statement of which this joint proxy statement/prospectus is a part, compliance with applicable corporate law of Delaware and compliance with applicable state blue sky laws.

The Rights of Western Sizzlin Stockholders Will Change as a Result of the Merger (Page 115)

There are material differences between the rights of a holder of Western Sizzlin's common shares and the rights a holder of the debentures will have upon completion of the merger. This proxy statement/prospectus contains a summary description of rights under each of the Western Sizzlin common stock and Steak n Shake debentures and describes the material differences between them. See **Other Important Information Regarding Western Sizzlin, Steak n Shake and the Merger – Comparison of Stockholder's and Debenture Holder's Rights.**

Merger Agreement

The merger agreement is attached as Annex A to this proxy statement/prospectus. You are urged to read the merger agreement in its entirety because it, and not this proxy statement/prospectus, is the legal document that governs the merger.

Conditions to the Merger (Page 80)

The obligations of Western Sizzlin, Merger Sub and Steak n Shake to complete the merger are subject to the satisfaction or waiver of a number of conditions set forth in the merger agreement. See the section entitled The Merger Agreement Conditions to Completion of the Merger.

Restrictions on Solicitation of Other Offers (Page 81)

The merger agreement contains certain restrictions on Western Sizzlin's ability to solicit offers for a proposed alternative transaction with a third party. The merger agreement provides the Western Sizzlin special committee with a 30 day post signing go-shop period during which the special committee will have the right to actively solicit additional interest in a transaction involving Western Sizzlin. After such 30 day go-shop period, the Western Sizzlin special committee would be permitted under the terms and subject to the

7

TABLE OF CONTENTS

conditions of the merger agreement to continue any then on-going discussions with any third party that proposed an alternative transaction that is a Superior Proposal (as defined in the merger agreement and described in this proxy statement/prospectus). Additionally, following the 30 day go-shop period the Western Sizzlin special committee may respond to unsolicited Acquisition Proposals (as defined in the merger agreement and described in this proxy statement/prospectus) that are reasonably likely to constitute or lead to a Superior Proposal, subject to the specified conditions described under The Merger Agreement Restrictions on Solicitation of Other Offers.

Change in Recommendation (Page 82)

The merger agreement contains provisions restricting the Western Sizzlin special committee and board of directors from changing their recommendations in connection with the merger in any manner adverse to Steak n Shake. The Western Sizzlin special committee may, however, make such an adverse recommendation change if, among other things, Western Sizzlin has received a Superior Proposal that has not been withdrawn or abandoned and, subject to the payment of a termination fee of \$1,250,000 (or \$837,500 under certain circumstances), may terminate the merger agreement in order to enter into a definitive agreement with respect to the Superior Proposal. Prior to making any change of recommendation with respect to any such Superior Proposal, Western Sizzlin is required to comply with certain terms of the merger agreement described under The Merger Agreement Change in Recommendation.

Termination of the Merger Agreement (Page 83)

Western Sizzlin and Steak n Shake, acting through their respective special committees, may jointly agree to terminate the merger agreement at any time without completing the merger, even after approval by the Western Sizzlin stockholders of the merger agreement and the merger. In addition, the merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after stockholder approval has been obtained, under circumstances as described under The Merger Agreement Termination of the Merger Agreement.

Termination Fees; Expense Reimbursement (Page 84)

Under certain specified circumstances set forth in the merger agreement and discussed herein, Western Sizzlin has agreed to pay to Steak n Shake, a non-refundable termination fee of \$1,250,000 (or \$837,500 under if the merger agreement is terminated under certain circumstances) or to reimburse Steak n Shake up to a maximum of \$1 million for all reasonable out-of-pocket fees and expenses incurred in connection with the merger agreement. In addition, Steak n Shake will be required to pay a termination fee of \$500,000 if Western Sizzlin terminates the merger agreement under specified circumstances. See the section entitled The Merger Agreement Expenses and Fees.

Dividends and Distributions (Page 72)

Under the terms of the merger agreement, prior to the closing of the merger, Western Sizzlin is prohibited from declaring or paying any cash dividend or other distribution to Western Sizzlin stockholders, except for the special dividend payable in kind to Western Sizzlin's stockholders of the 1,322,806 shares of Steak n Shake common stock that were beneficially owned by an investment subsidiary of Western Sizzlin as of the date of the merger agreement and that were distributed by Western Sizzlin to its stockholders on November 6, 2009. The terms of the merger agreement prohibit Steak n Shake from declaring or paying dividends or distributions to Steak n Shake's stockholders, where such action would reasonably be expected to constitute a breach of the covenants applicable to Steak n Shake set forth in the indenture, if the indenture were effective as of the date of the merger agreement.

Debentures

At the effective time of the merger, subject to approval by Western Sizzlin's stockholders and the satisfaction or waiver of certain other conditions set forth in the merger agreement, each share of Western Sizzlin's common stock (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be cancelled and converted into the right to receive a pro rata portion of a new issue, not exceeding

8

TABLE OF CONTENTS

\$22,959,000 in aggregate principal amount, of 14% redeemable subordinated debentures to be issued by Steak n Shake (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2009), with cash to be paid in lieu of fractional debenture interests.

Indenture (Page 85)

Steak n Shake will issue the debentures under an indenture between it and Wells Fargo Bank, National Association, as trustee, which we sometimes refer to herein as the indenture. A copy of the indenture is attached hereto as Annex F. The indenture includes the protective provisions that are required to be included in a trust indenture qualified under the Trust Indenture Act of 1939, as amended.

Maturity Date; Principal and Interest Payments (Page 85)

The debentures will bear interest on the principal amount of the debentures at the rate per annum of fourteen percent (14%), which will accrue from the date on which the debentures are issued (which will be the same date as the effective date of the merger). Steak n Shake will pay accrued interest in cash semi- annually on June 30 and December 31 of each year, commencing on June 30, 2010, with principal and any accrued and unpaid interest to be paid in cash on the date that is the fifth anniversary of the date of issuance. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Redemption by Steak n Shake is Possible Prior to Maturity (Page 86)

Steak n Shake may, at its option, redeem the debentures, in whole or in part, without premium or penalty, on or after the date that is the first anniversary of the date of issuance thereof at a redemption price equal to 100% of the principal amount of the debentures to be redeemed, plus any accrued and unpaid interest to the date of redemption, provided that Steak n Shake complies with applicable conditions specified by the indenture. If Steak n Shake redeems your debentures, you will receive the redemption amount of 100% of the principal amount of the debentures, plus any accrued and unpaid interest to the date of redemption.

Form of Debenture; No Fractional Interests (Page 86)

The debentures will be issuable at the effective time of the merger in registered form in whole multiples of \$1,000. In the event that a debenture to be issued to a Western Sizzlin stockholder under the terms of the merger agreement would not be evenly divisible by 1,000, the amount in excess of the \$1,000 principal amount of the debenture or the next whole multiple thereof shall be paid in cash to such Western Sizzlin stockholder. In the event that any Western Sizzlin stockholder's portion of the merger consideration is less than \$1,000, such stockholder will only be entitled to receive their portion of the merger consideration in cash, and such stockholder will not be entitled to receive a debenture.

A significant portion of Western Sizzlin's common stock is held of record for the accounts of beneficial owners by banks, brokers or other nominees, and is registered in the name of Cede & Co, which is a nominee of the Depository Trust Company. Accordingly, under the terms of the indenture, Steak n Shake may, in its sole discretion, issue the debentures in the form of one or more global debentures to Cede & Co. and/or any other depository or its nominee. Beneficial owners of part or all of any such global debenture would be subject to the rules of the applicable depository as in effect from time to time. The laws of some states may require that the purchasers of securities take physical delivery of securities in definitive form. These laws may impair your ability to own, transfer, or pledge beneficial

interest in a global debenture.

Subordination (Page 89)

Because Steak n Shake is a holding company whose principal assets consist of cash and equity investments and equity of its subsidiaries, the debentures will be effectively subordinated to the claims of all creditors of the subsidiaries of Steak n Shake, including, but not limited to, the claims of the bank lenders and other creditors of Steak n Shake Operations, Inc., the subsidiary of Steak n Shake that owns and operates Steak n Shake's restaurants. In addition, Steak n Shake's obligations to pay principal and interest to the holders of Steak n Shake debentures will rank junior in priority to Steak n Shake's obligations to pay Steak n Shake's other existing and future indebtedness under its Senior Debt, as that term is defined in the indenture

9

TABLE OF CONTENTS

and described in the section of the proxy statement/prospectus entitled Description of Debentures Subordination of Debentures. Therefore, if Steak n Shake becomes the subject of any liquidation, dissolution, bankruptcy, insolvency, reorganization, receivership or similar proceeding, Steak n Shake will be obligated to pay first the entire amounts to which these other creditors are entitled before Steak n Shake will be obligated to pay any amounts to the holders of the debentures for principal or accrued and unpaid interest. Under the indenture, Steak n Shake is prohibited from paying any principal or interest on any debentures (i) after any Senior Debt becomes due and payable, unless and until all such Senior Debt has first been paid in full, or (ii) after a Senior Debt payment default, unless and until such default has been cured, waived, or otherwise has ceased to exist.

Restrictive Covenants (Page 87)

The indenture contains covenants of Steak n Shake relating to, among other things, (a) the payment of principal and interest on the debentures; (b) the declaration of dividends or the making of any other payment or distribution on account of its equity holders; (c) the incurrence of additional indebtedness; and (d) the prepayment of indebtedness that is subordinated to the debentures.

Unsecured Obligations; No Sinking Fund (Page 86)

The performance of Steak n Shake's obligations under the debentures will not be secured by a pledge of, or other security interest in, any of Steak n Shake's assets. The debentures will not be entitled to the benefit of any sinking fund.

No Assured Trading Market (Page 86)

Steak n Shake applied on November 1, 2009 to list the debentures on the New York Stock Exchange upon issuance. However, because the debentures will be issued without underwriting in a direct issue limited to stockholders of Western Sizzlin in a principal amount limited to \$22,959,000, no assurance can be made that any active trading market will develop for the debentures. The debentures are not expected to be rated by any securities rating agency.

For further discussion, see Description of Debentures.

Western Sizzlin Special Meeting

Date, Time and Place (Page 90)

The special meeting of the holders of common stock of Western Sizzlin will be held on , 2009 at a.m., time, at . At the meeting, Western Sizzlin stockholders will be asked to vote on the following proposals:

to adopt the merger agreement and approve the merger and the other transactions contemplated thereby; and to approve the postponement or adjournment of the meeting, if necessary or appropriate in the judgment of the Chairman, to solicit additional proxies if there is an insufficient number of votes to adopt the merger agreement and approve the merger at the time of the meeting.

Record Date (Page 31)

Only holders of record of Western Sizzlin common stock at the close of business on , 2009, the record date for the special meeting, will be entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof, provided that the shares remain outstanding on the date of the meeting. As of the close of business on the record date, there were 2,844,402 shares of Western Sizzlin common stock outstanding and entitled to vote at the meeting, held by holders of record.

Attending In Person (Page 91)

All Western Sizzlin stockholders of record as of the record date for the special meeting, may attend the special meeting. Western Sizzlin stockholders who wish to attend the special meeting in person but who hold their shares in street name, meaning the name of a broker or other nominee who is the record holder, must

TABLE OF CONTENTS

bring proof of their ownership and identification with a photo to the special meeting. For example, you may bring an account statement showing that you beneficially owned shares of the Western Sizzlin's stock as of the record date as acceptable proof of ownership. **WHETHER OR NOT YOU INTEND TO ATTEND THE SPECIAL MEETING, IT IS VERY IMPORTANT THAT YOUR SHARES BE REPRESENTED.** Accordingly, please sign, date, and return the enclosed proxy card, which will indicate your vote upon the matters to be considered. If you do attend the special meeting and desire to vote in person, you may do so by withdrawing your proxy at that time.

How to Vote (Page 91)

Western Sizzlin stockholders may vote their shares at the special meeting:

In Person: by attending the special meeting and voting their shares in person;

By Mail: by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed post-prepaid envelope;

By Telephone: by following the instructions on your proxy card. The telephone number is toll-free, so voting by telephone is at no cost to you. If you vote by telephone, you do not need to return your proxy card. The number is ; or

On the Internet: by following the instructions on your proxy card and the onscreen instructions at the website www.. If you vote via the Internet, you do not need to return your proxy card.

Western Sizzlin's board of directors is asking for your proxy. Giving the Western Sizzlin board of directors your proxy means you authorize it to vote your shares at the special meeting in the manner you direct. You may vote for or against the proposals, abstain from voting or withhold your vote for the proposals. All shares represented by a valid proxy received prior to the special meeting will be voted, and where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If no choice is indicated on the proxy, the shares will be voted **FOR** the adoption of the merger agreement and the approval of the merger, **FOR** the postponement or adjournment of the meeting, if necessary or appropriate in the judgment of the Chairman, to solicit additional proxies, and as the proxy holders may determine in their discretion with respect to any other matters that may properly come before the special meeting.

The form of proxy accompanying this proxy statement/prospectus confers discretionary authority upon the named proxy holders with respect to amendments or variations to the matters identified in the accompanying Notice of Special Meeting and with respect to any other matters which may properly come before the special meeting. As of the date of this proxy statement/prospectus, the Western Sizzlin board of directors knows of no such amendment or variation or of any matters expected to come before the special meeting that are not referred to in the accompanying Notice of Special Meeting.

Stockholders who hold their shares in street name, meaning the name of a broker or other nominee who is the record holder, must either direct the record holder of their shares to vote their shares or obtain a proxy or voting instruction from the record holder to vote their shares at the special meeting.

If you need assistance, including help in submitting, changing or revoking your proxy, please contact Morrow & Co., LLC at (800) 607-0088.

Changing or Revoking a Proxy (Page 92)

Any proxy may be revoked by the person giving it at any time before it is voted. A proxy may be revoked by (i) filing with Western Sizzlin's Secretary (401 Albemarle Ave SE, Roanoke, Virginia 24013) a written notice of revocation bearing a date later than the date of such proxy, (ii) submitting a subsequent proxy relating to the same shares, or (iii)

attending the special meeting and voting in person.

Simply attending the special meeting will not constitute revocation of your proxy. If your shares are held in the name of a broker or other nominee who is the record holder, you must follow the instruction of your broker or other nominee to revoke a previously given proxy.

TABLE OF CONTENTS

Quorum (Page 90)

The presence, in person or by proxy, of stockholders holding at least a majority of the issued and outstanding shares of the Western Sizzlin common stock entitled to vote on the record date will constitute a quorum for the special meeting.

Required Votes (Page 91)

To adopt the merger agreement, the holders of a majority of the shares of Western Sizzlin common stock outstanding and entitled to vote on the proposal must vote in favor of adoption of the merger agreement. Approval of the proposal to postpone or adjourn the special meeting, if necessary or appropriate in the judgment of the Chairman, requires the affirmative vote of the holders of a majority of shares present in person or represented by proxy and entitled to vote on the proposal. Each holder of Western Sizzlin common stock is entitled to one vote. **If you withhold a vote or abstain from voting on the proposals to adoption of the merger agreement and the approval of the merger and to postpone or adjourn the special meeting to solicit additional process, it will have the same effect as a vote AGAINST each of the proposals.**

The Lion Fund, L.P. and Dash Acquisitions, LLC, which are controlled by Messrs. Biglari and Dash, respectively, have agreed to vote all of the shares of Western Sizzlin common stock that they beneficially own or over which they exercise voting control, which comprise in the aggregate approximately 39.9% of Western Sizzlin's outstanding common stock, to be voted FOR the adoption of the merger agreement and approval of the merger and the postponement or adjournment of the special meeting, described above. Approval of the merger and the adoption of the merger agreement does not require the separate vote of a majority of Western Sizzlin's unaffiliated stockholders, and no separate vote of Western Sizzlin's unaffiliated stockholders will be conducted. Consequently, we anticipate that the approval of the merger and the adoption of the merger agreement will be duly authorized at the special meeting.

Treatment and Effect of Abstentions and Broker Non-Votes (Page 91)

A broker non-vote occurs when a nominee holding shares of Common Stock for the beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. If you are a beneficial owner of Western Sizzlin common stock held by a broker or other nominee, you must instruct your nominee how to vote. Your nominee cannot vote your shares on your behalf without your instructions.

Broker non-votes and the shares of Western Sizzlin common stock as to which a stockholder abstains are treated as being present at the special meeting for purpose of determining whether a quorum of shares is present at the special meeting. Because approval of the merger and the adoption of the merger agreement requires the affirmative vote of a majority of the shares of Western Sizzlin common stock issued and outstanding, abstentions and broker non-votes will have the same effect as a vote AGAINST the adoption of the merger agreement and the approval of the merger.

Because approval of the proposal to postpone or adjourn the meeting to solicit additional proxies requires the affirmative vote of the holders of a majority of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the proposal, abstentions will have the same effect as a vote AGAINST this matter, but broker non-votes and failures to be present to vote will have no effect.

Cost of This Proxy Statement/Prospectus and Solicitation of Proxies (Page 92)

The cost of preparing, assembling, printing and mailing this proxy statement/prospectus and the accompanying form of proxy, and the cost of soliciting proxies related to the special meeting, will be borne by Western Sizzlin. Some

banks and brokers have customers who beneficially own Western Sizzlin common stock listed of record in the names of nominees. Western Sizzlin intends to request banks and brokers to solicit such customers and will reimburse them for their reasonable out-of-pocket expenses for such solicitations. If any additional solicitation of the holders of Western Sizzlin's outstanding shares of common stock is deemed necessary, Western Sizzlin (through its directors and officers) anticipates making such solicitation directly. The solicitation of proxies by mail may be supplemented by telephone, electronic and personal solicitation by officers, directors and other employees of Western Sizzlin, but no additional compensation will be paid to such individuals.

TABLE OF CONTENTS

In addition, Western Sizzlin has engaged Morrow & Co., LLC, a proxy solicitation firm, to assist it in connection with the solicitation of proxies and will pay Morrow & Co., LLC a base fee of \$4,000 plus reimbursement of out-of-pocket expenses. Morrow & Co., LLC will also charge a per call fee of \$5.00 plus related telecommunications charges to respond to incoming inquiries.

Risk Factors (Page 24)

In evaluating the merger, the merger agreement and the debentures to be received in connection with the merger, you should carefully read this prospectus and especially consider the factors discussed in the section entitled Risk Factors.

Special Factors (Page 32)

Steak n Shake and Western Sizzlin are affiliated with each other by certain common directors, certain common executive officers, and certain common shareholders. In addition, at the time of approval of the merger agreement, Western Sizzlin beneficially owned more than five percent of the outstanding common stock of Steak n Shake. In recognition of this affiliation and these close relationships, the merger agreement was negotiated between special committees of the boards of directors of Steak n Shake and of Western Sizzlin, each of which was comprised entirely of directors who had no relationships with the other party. For a discussion of the special factors that apply to the merger in light of the close relationships of the parties to the merger and their affiliates and associates, and the conflicts of interest that may be deemed to result from those relationships, see Special Factors.

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers are intended to address some commonly asked questions regarding the special meeting and the proposed merger. These questions and answers may not address all the questions that may be important to you as one of Western Sizzlin's stockholders. Please refer to the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents referred to or incorporated by reference in this proxy statement/prospectus.

Q: Why am I receiving this proxy statement/prospectus and proxy card?

A: Western Sizzlin stockholders are being asked to consider and vote upon a proposal to approve the merger and adopt the merger agreement that Western Sizzlin, Steak n Shake and Merger Sub entered into on October 22, 2009. The merger agreement is attached as Annex A to this proxy statement/prospectus. We urge you to read it carefully. In the event that there are not sufficient votes at the time of the special meeting to approve the merger and adopt the merger agreement, stockholders may also be asked to vote upon a proposal to adjourn the special meeting to a later date so that Western Sizzlin may solicit additional proxies. See The Merger Agreement.

Q: What is the proposed transaction?

A: The proposed transaction is the merger of Western Sizzlin with and into Merger Sub pursuant to the merger agreement. If the merger is completed, Western Sizzlin will be the surviving corporation in the merger and Steak n Shake will own all of Western Sizzlin's common stock. As a result of the merger, Western Sizzlin's stockholders will no longer own any shares of Western Sizzlin's common stock, will no longer have an interest in Western Sizzlin's future earnings or growth, Western Sizzlin will cease to be a publicly traded company, and Western Sizzlin may no longer be required to file periodic reports with the SEC.

Q: What will Western Sizzlin's stockholders receive when the merger occurs?

A: Subject to stockholder approval and satisfaction or waiver of the other conditions specified in the merger agreement, as described in this proxy statement/prospectus, at the effective time of the merger, each outstanding share of common stock of Western Sizzlin (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be converted into the right to receive a pro rata portion of a new issue, not exceeding \$22,959,000 in aggregate principal amount, of 14% redeemable subordinated debentures to be issued by Steak n Shake (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2009), with cash to be paid in lieu of fractional debenture interests.

Q: What happens if the merger is not consummated?

A: If the merger agreement is not adopted by Western Sizzlin's stockholders or if the merger is not consummated for any other reason, you will not receive any payment for your shares in connection with the merger. Instead, Western Sizzlin will remain an independent public company and Western Sizzlin's common stock will continue to be listed and traded on the NASDAQ Capital Market. In addition, if the merger is not consummated, Western Sizzlin expects that, except as noted in this proxy statement/prospectus, its management will operate its business in a manner similar to the manner in which it is being operated today and that Western Sizzlin's stockholders will continue to be subject to the same risks and opportunities as they currently are. Under specified circumstances, Western Sizzlin may be required to pay Steak n Shake a termination fee or reimburse Steak n Shake for some of its out-of-pocket expenses, or Steak n Shake may be required to pay Western Sizzlin a reverse termination fee, in each case as described under The Merger Agreement Expenses and Fees.

TABLE OF CONTENTS

Q: *Where and when is the special meeting?*

A: Western Sizzlin will hold a special meeting of its stockholders on . 2009 at , time, at .

Q: *What matters will be voted on at the special meeting?*

A: You will be asked to consider and vote on the following proposals:
to adopt the merger agreement and approve the merger; and

to approve the adjournment or postponement of the meeting, if necessary or appropriate in the judgment of the Chairman, to solicit additional proxies;

Q: *Who is entitled to vote at the special meeting?*

The record date for the special meeting is , 2009. Only holders of Western Sizzlin common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement thereof. On the record date, there were 2,844,402 shares of common stock outstanding.

Q: *May I attend the special meeting?*

All stockholders of record as of the close of business on , 2009, the record date for the special meeting, may attend the special meeting. If your shares are held in street name by your broker, bank or other nominee, and you plan to attend the special meeting, you must present proof of your ownership of Western Sizzlin common stock, such as a bank or brokerage account statement, to be admitted to the meeting. You also must present at the meeting a proxy issued to you by the holder of record of your shares.

Q: *What constitutes a quorum for the special meeting?*

The presence, in person or by proxy, of stockholders holding at least a majority of the issued and outstanding shares of the Western Sizzlin common stock entitled to vote on the record date will constitute a quorum for the special meeting.

Q: *What vote is required to approve the merger agreement and the merger and to approve the adjournment proposal?*

Approval of the merger agreement and the merger requires the affirmative vote of a majority of Western Sizzlin s outstanding shares of common stock entitled to vote. Approval of a motion to postpone or adjourn the special meeting to a later date requires the affirmative vote of the holders of a majority of the shares of Western Sizzlin common stock present, in person or by proxy, and entitled to vote at the special meeting. Each holder of Western Sizzlin common stock is entitled to one vote. **If you withhold a vote or abstain from voting on the proposals to adoption of the merger agreement and the approval of the merger and to postpone or adjourn the special meeting to solicit additional process, it will have the same effect as a vote AGAINST each of the proposals.**

A: The Lion Fund, L.P. and Dash Acquisitions, LLC, which are controlled by Messrs. Biglari and Dash, respectively, have agreed to vote all of the shares of Western Sizzlin common stock that they beneficially own or over which they exercise voting control, which comprise in the aggregate approximately 39.9% of Western Sizzlin s outstanding common stock, to be voted FOR the adoption of the merger agreement and approval of the merger and the postponement or adjournment of the special meeting. Approval of the merger and the adoption of the merger agreement do not require the separate vote of a majority of Western Sizzlin s unaffiliated stockholders, and no separate vote of Western Sizzlin s unaffiliated stockholders will be conducted. Consequently, we anticipate that the approval of the merger and the adoption of the merger agreement will be duly authorized at the special meeting.

15

TABLE OF CONTENTS

Q: *How does the Western Sizzlin board of directors and Western Sizzlin special committee recommend that I vote on the proposals?*

A: The Western Sizzlin board of directors and the Western Sizzlin special committee each unanimously recommend that you vote:

FOR the proposal to approve the merger agreement and the merger; and

FOR the proposal to adjourn or postpone the special meeting, if necessary or appropriate in the judgment of the Chairman, to solicit additional proxies.

The special committee of Western Sizzlin's board of directors was aware that certain of Western Sizzlin's directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as stockholders generally and that may present actual or apparent conflicts of interests and considered these interests prior to providing its recommendations with respect to the merger agreement and the merger. You should read the section of this proxy statement/prospectus entitled "Special Factors - Recommendation of the Western Sizzlin Special Committee; Reasons for, and Effects and Fairness of, the Merger" for a discussion of factors that the special committee considered in deciding to recommend the approval of the merger agreement. See also "Special Factors - Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger."

Q: *How do Western Sizzlin's directors and executive officers intend to vote?*

As of the record date, Western Sizzlin's directors and executive officers held and are entitled to vote, individually and through entities over for which they exercise voting control, in the aggregate, shares of Western Sizzlin common stock representing approximately 42.6% of the outstanding shares of Western Sizzlin common stock. We believe that Western Sizzlin's directors and executive officers intend to vote all of their shares of Western Sizzlin common stock FOR the adoption of the merger agreement and approval of the merger and FOR the adjournment proposal, although, other than Messrs. Biglari and Dash with respect to shares beneficially owned through entities over for which they exercise voting control, they are not obligated to do so.

Q: *How do I vote?*

A: Western Sizzlin stockholders may vote their shares at the special meeting by attending the special meeting and voting their shares in person or by submitting a proxy in one of the following manners:

by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed post-prepaid envelope;

by telephone at , by following the instructions on your proxy card; or

via the internet, by following the instructions on your proxy card and the onscreen instructions at the website www.

(If you vote via the Internet, you do not need to return your proxy card).

Whether or not you plan on attending the Western Sizzlin special meeting, please submit a proxy in the manner described above as soon as possible to ensure that your shares will be represented and voted at the special meeting. If your shares of Western Sizzlin common stock are held in street name, you may submit your proxy by following the instructions received from the broker, bank or other nominee that may hold shares of Western Sizzlin common stock on your behalf. If you sign your proxy and do not indicate how you want to vote, your shares will be voted FOR the adoption of the merger agreement and approval of the merger, FOR the postponement or adjournment of the special meeting, if necessary, to solicit additional proxies, and in accordance with the recommendations of Western Sizzlin's board of directors on any other matters properly brought before the special meeting for a vote. Please remember that if you fail to vote on the merger agreement and the merger, the effect will be the same as a vote AGAINST the adoption of the merger agreement and approval of the merger.

TABLE OF CONTENTS

Q: *If my shares are held in street name by my broker, banker or other nominee will my broker or banker vote my shares for me?*

A: Your broker, banker or other nominee will not vote your shares of Western Sizzlin common stock without specific instructions from you. You should instruct your broker, banker or other nominee to vote your shares of Western Sizzlin common stock by following the instructions provided to you by such firm.

Q: *What does it mean if I receive more than one proxy card?*

A: If your shares are registered differently or are in more than one account, you will receive more than one proxy card or, if you hold your shares in street name, more than one vote instruction card. Please complete and return all of the proxy cards or vote instruction cards you receive to ensure that all of your shares are voted.

Q: *May I change my vote?*

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting, subject to the limitations described below. You may do this in a number of ways. First, you may send a written notice to Western Sizzlin's Secretary (401 Albemarle Ave SE, Roanoke, Virginia 24013) stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card bearing a later date. Third, you may attend the special meeting and vote in person. Simply attending the special meeting, without voting in person, will not revoke your proxy. If your shares are held in street name and you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote or to vote at the special meeting.

Q: *How are votes counted?*

A: For the proposal to adopt the merger agreement and approve the merger, you may vote FOR, AGAINST or ABSTAIN. **If you abstain or fail to vote, it will have the same effect as if you voted AGAINST the adoption of the merger agreement and approval of the merger.** In addition, if your shares are held in the name of a broker, bank or other nominee, your broker, bank or other nominee will not be entitled to vote your shares at the special meeting in the absence of specific instructions, which, if not given, will have the effect of a vote AGAINST the adoption of the merger agreement and approval of the merger.

For the proposal to postpone or adjourn the special meeting, if necessary or appropriate in the judgment of the Chairman, to solicit additional proxies, you may vote FOR, AGAINST or ABSTAIN. Abstentions will have the same effect as a vote AGAINST this matter, which requires the affirmative vote of the holders of a majority of the shares of Western Sizzlin common stock present or represented by proxy at the meeting and entitled to vote on the matter, but broker non-votes and failures to vote will have no effect.

If you sign your proxy card without indicating your vote, your shares will be voted FOR the approval of the merger agreement and the merger and FOR the postponement or adjournment of the special meeting, if necessary or appropriate in the judgment of the Chairman, to solicit additional proxies, and in accordance with the recommendations of Western Sizzlin's board of directors on any other matters properly brought before the special meeting for a vote.

Q: *What happens if I sell my shares before the special meeting?*

A: The record date of the special meeting is earlier than the special meeting and the date that the merger, if approved, is expected to be consummated. If you transfer your shares of Western Sizzlin common stock after the record date but before the special meeting, you will retain your right to vote at the special meeting, but will transfer the right to receive the merger consideration. In order to receive the merger consideration, you must hold shares of Western Sizzlin common stock upon consummation of the merger.

TABLE OF CONTENTS

Q: *Should I send in my Western Sizzlin stock certificates now?*

No. If you hold certificates representing shares of Western Sizzlin common stock, you will be sent a letter of transmittal with detailed written instructions for exchanging your common stock certificates for the merger consideration promptly after the merger is consummated. **Please do NOT send your certificates in now.**

Q: *When can I expect to receive the merger consideration for my shares?*

Once you have submitted your properly completed letter of transmittal, Western Sizzlin stock certificates and other required documents to the Exchange Agent (as defined in the merger agreement), the Exchange Agent will send you the merger consideration payable with respect to your shares. See The Merger Agreement Surrender and Conversion of Shares.

Q: *I do not know where my stock certificate is. How will I get my merger consideration?*

The materials the Exchange Agent will send you after completion of the merger will include the procedures that you must follow if you cannot locate your Western Sizzlin stock certificate. This will include an affidavit that you will need to sign attesting to the loss of your certificate. You may also be required to provide a bond to Western Sizzlin in order to cover any potential loss.

Q: *What are the material U.S. federal income tax consequences of the merger to stockholders?*

The exchange of Western Sizzlin common stock for debentures (and/or cash in lieu of fractional interests in debentures) in the merger will be a taxable transaction for United States federal income tax purposes for those holders of Western Sizzlin common stock who are United States citizens or otherwise described as U.S. holders by the discussion of tax consequences included elsewhere in this document. For holders of Western Sizzlin common stock other than U.S. holders, the exchange of Western Sizzlin common stock for debentures (and/or cash in lieu of fractional interests in debentures) in the merger by a non-U.S. holder generally will not be subject to U.S. federal income tax unless the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a U. S. permanent establishment of the non-U.S. holder); or the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the exchange, is not a resident alien, and certain other conditions are met. See Material U.S. Federal Income Tax Consequences for a summary of the material U.S. federal income tax consequences of the merger and of the material U.S. federal income tax consequences to non-U.S. holders of holding and disposing of debentures received pursuant to the merger.

Q: *Do stockholders have appraisal rights?*

Yes. As a holder of Western Sizzlin common stock, you are entitled to appraisal rights under Delaware law in connection with the merger if you meet certain conditions, which conditions are described under Appraisal Rights and in Annex D attached to this proxy statement/prospectus.

Q: *Who is soliciting my vote?*

This proxy solicitation is being made and paid for by Western Sizzlin. Western Sizzlin has engaged Morrow & Co., LLC, a proxy solicitation firm, to assist it in connection with the solicitation of proxies and will pay Morrow & Co., LLC a base fee of \$4,000 plus reimbursement of out-of-pocket expenses. Morrow & Co., LLC will also charge a per call fee of \$5.00 plus related telecommunications charges to respond to incoming inquiries. Western Sizzlin's directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or by other means of communication. These persons will not be paid additional remuneration for their efforts. Western Sizzlin will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of Western Sizzlin's common stock that the brokers and fiduciaries hold of record. Western Sizzlin will reimburse them for their reasonable out-of-pocket expenses.

TABLE OF CONTENTS

Q: *What should I do now?*

We urge you to read this proxy statement/prospectus carefully, including its annexes, and to consider how the transaction affects you as a Western Sizzlin stockholder. You also may want to review the documents referenced under **Where You Can Find More Information**. Then simply mark, sign, date and promptly mail the enclosed proxy **A:** card in the postage-paid envelope provided. Should you prefer, you may deliver your proxy by telephone or via the Internet in accordance with the instructions on the enclosed proxy card or the voting instruction form received from any broker, bank or other nominee that may hold shares of Western Sizzlin common stock on your behalf. Please act as soon as possible so that your shares of Western Sizzlin common stock will be voted at the special meeting.

Q: Who can help answer my questions?

If you have any questions about the merger or if you need additional copies of this proxy statement/ prospectus or **A:** the enclosed proxy card, you should contact Morrow & Co., LLC, which is acting as the proxy solicitation agent and information agent in connection with the merger, at the following address.

Morrow & Co., LLC
470 West Avenue 3rd Floor
Stamford, CT 06902

Banks and Brokerage Firms, please call (203) 658-9400
Stockholders, please call (800) 607-0088

TABLE OF CONTENTS

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF STEAK N SHAKE

The following table sets forth certain of Steak n Shake's consolidated financial data as of and for each of the periods indicated. The selected historical financial data for each of the three fiscal years ended September 24, 2008, September 26, 2007 and September 27, 2006 and as of September 24, 2008 and September 26, 2007 is derived from Steak n Shake's audited consolidated statements, which are incorporated by reference into this proxy statement/prospectus. The financial information for the fiscal years ended September 28, 2005 and September 29, 2004, and as of September 27, 2006, September 28, 2005 and September 29, 2004, is derived from Steak n Shake's audited historical consolidated financial statements, which are not included or incorporated by reference into this proxy statement/prospectus.

The consolidated financial information as of and for the forty weeks ended July 1, 2009 and July 2, 2008 is derived from Steak n Shake's unaudited consolidated financial statements, which are incorporated by reference into this proxy statement/prospectus. In Steak n Shake's opinion, such unaudited consolidated financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of its financial position and results of operations for such periods presented. Interim results for the forty weeks ended July 1, 2009 are not necessarily indicative of, and are not projections for, the results to be expected for the full fiscal year ended September 30, 2009.

Pursuant to SEC rules, Steak n Shake's acquisition of Western Sizzlin will not require Steak n Shake to file pro forma financial information with the SEC with respect to Western Sizzlin as a significant subsidiary because none of the financial criteria conditions under Rule 3-05 of SEC Regulation S-X would be met at the 20% level.

The selected historical financial data below should be read in conjunction with the consolidated financial statements and their accompanying notes that are incorporated by reference into this document. See [Where You Can Find Additional Information](#) below.

TABLE OF CONTENTS

**SELECTED HISTORICAL CONSOLIDATED FINANCIAL
DATA**

**The Steak n Shake Company
(Amounts in \$000s Except per Share Data)**

TABLE OF CONTENTS

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF WESTERN SIZZLIN

Financial Data

Set forth below is certain selected historical consolidated financial data relating to Western Sizzlin. The following table sets forth certain of Western Sizzlin's consolidated financial data as of and for each of the periods indicated. The selected historical financial data for and as of each of the three fiscal years ended December 31, 2008, 2007 and 2006 is derived from Western Sizzlin's audited consolidated statements, beginning on page F-4 of this proxy statement/prospectus. The financial information for and as of the fiscal years ended December 31, 2005 and 2004, is derived from Western Sizzlin's audited historical consolidated financial statements, which are not included or incorporated by reference into this proxy statement/prospectus.

The consolidated financial information as of and for the nine months ended September 30, 2009 and 2008 is derived from Western Sizzlin's unaudited consolidated financial statements, beginning on page F-36 of this proxy statement/prospectus. In Western Sizzlin's opinion, such unaudited consolidated financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of its financial position and results of operations for such periods presented. Interim results for the forty weeks ended September 30, 2009 are not necessarily indicative of, and are not projections for, the results to be expected for the full fiscal year ended December 31, 2009.

Effective January 1, 2007, Western restructured its operations into a holding company/subsidiary format whereby all of its operations are now conducted through wholly-owned subsidiaries. This restructuring is not anticipated to have any tax impact and will have no impact on Western Sizzlin's financial reporting as it will continue to report consolidated financial statements.

The selected historical financial data below should be read in conjunction with the consolidated audited financial statements and unaudited interim financial statements and their respective accompanying notes that are included in this document, beginning on page F-4 of this proxy statement/prospectus, and the following summary is qualified in its entirety by reference thereto. Additionally, more comprehensive financial information, including Western Sizzlin's management's discussion and analysis of financial condition and results of operations, is contained elsewhere in this document. See Index to Western Sizzlin's Financial Statements, Other Important Information Regarding Western Sizzlin and Steak n Shake Management's Discussion and Analysis of Financial Condition and Results of Operations of Western Sizzlin and Where You Can Find Additional Information below.

TABLE OF CONTENTS

23

TABLE OF CONTENTS

RISK FACTORS

In addition to the other information included and incorporated by reference in this proxy statement/prospectus, including the matters addressed in the section entitled Cautionary Statement Concerning Forward-Looking Information, you should carefully consider the following risks before deciding whether to vote for adoption of the merger agreement and approval of the merger.

Risk Factors Relating to Steak n Shake and Western Sizzlin

Steak n Shake's and Western Sizzlin's businesses are subject to the risks described below relating to the merger. In addition, Steak n Shake and Western Sizzlin are and will continue to be subject to the risks described in Part 1, Item 1A of their respective Annual Reports on Form 10-K for the years ended September 24, 2008 and December 31, 2008, respectively, which reports have been filed with the SEC. If any of the risks described in this prospectus or in the annual reports and quarterly reports actually occurs, the respective businesses, financial results, financial condition or stock or debenture prices or values of Steak n Shake or Western Sizzlin could be materially adversely affected. The following risks should be considered along with the other risks described in the reports incorporated by reference into this prospectus. See Other Matters Where You Can Find More Information for the location of information incorporated by reference into this prospectus.

Failure to complete the merger could negatively impact the stock price and the future business and financial results of Steak n Shake and Western Sizzlin.

If the merger is not completed, the ongoing businesses of Steak n Shake and Western Sizzlin may be adversely affected and, without realizing any of the benefits of having completed the merger, Steak n Shake and Western Sizzlin will be subject to a number of risks, including the following:

the current market price of each company's common stock may reflect a market assumption that the merger will occur and a failure to complete the merger could result in a negative perception of either or both companies by equity investors and result in a decline in the market price of the common stock of that company;

Steak n Shake and Western Sizzlin will be required to pay transaction costs relating to the merger, whether or not the merger is completed;

under the merger agreement, Western Sizzlin is subject to restrictions on the conduct of its business prior to completing the merger which may affect its ability to execute some of its business strategies; and

matters relating to the merger (including integration planning) may require substantial commitments of time and resources by Steak n Shake and Western Sizzlin management, which could otherwise have been devoted to other opportunities that may have been beneficial to Steak n Shake and Western Sizzlin as separate companies.

Western Sizzlin must continue to retain, motivate and recruit executives and other key employees, which may be difficult in light of uncertainty regarding the merger, and failure to do so could negatively affect the combined company.

For the merger to be successful, during the period before the merger is completed, Western Sizzlin must continue to retain, motivate and recruit executives and other key employees. Employees of Western Sizzlin may experience uncertainty about their future roles until, or even after, strategies with regard to the combined company are announced or executed. These potential distractions of the merger may adversely affect the ability of Western Sizzlin to attract, motivate and retain executives and other key employees and keep them focused on applicable strategies and goals. A failure by Western Sizzlin to retain and motivate executives and other key employees during the period prior to or after the completion of the merger could have a negative impact on the business of Western Sizzlin and the ability of Steak n Shake to achieve the benefits of the merger.

TABLE OF CONTENTS

Steak n Shake may not be able to successfully consolidate business operations and realize the anticipated benefits of the merger.

Realization of the anticipated benefits of the merger, including anticipated synergies and overhead savings, will depend, in large part, on Steak n Shake's ability to successfully eliminate redundant corporate functions and to consolidate public company and shared service responsibilities. Steak n Shake will be required to devote significant management attention and resources to the consolidation of business practices and support functions while maintaining the independence of Steak n Shake's and Western Sizzlin's standalone brands. The challenges Steak n Shake may encounter include the following:

consolidating redundant operations, including corporate functions;
realizing targeted margin improvements at company-owned restaurants; and
addressing differences in business cultures between Steak n Shake and Western Sizzlin, preserving employee morale and retaining key employees, maintaining focus on providing consistent, high quality customer service, meeting Steak n Shake's operational and financial goals and maintaining the operational goals of each of the standalone brands. In particular, Steak n Shake's ability to realize the targeted margin improvements at company-owned restaurants is subject to a number of risks, including general economic conditions, increases in food and supply costs, increased labor costs and other factors outside of Steak n Shake's control.

The process of consolidating corporate level operations could cause an interruption of, or loss of momentum in, Steak n Shake's business and financial performance. The diversion of management's attention and any delays or difficulties encountered in connection with the realization of corporate synergies and operational improvements could have an adverse effect on Steak n Shake's business, financial results or financial condition. The consolidation and integration process may also result in additional and unforeseen expenses. There can be no assurance that the contemplated expense savings, improvements in Western Sizzlin's and Steak n Shake's store-level margins and synergies anticipated from the merger will be realized.

Steak n Shake might incur substantial impairment charges if the merger is not successful.

If Western Sizzlin's businesses do not perform well or Steak n Shake does not integrate Western Sizzlin's businesses successfully, Steak n Shake could incur significant charges in future periods in order to write down goodwill and intangible assets established in the merger.

Results predicted in financial forecasts and projections considered by Steak n Shake and Western Sizzlin may not be realized, which may adversely affect the market prices or values of Steak n Shake common stock or debentures following the merger.

Each of the Steak n Shake special committee and the Western Sizzlin special committee, with its respective financial advisors, reviewed and relied on, among other things, certain projected financial forecasts provided by the managements of Steak n Shake and Western Sizzlin, respectively. A failure of the combined company to achieve those results could have a material adverse effect on Steak n Shake's business, financial condition and operating results, as well as the market prices and values of its common stock and debentures, following the merger.

Risk Factors Relating to the Merger

The proposed merger may not be completed.

Western Sizzlin's special committee, as of the date of this proxy statement and prospectus, is, with the permission of Steak n Shake, soliciting other proposals to be acquired by other potential strategic and financial buyers. If qualifying proposals are received on or before November 21, 2009, Western Sizzlin's special committee may choose (subject to the payment to Steak n Shake of a termination fee) to abandon the merger with Steak n Shake and choose to be acquired by another buyer, or may continue to negotiate with qualifying bidders who have submitted a qualifying proposal before November 21, 2009 and later agree to be acquired by those bidders. The Western Sizzlin's special committee may also respond to certain unsolicited acquisition proposals from third parties after November 21, 2009 (subject to the payment to Steak n Shake of a larger termination fee) to the extent certain conditions set forth in the merger agreement are satisfied.

TABLE OF CONTENTS

In addition, there are conditions to the closing of the merger that might not be satisfied, resulting in one or both parties deciding to terminate the merger agreement and abandon the merger.

There may be unexpected delays in the consummation of the merger, which would delay Western Sizzlin stockholders receipt of the merger consideration and could impact Steak n Shake s ability to achieve timely cost savings associated with the merger.

While the companies presently expect that the merger can be completed as early as December 2009, unanticipated circumstances, events or conditions could occur that would delay completion of the merger. Stockholders of one or both companies could file lawsuits seeking to delay or prevent the merger or seeking damages, which lawsuits could lead to the delay or prevent the completion of the merger and increase the costs of the merger to one or both of the companies. Either company may terminate the merger agreement (without cause) if the merger has not been completed by July 19, 2010.

Judicial appraisal proceedings commenced by dissenting Western Sizzlin stockholders under Delaware law could result in Steak n Shake paying more for Western Sizzlin than negotiated under the terms of the merger agreement.

Western Sizzlin stockholders have the right under Delaware law to receive, in cash, the fair value of their shares as judicially determined by an appraisal proceeding. If a court should determine that the fair value exceeds the principal amount of debentures to be issued in the merger by Steak n Shake in exchange for the Western Sizzlin stock, then Steak n Shake would pay more for Western Sizzlin than agreed in the merger agreement and would be required to apply additional cash resources to the payment of such awards.

Risk Factors Relating to Western Sizzlin s Ownership Structure

Certain of Western Sizzlin s directors and executive officers are also directors and executive officers of Steak n Shake and have other relationships which may permit them to exercise significant influence over Western Sizzlin s policies and affairs.

Certain of Western Sizzlin s directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as Western Sizzlin stockholders generally, including:

Mr. Biglari is also Chairman, President and Chief Executive Officer of Western Sizzlin and beneficially owns through private investment funds approximately 33% of the common stock of Western Sizzlin, and Mr. Cooley is also Vice Chairman of Western Sizzlin and owns common stock of Western Sizzlin representing less than one percent of its outstanding common stock; and

Mr. Biglari and Mr. Cooley are also members of a group, within the meaning of Section 13(d)(3) of the Exchange Act, that beneficially owned, at the time the merger agreement was executed, an aggregate of 2,753,155 shares of Steak n Shake s common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806

shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009), which group included, at the time the merger agreement was executed, among others, Western Sizzlin and Western Sizzlin director and stockholder Jonathan Dash.

As a result of these relationships, which may present actual or apparent conflicts of interests, Mr. Biglari, Cooley and Dash have the ability to exert significant influence over Western Sizzlin's policies and affairs, including the approval of the merger, the election of Western Sizzlin's board of directors and the approval of any other action requiring a stockholder vote, such as amendments to Western Sizzlin's certificate of incorporation and approving other strategic transactions. Messrs. Biglari's, Cooley's and Dash's interests in the merger and any of the foregoing matters may differ from the interests of Western Sizzlin's other stockholders in some respects.

TABLE OF CONTENTS

Risk Factors Relating to the Debentures

Steak n Shake may incur additional debt in addition to (and with a payment priority over) the debenture indebtedness proposed to be issued to acquire Western Sizzlin.

Steak n Shake and its subsidiaries could choose to incur substantial additional debt, including additional secured debt and debt incurred by Steak n Shake with priority in right to payment over the debenture, in the future. The terms of the indenture for the new debentures will restrict, but will not prohibit, Steak n Shake or its subsidiaries from doing so. The indenture will allow Steak n Shake and its subsidiaries to incur additional debt, subject to the conditions set forth therein, which would be senior (either structurally or legally) in right of payment to the debentures. In addition, the indenture will not prevent Steak n Shake from incurring other liabilities that do not constitute indebtedness (as described in the indenture). If new debt or other liabilities are added to its current debt levels, Steak n Shake's debt-to-equity, its fixed charge coverage ratio and other measures of leverage could increase, resulting in greater risk to Steak n Shake debenture holders and stockholders.

The debentures are unsecured subordinated obligations of Steak n Shake and accordingly its assets may be insufficient to pay amounts due on the debentures.

The debentures will be unsecured obligations. Steak n Shake may incur other debt, subject to the restrictions contained in the indenture, which may be substantial in amount, and which may be secured. The debentures will be subordinated to, and will rank junior in right of payment to, all of its existing and future Senior Debt, which generally includes indebtedness of the Steak n Shake less than \$50 million in the aggregate (a) incurred under or in respect of any debt facility or commercial paper facility with a bank or other institutional lenders providing for certain types of loans and financing, or (b) otherwise permitted under the indenture, unless such indebtedness is on a parity with or subordinated in right of payment to the debentures under its terms. This means that Steak n Shake will be obligated to pay first the entire amounts to which these other creditors are entitled before Steak n Shake will be obligated to pay any amounts to the holders of the debentures for principal or accrued and unpaid interest. Under the indenture, Steak n Shake is prohibited from paying any principal or interest on any debentures (i) after any Senior Debt becomes due and payable, unless and until all such Senior Debt has first been paid in full, or (ii) after a Senior Debt payment default, unless and until such default has been cured, waived, or otherwise has ceased to exist.

Because the debentures will be unsecured obligations, your right of repayment may be compromised in the following situations:

Steak n Shake becomes subject to any bankruptcy, insolvency, reorganization, receivership or similar proceeding; there is a default in payment under any of Steak n Shake's Senior Debt that continues without a waiver; or any other default has occurred and continues without waiver (after the expiration of any applicable grace period) pursuant to which the holders of Steak n Shake's Senior Debt are permitted to accelerate the maturity of such Senior Debt.

If any of these events occurs, the lenders of the Senior Debt, who may be secured lenders, could foreclose on the Steak n Shake assets in which they have been granted a security interest, in each case to your detriment, even if an event of default exists under the indenture relating to the debentures at such time. As a result, upon the occurrence of any of these events, there may not be sufficient funds to pay amounts due on the debentures.

The debentures are effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock incurred or issued by Steak n Shake's subsidiaries.

Steak n Shake is a holding company that derives substantial income from its operating subsidiaries. Steak n Shake's subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts on the debentures or to make any funds available for such payment. Therefore, unless the indebtedness of Steak n Shake's subsidiaries is guaranteed by Steak n Shake, the debentures will be effectively subordinated to the

TABLE OF CONTENTS

claims of all creditors of its subsidiaries, including the claims of bank lenders and other creditors of Steak n Shake Operations, Inc., the subsidiary of Steak n Shake that owns and operates Steak n Shake's restaurants.

If Steak n Shake redeems the debentures prior to maturity, you may not be able to reinvest the proceeds at comparable rates.

Steak n Shake may, at its option, redeem the debentures, in whole or in part, without premium or penalty, on or after the date that is the first anniversary of the date of issuance thereof at a redemption price equal to 100% of the principal amount of the debentures to be redeemed, plus any accrued and unpaid interest to the date of redemption, provided that Steak n Shake complies with applicable conditions specified by the indenture. In the event Steak n Shake redeems some or all of the outstanding debentures, holders thereof have the risk of reinvesting the proceeds at the then-current market rates, which may be higher or lower.

If an active trading market does not develop for the debentures, you may not be able to resell them.

Steak n Shake applied on November , 2009, to list the debentures on the New York Stock Exchange upon issuance; however, because the debentures will be issued without underwriting in a direct issue limited to stockholders of Western Sizzlin, no assurance can be made that any active trading market will develop for the debentures. Moreover, the debentures are new securities for which there is currently no market. The debentures may trade at a discount from their initial offering price, if at all, depending upon prevailing interest rates, the market for similar securities, Steak n Shake's performance and other factors. In addition, the liquidity of the trading market in the debentures that may develop, and the market price quoted for the debentures, may be adversely affected by changes in the overall market for high yield securities and by changes in Steak n Shake's financial performance or prospects or in the prospects for companies in Steak n Shake's industry generally. If no active trading market develops, you may not be able to resell your debentures at their fair market value or at all.

Covenants contained in the indenture may impede Steak n Shake's ability to respond to changing business and economic conditions and to secure additional financing, if needed.

The indenture governing the debentures contains certain restrictive covenants. Furthermore, any additional financing arrangements that Steak n Shake may enter into may contain additional restrictive covenants and financial covenants. These covenants restrict or prohibit or, in the case of additional financing arrangements, may restrict or prohibit, many actions, including, but not limited to, Steak n Shake's ability to incur debt, make prepayments of particular debt, and pay dividends. Failure to maintain compliance with these covenants could constitute a default, which could accelerate the payment of any amounts outstanding under these financial agreements.

Additionally, as a result of these covenants, Steak n Shake's ability to respond to changing business and economic conditions and to secure additional financing, if needed, may be significantly restricted. Steak n Shake may be prevented from engaging in transactions that might otherwise be considered beneficial to it. Should Steak n Shake pursue further development or acquisition opportunities, the timing, size and success as well as associated potential capital commitments of which are unknown at this time, Steak n Shake may need to raise additional capital through debt financings. There can be no assurance that adequate debt financing will be available on satisfactory terms or will be permitted under these covenants. Any such failure to obtain further financing could have a negative effect on Steak n Shake's ability to repay the debentures.

If Steak n Shake redeems the debentures prior to maturity, you may not be able to reinvest the proceeds at compar

TABLE OF CONTENTS

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement/prospectus contains **Cautionary Statement Concerning Forward-Looking Statements** as that term is defined by the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this proxy statement/prospectus, and they also may be incorporated by reference into this joint proxy statement/prospectus.

These statements may include statements regarding the period following the completion of the merger and the transactions contemplated by the merger agreement.

All statements regarding expected operational efficiencies, costs savings and other benefits arising from the merger, the ability to execute the merger in the estimated timeframe, if at all, the anticipated value of the Steak n Shake debentures, expected future financial position, results of operations or cash flows, continued performance improvements as a merged company, expected governance of Steak n Shake upon completion of the merger, the anticipated tax effects of the merger, the possibility that the merger agreement's termination fee may discourage competing third party proposals to acquire Western Sizzlin and similar statements including, without limitation, those containing words such as **anticipates, believes, estimates, expects, intends, may, plans, should** and other similar expressions are forward-looking statements.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. The actual results of the merger and the other transactions contemplated by the merger agreement, and future results and security values of Steak n Shake and Western Sizzlin, and of the combined company, may differ materially from those expressed in these forward-looking statements. Many of the factors that could influence or determine actual results are unpredictable and not within the control of Steak n Shake or Western Sizzlin. In addition, neither Steak n Shake nor Western Sizzlin intends to update these forward-looking statements after this proxy statement/prospectus is distributed except as required by applicable SEC laws and regulations. Factors that may cause actual results to differ materially from those contemplated by forward-looking statements include, among others, those disclosed in the section entitled **Risk Factors** above and in other reports filed by Steak n Shake and Western Sizzlin with the SEC (including such sections of such reports with the captions **Risk Factors, Cautionary Statement Concerning Forward-Looking Information** and similar captions).

The foregoing review of factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements included in this joint proxy statement/prospectus or incorporated herein by reference.

Steak n Shake and Western Sizzlin undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future development or otherwise.

TABLE OF CONTENTS

INFORMATION ABOUT THE COMPANIES

The Steak n Shake Company

Steak n Shake, an Indiana corporation, is a holding company. Its primary restaurant operation is conducted through Steak n Shake Operations Inc. The Steak n Shake restaurant chain, founded in 1934, is a classic American brand serving premium burgers and milk shakes through its chain of 485 restaurants.

Steak n Shake's common stock, par value \$0.50 per share, is listed on the New York Stock Exchange under the symbol SNS. The principal executive offices of Steak n Shake are located at 36 South Pennsylvania Street, Suite 500, Indianapolis, Indiana 46204, and its telephone number is (317) 633-4100.

Additional information about Steak n Shake is included in documents incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#). See also [Recent Developments](#).

Western Sizzlin Corporation

Western Sizzlin, a Delaware corporation, is a holding company owning subsidiaries engaged in number of diverse business activities. Western Sizzlin's primary business activities are conducted through Western Sizzlin Franchise Corporation and Western Sizzlin Stores, Inc., which franchise and operate 101 restaurants in 19 states. Western Sizzlin currently operates and/or franchises the following brands: Western Sizzlin, Western Sizzlin Wood Grill, Great American Steak & Buffet, and Quincy Steakhouses.

Western Sizzlin's common stock, par value \$0.01 per share, is listed on the NASDAQ Capital Market under the symbol WEST. The principal executive offices of Western Sizzlin are located at 401 Albemarle Ave SE, Roanoke, Virginia 24013, and its telephone number is (540) 345-3195.

Additional information about Western Sizzlin is included in this proxy statement/prospectus, including under [Other Important Information Regarding Western Sizzlin, Steak n Shake and the Merger](#), [Summary of Western Sizzlin's Business](#), [Other Important Information Regarding Western Sizzlin, Steak n Shake and the Merger](#), [Management's Discussion and Analysis of Financial Condition and Results of Operations of Western Sizzlin](#) and [Recent Developments](#). See also [Other Matters](#) [Where You Can Find More Information](#).

Merger Sub

Grill Acquisition Corporation, which we sometimes refer to as Merger Sub, is a Delaware corporation and a direct wholly-owned subsidiary of Steak n Shake. Merger Sub was formed solely for the purpose of consummating the merger. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. The principal executive offices of Merger Sub are located at 36 South Pennsylvania Street, Suite 500, Indianapolis, Indiana 46204, and its telephone number is (317) 633-4100.

TABLE OF CONTENTS

RECENT DEVELOPMENTS

Western Sizzlin Special Dividend

As contemplated by the merger agreement, Western Sizzlin declared on October 22, 2009, a special dividend payable to Western Sizzlin's stockholders in the form of 1,322,806 shares of Steak n Shake common stock that were then beneficially owned by an investment subsidiary of Western Sizzlin. Each stockholder of Western Sizzlin of record as of November 2, 2009, was entitled to receive this dividend which was distributed on November 6, 2009. The dividend was paid at the rate of approximately 0.465 shares of Steak n Shake common stock for each share of the Western Sizzlin common stock outstanding as of November 2, 2009 (fractional share interests were settled by a cash payment).

Exercises of All Outstanding Western Sizzlin Stock Options

On or before November 2, 2009, all persons holding stock options that had previously been granted by Western Sizzlin under Western Sizzlin's 2004 Non-Employee Directors' Stock Option Plan (including certain of Western Sizzlin's directors and executive officers) exercised their stock options in accordance with their terms. As a result of such exercises, the number of shares of Western Sizzlin common stock outstanding increased to 2,844,402 as of the record date for the special meeting.

Investment by Steak n Shake in Stock of Fremont Michigan InsuraCorp, Inc.

On October 26, 2009, Steak n Shake filed a Schedule 13D ownership statement with respect to its recent purchases for investment purposes of an aggregate of 172,500 shares of the Class A Common Stock, no par value per share, of Fremont Michigan InsuraCorp, Inc., (representing 9.9% of that corporation's outstanding Class A Common Stock) for an aggregate purchase price of approximately \$3,541,000.

TABLE OF CONTENTS

SPECIAL FACTORS

Structure of Merger

On October 21, 2009 and October 22, 2009, the special committees and boards of directors of Steak n Shake and of Western Sizzlin, respectively, adopted the merger and approved the merger agreement, which was executed and delivered on October 22, 2009 by the parties. The merger agreement provides for the acquisition by Steak n Shake of Western Sizzlin through a merger of Grill Acquisition Corporation, a wholly-owned subsidiary of Steak n Shake, with and into Western Sizzlin. After the merger, Western Sizzlin will be the surviving company and will succeed to and assume all the rights and obligations of Merger Sub. As a result of the merger, if completed, you will no longer have an interest in Western Sizzlin's future earnings or growth, Western Sizzlin will cease to be a publicly traded company, and Western Sizzlin may no longer be required to file separate periodic reports with the SEC.

Pursuant to the terms of the merger agreement, on October 22, 2009, Western Sizzlin declared a special dividend payable to Western Sizzlin's stockholders in the form of 1,322,806 shares of Steak n Shake common stock that was beneficially owned by an investment subsidiary of Western Sizzlin. Each stockholder of Western Sizzlin of record as of November 2, 2009 was entitled to receive this dividend which was distributed on November 6, 2009. The dividend was paid at the rate of approximately 0.465 shares of Steak n Shake common stock for each share of the Western Sizzlin common stock outstanding as of November 2, 2009 (fractional share interests were settled by a cash payment).

At the effective time of the merger each Western Sizzlin common share, each outstanding share of common stock of Western Sizzlin (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be converted into the right to receive a pro rata portion of a new issue, not exceeding \$22,959,000 in aggregate principal amount, of 14% redeemable subordinated debentures to be issued by Steak n Shake, which we refer to herein as the debentures (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2009), with cash to be paid in lieu of fractional debenture interests.

The debentures will be unsecured debt obligations of Steak n Shake that are subordinated to certain of its other present and future debts and obligations. The debentures will bear interest at 14% per annum from the date of issuance (which will be the same date as the effective time of the merger), payable semiannually, and principal will be due in a single payment on the date that is the fifth anniversary of the date of issuance. Steak n Shake will be entitled at its option to redeem the debentures on or after the date that is the first anniversary of the date of issuance of the debentures at a redemption price equal to 100% of the principal amount of the debentures to be redeemed, plus any accrued and unpaid interest to the date of redemption.

Further details relating to the structure of the merger and the merger consideration are described in Special Factors Structure of the Merger and The Merger Agreement Special Dividend and Merger Consideration below. Further details relating to the terms and conditions of the debentures and the indenture governing debentures are described in Description of Debentures.

Expected Timing of the Merger

Steak n Shake and Western Sizzlin currently expect to complete the merger in December 2009 or the first calendar quarter of 2010, subject to receipt of Western Sizzlin stockholder approval and the satisfaction or waiver of other

closing conditions. However, no assurance can be given as to when, or if, the merger will occur.

No Steak n Shake Stockholder Approval

Steak n Shake stockholders are not required to adopt the merger agreement or approve the merger or the issuance of debentures in connection with the merger.

32

TABLE OF CONTENTS

Merger Expenses, Fees and Costs

Generally, all expenses incurred in connection with the merger agreement and related transactions will be paid by the party incurring the expense. Under the merger agreement, however, termination fees are payable by Western Sizzlin if the merger agreement is terminated under certain circumstances, and Western Sizzlin is required to reimburse Steak n Shake for Steak n Shake's expenses related to the merger transaction up to \$1 million in certain circumstances if the Western Sizzlin stockholders do not approve the merger at the special meeting. Similarly, Steak n Shake is obligated to pay a termination fee to Western Sizzlin under certain circumstances. See **The Merger Agreement Expenses and Fees.**

Appraisal Rights That May be Available in Connection with the Merger

Western Sizzlin stockholders have the right under Delaware law to dissent from the adoption of the merger agreement and approval of the merger, to exercise appraisal rights and to receive payment in cash of the judicially determined fair value for their shares, plus interest, if any, on the amount determined to be the fair value, in accordance with Delaware law. The fair value of shares of Western Sizzlin's common stock, as determined in accordance with Delaware law, may be more or less than, or equal to, the merger consideration to be received by non-dissenting stockholders in the merger. To preserve their rights, Western Sizzlin stockholders who wish to exercise appraisal rights must not vote in favor of the adoption of the merger agreement and approval of the merger and must follow the specific procedures provided under Delaware law for perfecting appraisal rights. Dissenting stockholders must precisely follow these specific procedures to exercise appraisal rights or their appraisal rights may be lost. These procedures are described in this proxy statement/prospectus, and a copy of Section 262 of the Delaware General Corporation Law (**DGCL**), which grants appraisal rights and governs such procedures, is attached as Annex D to this proxy statement/ prospectus. See **Appraisal Rights.**

Background of the Merger

Sardar Biglari, through Lion Fund, L.P. (which we refer to as the Lion Fund) a private investment fund controlled by Mr. Biglari, has been the beneficial owner of more than five percent of the outstanding common stock of Western Sizzlin since July 2005. In December 2005, Mr. Biglari and Philip L. Cooley (an advisory director of the Lion Fund) were elected as directors of Western Sizzlin. In March 2006, Mr. Biglari was named Chairman of the board of directors of Western Sizzlin and Mr. Cooley was elected Vice Chairman of the board of directors of Western Sizzlin. Mr. Biglari was appointed President and Chief Executive Officer of Western Sizzlin in May 2007.

In August 2007, a group, within the meaning of Section 13(d)(3) of the Exchange Act, of which Western Sizzlin, the Lion Fund, and Messrs. Biglari and Cooley were the members (the **Investment Group**), disclosed in a Schedule 13D statement of beneficial ownership that the Investment Group had acquired a substantial position in the common stock of Steak n Shake. Mr. Biglari met with management of Steak n Shake on August 13, 2007, seeking representation of the interests of the Investment Group on the board of directors of Steak n Shake. In March 2008, Messrs. Biglari and Cooley won election by Steak n Shake's shareholders to Steak n Shake's board of directors. On June 19, 2008, Mr. Biglari was named Chairman of Steak n Shake. In August 2008, Mr. Biglari was also named Chief Executive Officer of Steak n Shake and, in April 2009, Mr. Cooley was named Vice Chairman of Steak n Shake's board of directors.

William J. Regan, Jr., a private investor, first joined the board of directors of Steak n Shake by action of Steak n Shake's board of directors in November 2008, and subsequently was elected a director by the shareholders of Steak n Shake at its annual meeting of shareholders held in April 2009.

At meetings of the Steak n Shake board of directors on January 8, 2009 and of the Western Sizzlin board of directors on January 14, 2009, Mr. Biglari proposed a potential strategic combination of Western Sizzlin and Steak n Shake.

Formation of the Western Sizzlin Special Committee and the Steak n Shake Special Committee

At a meeting on January 14, 2009, the Western Sizzlin board of directors, in order to ensure a process that would be fair to Western Sizzlin's unaffiliated stockholders, established a special committee of disinterested directors, consisting of Kenneth R. Cooper, as chairman, Martin S. Fridson and Titus W. Greene,

TABLE OF CONTENTS

to investigate and research the potential merger between Western Sizzlin and Steak n Shake proposed by Mr. Biglari. Messrs. Cooper, Fridson and Greene were not employees of Western Sizzlin. The Western Sizzlin board of directors determined that there were no relationships between the members of the Western Sizzlin special committee and Steak n Shake.

Following Mr. Biglari's proposal at the Steak n Shake January 8, 2009 Board meeting, Messrs. Biglari and Cooley excused themselves from the meeting, and the other members of the board of directors who were present at that meeting conducted an initial discussion of Mr. Biglari's proposal. The directors asked Edward Wilhelm, then a member of the board of directors of Steak n Shake and then the Chairman of its Audit Committee, to lead an effort to consider Mr. Biglari's proposal, and Mr. Wilhelm accepted Mr. Regan's offer to assist with Mr. Wilhelm's analysis and investigation. Mr. Regan and Mr. Wilhelm subsequently discussed Mr. Regan's analysis of the proposal, and Mr. Wilhelm then discussed the proposal with Mr. Biglari. After discussing the matter further with Mr. Wilhelm, Mr. Biglari advised the Steak n Shake board that further consideration of this opportunity should be deferred. Accordingly, no substantive discussion took place between the independent board representatives of the two companies regarding the specific terms and conditions of a possible merger of the two companies until May 2009.

In early May 2009, Mr. Biglari again raised and discussed with the Western Sizzlin board of directors the idea of a potential strategic combination of Western Sizzlin and Steak n Shake. At a meeting of the board of directors of Western Sizzlin on May 13, 2009, the board reaffirmed the formation of the independent special committee to investigate and research a potential merger of the two companies.

Mr. Biglari also convened a special telephonic meeting of the Steak n Shake board on May 13, 2009. At that meeting Mr. Biglari proposed that Steak n Shake consider an acquisition of Western Sizzlin by means of a merger. Mr. Biglari stated that, if Steak n Shake wished to consider the acquisition further, the consideration would have to be made by a committee of directors who were independent of Western Sizzlin, and he suggested that the independent members of the board convene separately after Dr. Cooley and he had left the telephonic meeting to consider whether to establish a special committee. Upon the departure from the telephonic meeting of Messrs. Biglari and Cooley, the remaining three directors (Ruth J. Person, John W. Ryan, and Mr. Regan), none of whom had any relationship with Western Sizzlin, voted to establish themselves as a special committee to consider the matter of a proposed transaction with Western Sizzlin, and appointed Mr. Regan the Chairman of the special committee. Mr. Regan discussed with the committee that he had recently met with Messrs. Biglari and Cooley concerning the benefits to Steak n Shake of the proposed merger transaction, and advised the committee that Mr. Biglari had prepared and discussed with Mr. Regan, Mr. Biglari's preliminary assessment of the potential value of the proposed transaction to Steak n Shake.

The board of directors, at the May 13, 2009, meeting, also authorized the special committee, if and when formed, to retain counsel to represent it, at its sole discretion. The Board discussed the possibility that the special committee might consider engaging Steak n Shake's outside counsel, the law firm of Cline, Williams, Wright, Johnson, & Oldfather, L.L.P., of Omaha, Nebraska (which we refer to as Cline Williams), to serve as counsel to the special committee. During that telephonic meeting, in which Cline Williams also participated, Cline Williams advised the board that Cline Williams also represented Western Sizzlin and that Cline Williams would need to recuse itself from further representation of Western Sizzlin or, in the alternative, obtain consents of both companies to its continued representation of Western. The consensus of the special committee, when formed, was to consider engaging Cline Williams as its counsel, and the engagement by the special committee of Cline Williams as its counsel was confirmed in writing by Mr. Regan with Cline Williams on May 20, 2009.

Mr. Regan first contacted Mr. Cooper on May 14, 2009.

On May 15, 2009, Mr. Regan discussed with Cline Williams attorneys and with members of the Steak n Shake special committee various legal, financial and other considerations applicable to the structure of the proposed merger transaction and the type of consideration to be offered to the Western Sizzlin shareholders. On the basis of those discussions, Mr. Regan and the Cline Williams attorneys called Mr. Biglari to update him on those discussions. During this conference call, Mr. Biglari stated that he desired that the Special Committee should remain open to transaction structures other than stock-for-stock mergers. Upon Mr. Regan's request, Mr. Biglari agreed to formulate alternative structures for the special committee to analyze.

TABLE OF CONTENTS

On May 18, 2009, Mr. Regan delivered a letter to Mr. Cooper advising that Steak n Shake had formed a special committee of directors who had no relationships to Western Sizzlin for the purposes of exploring the possibility of a strategic transaction between Steak n Shake and Western Sizzlin. The letter also recommended that the parties enter into a mutual nondisclosure agreement so that information could be shared and discussions had on a confidential basis. To that end, Steak n Shake and Western Sizzlin entered into a letter agreement, dated May 28, 2009, providing that all information exchanged between the parties in connection with their respective diligence reviews was to be kept confidential in accordance with the terms thereof.

On May 21, 2009, the Western Sizzlin special committee retained Olshan Grundman Frome Rosenzweig & Wolosky LLP (which we refer to as Olshan) to represent the special committee in connection with advice relating to strategic alternatives, including but not limited to, the potential transaction with Steak n Shake. Olshan has previously acted as special counsel to Western Sizzlin from time to time in connection with certain previous transactions unrelated to the merger. Additionally, Olshan has represented a group, within the meaning of Section 13(d)(3) of the Exchange Act, of which Western Sizzlin, the Lion Fund, and Messrs. Biglari and Cooley, among others, are members, in connection with a proxy solicitation seeking representation of the group on Steak n Shake's board of directors, and Olshan continues to represent the group in a limited capacity in connection with the group's securities laws filings relating to its investment in Steak n Shake. The Western Sizzlin special committee was aware of these past relationships when it retained Olshan and consented to the firm's retention, waiving any possible conflicts that may result therefrom. In mid-June 2009, Olshan discussed with the Western Sizzlin special committee the basic legal and fiduciary obligations of the Western Sizzlin special committee with respect to a transaction involving the potential sale of the company, including the retention and scope of services to be provided by a financial advisor to the special committee. After reviewing proposals from recognized investment banking firms, on June 25, 2009, the Western Sizzlin special committee retained B. Riley & Co., LLC, which we refer to herein as B. Riley, to serve as the special committee's financial advisors and to provide an opinion as to the fairness to Western Sizzlin stockholders of the consideration to be offered in a potential transaction with Steak n Shake, from a financial point of view.

On May 23, 2009, Mr. Biglari and Mr. Regan spoke by telephone concerning a proposal that Mr. Biglari had developed on behalf of Steak n Shake management to structure the acquisition of Western Sizzlin using consideration other than the issuance of Steak n Shake common stock. Mr. Biglari suggested that Western Sizzlin could first distribute to Western Sizzlin's stockholders the shares of Steak n Shake beneficially owned by an investment subsidiary of Western Sizzlin, thereby reducing the transaction size by 30% to 35%, and requested that the special committee consider the issuance by Steak n Shake of debt, preferred stock or similar instruments to finance the balance of the consideration to be offered to the Western Sizzlin stockholders in the transaction.

Upon the signature on May 28, 2009, by both parties to the letter agreement of confidentiality that had been proposed by Mr. Regan to Mr. Cooper on May 18, 2009, the chief financial officers of both Western Sizzlin and Steak n Shake were authorized and directed to communicate with each other to begin exchanging the information that each party would need to review the business, assets, liabilities, operations and affairs of the other party.

On June 3, 2009, the Steak n Shake special committee conducted a telephonic meeting at which Chairman Regan updated the members of the committee as to recent developments. The special committee reviewed the potential interest of four financial advisory firms in providing services to the committee. The committee also discussed the type of service and advice needed by the special committee from the chosen firm, and determined that the committee would require both valuation assistance and a fairness opinion. The committee unanimously authorized Mr. Regan as Chairman to proceed to interview two of these firms, and recommend to the full committee his choice.

On June 5, 2009, the Steak n Shake special committee reported to the full board of Steak n Shake concerning the progress of its negotiations with the Western Sizzlin special committee and the selection of a financial advisor. At that

meeting the Board authorized the committee to begin interviewing candidates for providing a valuation and for providing a fairness opinion, and requested that the committee also interview another firm in addition to the two firms that had been identified by the special committee on June 3, 2009. In addition, the special committee was authorized to discuss with Western Sizzlin's special committee, and

TABLE OF CONTENTS

consult with the chosen financial advisor, concerning an alternative to a stock-for-stock merger, involving a debt security with a maturity not exceeding five years. Subsequently, Mr. Regan, accompanied by Duane E. Geiger, Steak n Shake's Interim Chief Financial Officer, interviewed each of the three financial advisory firms discussed at the June 5, 2009 board of directors meeting. Mr. Regan reported to the special committee on the results of such interviews at a special committee meeting held June 19, 2009, and the special committee unanimously selected Duff & Phelps, LLC (which we refer to as Duff & Phelps), as the special committee's financial advisor. On June 26, 2009, the Steak n Shake special committee retained Duff & Phelps, as its financial advisor for the proposed transaction, and to provide a fairness opinion, if requested.

In mid-June 2009, Olshan discussed with the Western Sizzlin special committee the basic legal and fiduciary obligations of the Western Sizzlin special committee with respect to a transaction involving the potential sale of the company, including the retention and scope of services to be provided by a financial advisor to the special committee. After reviewing proposals from recognized investment banking firms, on June 25, 2009, the Western Sizzlin special committee retained B. Riley & Co., LLC (which we refer to as B. Riley) to serve as the special committee's financial advisors and to provide an opinion as to the fairness to Western Sizzlin stockholders of the consideration to be offered in a potential transaction with Steak n Shake, from a financial point of view.

On Friday, July 24, 2009, representatives of Duff & Phelps called Mr. Regan to discuss with him the tentative summary results of their review of the value to Steak n Shake of Western Sizzlin.

On the morning of July 27, 2009, Mr. Regan convened a special meeting of the Steak n Shake special committee to discuss valuation issues. Duff & Phelps did not participate in this meeting and no materials prepared by Duff & Phelps were prepared for or presented at this meeting. Mr. Regan reported to the special committee that he believed that Duff & Phelps's preliminary and tentative valuation work would likely suggest a value of Western Sizzlin to Steak n Shake in the range of \$12.00 to \$13.50 per Western Sizzlin share. The committee discussed at length certain valuation methodologies utilized by Duff & Phelps in its preliminary work. The committee also discussed at this meeting the relative merits of the use of Steak n Shake common stock as the consideration to be issued in the merger compared to a debt security to be issued by Steak n Shake as the merger consideration. Mr. Regan reported to the Committee that, on the basis of his preliminary discussions with Duff & Phelps and his review of financial data regarding the restaurants and food service industries, he believed that the appropriate interest rate on a five-year debenture with all principal due in a single installment at maturity would be in the range of 12% to 15% per annum. The special committee concluded that the use of Steak n Shake debt as the merger consideration, as an alternative to a structure the transaction with common stock as the merger consideration, could also result in a transaction that would be in Steak n Shake's best interests.

The full board of directors of Steak n Shake then met the afternoon of July 27, 2009 by conference telephone. Mr. Regan, as Chairman of the special committee, reported concerning the special committee's discussions with Duff & Phelps, and, without sharing with the full board the specific preliminary valuation range suggested by Duff & Phelps, Mr. Regan reported that the special committee would be comfortable in proceeding with an offer in the range of \$12.00 to \$13.00 per Western Sizzlin share. Further, Mr. Regan noted the special committee's thoughts concerning the use of stock as the merger consideration rather than debt, but reported that the committee understood Mr. Biglari's opinion that the Steak n Shake stock was undervalued. Mr. Regan reported to the board that, on the basis of his preliminary discussions with Duff & Phelps, and his review of financial reports, a debt instrument issued by Steak n Shake with a five year maturity, to be valued at par, would likely carry an interest rate of 12% to 15% per annum. After discussion, the three directors who were also members of the special committee adopted a resolution, with Messrs. Biglari and Cooley abstaining, that Steak n Shake should make an offer to exchange five year 14% debentures of Steak n Shake with interest payable semiannually for all of Western Sizzlin's shares; that Western Sizzlin's shares should be valued for purposes of the transaction at \$13.00 per share, before giving effect to the distribution by

Edgar Filing: STEAK & SHAKE CO - Form S-4

Western Sizzlin to all of its stockholders of all Steak n Shake shares beneficially owned by an investment subsidiary of Western Sizzlin; and that the transaction would be contingent on a fairness opinion from Duff & Phelps.

On July 28, 2009, Mr. Regan reported to the other members of the special committee by electronic mail messages that he believed that the value of the Steak n Shake stock to be distributed by Western Sizzlin to its

36

TABLE OF CONTENTS

stockholders (for purposes of measuring how much of the \$13.00 per share proposal should be allocable to that special dividend) should be based on Steak n Shake's then current value in the market (at the time of the extension of the offer to Western Sizzlin) and not an average price over a specified prior period of time, and that he believed that the debentures to be issued in the merger should be redeemable at Steak n Shake's option without penalty or premium as early as the date that was six months after the date of initial issuance. He also reported that Duff & Phelps would be comfortable with those two changes and that he understood that the likely range of Duff & Phelps' estimates of the value of Western Sizzlin to Steak n Shake had recently narrowed from \$12.00 to \$13.50 to \$12.00 to \$13.25 per share of Western Sizzlin common stock. Duff & Phelps on July 29, 2009, delivered to Mr. Regan a draft valuation analysis that reflected a further narrowing of this range, to \$12.30 to \$13.10 per Western Sizzlin share. Mr. Regan sought and received authorizations from both of the other members of the special committee to proceed to extend a non-binding proposal to Mr. Cooper, as Chairman of the Western Sizzlin special committee on July 28, 2009, and a letter expressing that non-binding proposal was delivered by Mr. Regan to Mr. Cooper that same day.

Negotiation of the Letter of Intent

Messrs. Regan and Cooper had discussions during the period from May 18, 2009 through July 28, 2009 regarding the exchange of information between advisors to their respective companies, the treatment of the Steak n Shake common stock held by Western Sizzlin, the potential that the consideration to be issued in the proposed merger could take the form of preferred stock or debentures, and the benefits of the potential combination of the two companies.

The indication of interest that Mr. Regan delivered to Mr. Cooper on July 28, 2009, proposed that Steak n Shake would acquire all outstanding shares of Western Sizzlin's common stock in a reverse triangular merger of Western Sizzlin with a newly formed subsidiary of Steak n Shake, with Western Sizzlin surviving the merger. The indication of interest provided that in connection with the proposed merger, Western Sizzlin would be required to distribute all shares of Steak n Shake common stock beneficially owned by Western Sizzlin's subsidiaries at or prior to the closing of the merger. The indication of interest further provided that the purchase price per share, after giving effect to the distribution of the shares of Steak n Shake stock beneficially owned by Western Sizzlin's subsidiaries, would be approximately \$8.11 per share (based upon the number of shares of Western Sizzlin common stock then reported to be outstanding), which would be paid through the delivery of debentures to be issued by Steak n Shake. The indication of interest provided that the proposed debentures would carry a term of five years, be pre-payable without penalty at the option of Steak n Shake after six months and would bear interest at a rate of 14% per annum from the date of issuance (which will be the same date as the effective date of the merger), payable semi-annually in cash with principal and any accrued but unpaid interest to be paid in cash at maturity. This letter indicated that it was the Steak n Shake's special committee's last and best offer.

The Western Sizzlin special committee met on July 29, 2009 to discuss the terms set forth in the Steak n Shake indication of interest with its legal counsel and financial advisors. A representative of B. Riley advised that, based upon a preliminary analysis, the purchase price would likely be in the range of prices that would be fair to Western Sizzlin's stockholders. A representative of the special committee's legal counsel discussed with the special committee the importance of certain terms of the proposed debentures that were not fully addressed in the indication of interest. Legal counsel also reiterated the fiduciary duties of the members of the special committee under Delaware law with respect to a potential transaction with Steak n Shake. Thereafter, the Western Sizzlin special committee directed Mr. Cooper to call Mr. Regan to negotiate the purchase price of the proposed transaction and to clarify certain terms of the proposed debentures. The special committee also authorized representatives of B. Riley to speak with Mr. Regan and the Steak n Shake special committee's financial advisors regarding the basis of and valuations underlying the proposed purchase price contained in the indication of interest.

Edgar Filing: STEAK & SHAKE CO - Form S-4

Over the course of July 29th and 30th, both Mr. Cooper and representatives of B. Riley had conversations with Mr. Regan regarding the terms of the proposed merger.

On July 30, 2009, at a meeting of the Western Sizzlin special committee, Mr. Cooper reported to the special committee the status of his discussions with Mr. Regan with respect to the proposed merger. A representative of B. Riley also reported on his discussion with Mr. Regan and recommended that the special

37

TABLE OF CONTENTS

committee respond to the July 28th indication of interest with a proposal to increase the purchase price and provide for certain covenants with respect to the debentures to be issued by Steak n Shake in the merger. The Western Sizzlin special committee discussed further the terms of the proposed merger set forth in the indication of interest. The special committee also discussed advising the board of directors of Western Sizzlin of the receipt of the indication of interest from Steak n Shake. A special meeting of the full board of directors of Western Sizzlin was held July 30, 2009 for this purpose. At the board of directors' meeting, Mr. Cooper informed the board that the special committee had received the non-binding indication of interest from Steak n Shake. Mr. Cooper did not discuss the specific terms of the letter and advised that the special committee would be independently reviewing the indication of interest consistent with its fiduciary duties and the mandate given to the special committee by the board. The board of directors of Western Sizzlin agreed that the special committee should continue with discussions and negotiations with Steak n Shake, and with the assistance of the advisors selected by the special committee, respond to the July 28th indication of interest or proceed as otherwise determined by the special committee.

The Western Sizzlin special committee met again on August 1, 2009 to discuss the terms of the proposed transaction and the special committee's response to the July 28th indication of interest with the special committee's financial advisors and legal counsel. Representatives of B. Riley recommended certain terms that should be included in the response to Steak n Shake's indication of interest. The board of directors of Western Sizzlin also met again on August 1, 2009 and reaffirmed the special committee's full authority to negotiate the terms and conditions of a non-binding Letter of Intent with Steak n Shake and to take any and all actions that the special committee deemed appropriate in fulfilling its fiduciary duties, provided that the special committee was not authorized to enter into a binding agreement without the full board's approval, which would be sought at such time and if the special committee deemed appropriate.

On August 2, 2009, Mr. Cooper and Mr. Regan had further conversations regarding the proposed transaction.

On August 3, 2009, Mr. Cooper responded by letter to Mr. Regan on behalf of the Western Sizzlin special committee. Mr. Cooper's letter indicated that the Western Sizzlin special committee was in the process of continuing to conduct research with its advisors regarding the valuation and terms of the proposed transaction. Based on research to date, however, Mr. Cooper advised that the Western Sizzlin special committee would be willing to move forward with a transaction with Steak n Shake upon the following principal terms: (a) an increase in the purchase price to \$14.00 per share; (b) the debentures to be issued by Steak n Shake in the merger would not contain any call feature permitting the prepayment thereof without penalty; and (c) the Steak n Shake debentures would contain certain covenants related to restrictions on the total leverage, subordination only to senior secured debt and restrictions on the payment of dividends.

The Steak n Shake special committee met by telephone to consider the August 3 letter from Mr. Cooper, and determined that Western Sizzlin's proposal was not in the best interests of Steak n Shake. Mr. Regan then responded to Mr. Cooper's letter by a letter to Mr. Cooper, dated August 4, 2009, which re-affirmed that Steak n Shake's July 28th indication of interest represented its last and best offer and that Steak n Shake had no room to negotiate on price. With respect to the terms of the debentures, however, Mr. Regan indicated that the covenants requested in Mr. Cooper's August 3rd letter were not necessarily contrary to Steak n Shake's proposal, but that the right to prepay the debenture to be issued by Steak n Shake was of significant importance to the Steak n Shake special committee.

The Western Sizzlin special committee met on August 4, 2009 to consider Mr. Regan's response and discuss its position and whether it should continue to negotiate the terms of the proposed transaction other than the purchase price. Upon the special committee's request, a representative B. Riley advised that it would provide its preliminary analysis of the valuation of Western Sizzlin's common stock to the special committee. The special committee directed Mr. Cooper to inform Mr. Regan that it was discussing the purchase price and other terms of the proposal with its

advisors.

Following the meeting, Mr. Cooper contacted Mr. Regan and informed him that the Western Sizzlin special committee was discussing the purchase price and other terms of the proposal with its advisors.

38

TABLE OF CONTENTS

On August 6, 2009, B. Riley submitted a draft summary of its preliminary analysis of the valuation of Western Sizzlin's common stock to the special committee. A low, mean and high purchase price per share for Western Sizzlin's common stock were presented and B. Riley noted that the purchase price proposed by Steak n Shake fell between the mean and high prices of such range. Following a thorough discussion, and with the advice of the special committee's legal counsel and financial advisors, the special committee directed Mr. Cooper to respond in writing to Mr. Regan that Western Sizzlin would be willing to enter into a non-binding Letter of Intent containing the price set forth in the July 28, 2009 indication of interest, a one year no-call period on the debentures to be issued by Steak n Shake, registration under the Securities Act of the debentures and the covenants for the debentures that Mr. Cooper requested in his August 3, 2009 letter. Mr. Cooper delivered a letter to Mr. Regan later that day along the lines approved by the Western Sizzlin special committee.

Later on August 6, 2009, the Steak n Shake special committee met by telephone to discuss the August 6, 2009 letter from Mr. Cooper, and concluded that it was in Steak n Shake's best interest to proceed with negotiations with Western Sizzlin's special committee on the terms of that letter and authorized Cline Williams to prepare a draft of a letter of intent.

On August 9, 2009, the Steak n Shake special committee met by telephone to review the draft of a proposed non-binding Letter of Intent with respect to a reverse triangular merger of a Steak n Shake subsidiary with Western Sizzlin, and authorized Mr. Regan to work with Cline Williams to finalize the draft letter and deliver the draft letter to Mr. Cooper. Mr. Regan, on behalf of the Steak n Shake special committee, delivered the proposed Letter of Intent to Mr. Cooper on August 9, 2009. The proposed Letter of Intent contained substantially the same principal terms that Mr. Cooper indicated would be acceptable to the Western Sizzlin special committee in his August 6, 2009 letter.

The Western Sizzlin special committee met on August 10, 2009 to discuss with its legal counsel and financial advisors the terms of the proposed Letter of Intent that was received from Mr. Regan. After discussion and based upon the advice of the special committee's legal counsel and financial advisors, the Western Sizzlin special committee authorized Mr. Cooper to execute the Letter of Intent on behalf of the special committee, with such changes suggested by the special committee's legal counsel and financial advisors, and to enter into negotiations for a definitive agreement. Following the meeting, Mr. Cooper sent to Mr. Regan proposed changes to the draft Letter of Intent based on comments from the Western Sizzlin special committee's advisors.

Following Mr. Regan's receipt of the proposed changes, the Steak n Shake special committee met by telephone on August 10, 2009, and concluded that the proposed changes were acceptable, and authorized Mr. Regan to sign the Letter of Intent, subject to receipt of a verbal update from Duff & Phelps of its comfort with the special committee's proceeding on those terms on the basis of an updated financial analysis that Duff & Phelps was then undertaking.

On August 11, 2009, Western Sizzlin and Steak n Shake entered into the non-binding Letter of Intent relating to the proposed merger of Western Sizzlin into a wholly-owned subsidiary of Steak n Shake. The Letter of Intent provided for the following principal terms: (a) on or prior to closing of the proposed merger, Western Sizzlin would distribute to its stockholders all of the Steak n Shake shares beneficially owned by Western Sizzlin; (b) the consideration payable to Western Sizzlin's stockholders would be based on a net transaction valuation of \$22,959,000 and, at closing, each share of Western Sizzlin's common stock would be converted into the right to receive an amount equal to approximately \$8.11 per share (based upon the number of shares of Western Sizzlin common stock outstanding on August 11, 2009) in the principal amount of debentures issued by Steak n Shake; and (c) the Steak n Shake debentures would have a term of five (5) years, would bear interest at the rate of 14 percent per annum, would be pre-payable without penalty at the option of Steak n Shake after one year from the date of issuance and would contain certain restrictive covenants along the lines outlined in Mr. Cooper's letter on August 3, 2009.

On August 12, 2009, the Steak n Shake Special Committee met to consider the issuance of a joint press release and, in conjunction with that public announcement, a proposed amendment to the Letter of Intent to relieve Western Sizzlin of an obligation in the Letter of Intent not to solicit the interest of other potential interested parties until after September 11, 2009, so that Western Sizzlin would be permitted immediately to

TABLE OF CONTENTS

shop Western Sizzlin for sale to other potentially-interested purchasers from and after the public announcement. The Special Committee authorized Mr. Regan to execute an amendment to the Letter of Intent that would relieve Western Sizzlin of its obligation to avoid soliciting proposals other than from Steak n Shake in return for an expense reimbursement clause or other protections of Steak n Shake in that regard acceptable to Mr. Regan in his discretion.

On August 12, 2009, Steak n Shake and Western Sizzlin amended the Letter of Intent to remove Western Sizzlin's agreement prohibiting it from shopping Western Sizzlin but requiring Western Sizzlin to reimburse Steak n Shake for up to \$300,000 of its expenses incurred in connection with the proposed transaction if Western Sizzlin should be sold within the next twelve months to another company.

On August 13, 2009, Western Sizzlin and Steak n Shake issued a joint press release publicly announcing the execution of the Letter of Intent.

Negotiation of the Merger Agreement and the Indenture

Following the execution of the Letter of Intent, during August 2009, legal counsel and financial advisors for each of the Steak n Shake and Western Sizzlin special committees performed their due diligence review and discussed the principal provisions of the definitive agreement. Steak n Shake's special committee hired the law firm of Ice Miller LLP, Indianapolis, Indiana (which we refer to as Ice Miller), as successor counsel to Cline Williams during a special meeting held by telephone on August 18, 2009. During that meeting, Ice Miller attorneys advised the special committee that Ice Miller also represented Steak n Shake as to employee benefit law matters.

Also following the execution of the Letter of Intent, at the Special Committee's request, B. Riley conducted a market test to solicit alternative acquisition proposals and address Western Sizzlin's strategic alternatives. As part of this market test, B. Riley developed a confidentiality agreement, one page executive summary and descriptive memorandum. The firm also created an electronic data room to facilitate the due diligence process.

B. Riley contacted a number of candidates to assess their interest in a transaction with Western Sizzlin. The firm discussed the opportunity with restaurant concepts in the casual dining and family dining space and consumer oriented private equity firms with active and/or past portfolio investments in the restaurant industry. B. Riley executed a confidentiality agreement and delivered a descriptive memorandum to one potential target in the family dining space. The party declined to pursue the opportunity after reviewing the descriptive memorandum. The majority of the parties contacted declined to pursue the opportunity beyond early-stage discussions and a review of the one page executive summary. Targeted parties who declined to pursue the opportunity cited:

- lack of interest in the family dining and buffet segment;
- a desire to focus on organic growth;
- limited capital to pursue acquisitions;
- a need to address their own internal operating issues;
- the state of the U.S. economy; and
- volatility in the U.S. credit markets.

In addition, B. Riley did not receive any inquiries regarding Western Sizzlin from outside parties after the announcement that Western Sizzlin had received an unsolicited offer from Steak n Shake.

On August 31, 2009, the Steak n Shake special committee met by telephone with legal counsel for the Steak n Shake special committee to discuss the terms and conditions of a draft merger agreement that Ice Miller had circulated among the special committee members. The special committee authorized Ice Miller to deliver the draft agreement to Olshan as counsel for the Western Sizzlin special committee. On September 16, 2009, legal counsel for the Steak n

Shake special committee also provided the Western Sizzlin special committee and its legal counsel with a draft of the proposed voting agreements to be executed by certain Western Sizzlin stockholders and of the indenture governing the debentures to be issued by Steak n Shake in the merger.

TABLE OF CONTENTS

During the period from September 3, 2009 through October 20, 2009, each of the Steak n Shake and Western Sizzlin special committees held several meetings concerning terms and status of negotiations with respect to the merger agreement and the indenture. During this same period, legal counsel for each of the Steak n Shake and Western Sizzlin special committees negotiated the terms of the merger agreement and indenture and circulated several revised drafts of the documents, each of which was discussed at length by the respective special committees or their chairmen. In addition, between such dates, counsel for the Steak n Shake special committee and each of the parties to the voting agreements negotiated the final terms and provisions of the voting agreements.

The parties completed negotiations and came to agreement on all remaining open issues relating to the merger agreement and the indenture on or about October 20, 2009 and revised drafts of the merger agreement and indenture were circulated to all parties by the Steak n Shake special committee's legal counsel on October 17, 2009.

Recommendations and Approvals of the Western Sizzlin Special Committee and Board of Directors

On October 22, 2009, the Western Sizzlin special committee met to consider the proposed merger and its potential benefits to the company and its stockholders. The special committee and representatives of its legal counsel discussed the recent developments with respect to the negotiations and the resolution of the principal terms of the merger agreement and the indenture. B. Riley provided to the special committee its financial analysis of the proposed transaction, and then delivered to the special committee its oral opinion (subsequently confirmed in writing) to the effect that, as of October 22, 2009, and subject to and based upon the assumptions made, matters considered and limits of the review set forth in its opinion, the consideration to be received by Western Sizzlin stockholders in the form of debentures to be issued by Steak n Shake in the principal amount of approximately \$8.08 per share (based upon the number of shares of Western Sizzlin common stock outstanding on October 22, 2009) was, after giving effect indirectly to the distribution by Western Sizzlin of all shares of Steak n Shake common stock that it owned, fair to Western Sizzlin's stockholders from a financial point of view. The Western Sizzlin special committee's legal counsel reviewed with the members of the special committee their fiduciary duties under Delaware law, as well as the terms and provisions of the merger agreement and the indenture. After extensive discussion, including an in-depth analysis of the reasons for engaging in the transaction, the Western Sizzlin special committee unanimously determined that the merger and the merger agreement were advisable and fair to Western Sizzlin and in the best interest of Western Sizzlin's stockholders. Accordingly, the Western Sizzlin special committee unanimously recommended that the full board of directors adopt the merger agreement and approve the transactions contemplated thereby.

Later that day, the full board of directors of Western Sizzlin met to consider the proposed merger and its potential benefits to Western Sizzlin and its stockholders. Mr. Cooper updated members of the board concerning recent developments with respect to the proposed merger with Steak n Shake. Mr. Cooper presented the board of directors with drafts of the merger agreement and the indenture and discussed the terms and conditions thereof. Mr. Cooper advised the full board of directors that B. Riley had delivered to the special committee its oral opinion to the effect that, as of October 22, 2009, and subject to and based upon the assumptions made, matters considered and limits of the review set forth in its opinion, the consideration to be received by Western Sizzlin stockholders in the form of debentures to be issued by Steak n Shake in the principal amount of approximately \$8.08 per share (based upon the number of shares of Western Sizzlin common stock outstanding on October 22, 2009) was, after giving effect to the distribution by Western Sizzlin of all shares of Steak n Shake common stock that it owned indirectly, fair to Western Sizzlin's stockholders from a financial point of view. Mr. Cooper further advised that the special committee had unanimously recommended that the full board of directors adopt the merger agreement and approve the transactions contemplated thereby. Following a discussion, the full board of directors of Western Sizzlin, acting upon the recommendation of the special committee, unanimously determined that the merger and the merger agreement were

advisable and are fair to Western Sizzlin and in the best interest of Western Sizzlin's stockholders. Accordingly, the Western Sizzlin board of directors unanimously approved the merger agreement and resolved to recommend that its stockholders adopt the merger agreement and approve the transactions contemplated thereby. In doing so, the Western Sizzlin board of directors believed that:

41

TABLE OF CONTENTS

having attempted unsuccessfully to negotiate an increase of the purchase price, it could not expect Steak n Shake to offer more in the merger;
any significant delay in signing a definitive agreement with Steak n Shake could cause Steak n Shake to withdraw its expression of interest; and
Western Sizzlin had not received any competing indications of interest from other interested parties since the public announcement of the transaction or in connection with the limited market check performed by B. Riley and, as a result of the recent deterioration of general economic conditions and the current uncertainty with respect to the timing and scope of a sustained recovery of the general economy as well as the negative trends in the casual dining restaurant market in recent years, Western Sizzlin might not be able to attract a comparable bid to acquire the company for a significant period of time, or at all (see Recommendation of the Western Sizzlin Special Committee; Reasons for, and Effects and Fairness of, the Merger and Recommendation of the Western Sizzlin Board of Directors; Reasons for, and Effects and Fairness of, the Merger for a full description of the Board's considerations in approving the transaction price).

Recommendation and Approvals of the Steak n Shake Special Committee and Board of Directors

On the morning of October 20, 2009, the Steak n Shake special committee met by telephone to consider the proposed merger and its potential benefits to Steak n Shake. The special committee and representatives of its legal counsel discussed the recent developments with respect to the negotiations and the resolution of the principal terms of the merger agreement and the indenture, and the results of the investigation that had been undertaken by counsel and tax advisors to Steak n Shake of certain legal and tax matters relating to Western Sizzlin or the merger proposal. The special committee adjourned the telephone meeting until the afternoon of October 21, 2009, to be reconvened in Indianapolis, Indiana.

On the afternoon of October 21, 2009, Duff & Phelps provided to the special committee its financial analysis of the proposed transaction, and then delivered to the special committee its oral opinion (subsequently confirmed in writing) to the effect that, as of October 21, 2009, and subject to and based upon the assumptions made, matters considered and limits of the review set forth in its opinion, the terms of the merger agreement were fair, from a financial point of view, to the public shareholders of Steak n Shake. After extensive discussion, including an in-depth analysis of the reasons for engaging in the transaction, the Steak n Shake special committee unanimously determined that the merger and the merger agreement were in the best interests of Steak n Shake and unanimously recommended that the full board of directors approve the merger agreement and approve the transactions contemplated thereby.

After the adjournment of the special committee meeting, the full board of directors of Steak n Shake met to consider the proposed merger. Mr. Regan discussed with the members of the board of directors the drafts of the merger agreement and the indenture that had been provided to each of them in advance of the meeting, and advised the full board of directors that Duff & Phelps had delivered to the special committee its oral opinion to the effect that, as of October 21, 2009, the terms of the merger agreement were fair, from a financial point of view, to the public shareholders of Steak n Shake. Mr. Regan further advised that the special committee had unanimously recommended that the full board of directors approve the merger agreement and the transactions contemplated thereby including the issuance of the debentures. Following a discussion, the full board of directors of Steak n Shake, in reliance in part upon the recommendation of the special committee, unanimously determined that the merger and the merger agreement were advisable and in the best interests of Steak n Shake and unanimously approved the merger agreement.

Execution of the Merger Agreement and Voting Agreements

On October 22, 2009, Steak n Shake, Merger Sub and Western Sizzlin executed the merger agreement. In addition, in connection with the merger agreement, each of the Lion Fund and Dash Acquisitions, LLC entered into voting agreements with Steak n Shake on October 22, 2009. Also on October 22, 2009, Western Sizzlin and Steak n Shake issued a joint press release announcing the signing of the merger agreement.

42

TABLE OF CONTENTS

Recommendation of the Western Sizzlin Special Committee; Reasons for, and Effects and Fairness of, the Merger

The Western Sizzlin special committee, comprised entirely of disinterested directors and acting with the advice and assistance of its own legal and financial advisors, evaluated and negotiated the merger agreement with Steak n Shake. At a meeting held on October 22, 2009, the Western Sizzlin special committee, after considering the presentations of its financial and legal advisors, unanimously:

Resolved that the merger and the merger agreement are fair to, advisable and in the best interest of Western Sizzlin and its stockholders,

Recommended to the full board of directors of Western Sizzlin that it adopt the merger agreement and approve the merger, and

Recommended to the full board of directors of Western Sizzlin that it recommend that Western Sizzlin's stockholders adopt the merger agreement and approve the merger.

In the course of reaching the determinations and decisions and making the recommendations described above, the special committee considered the following substantive positive factors and potential benefits of the merger agreement and the merger, each of which the special committee believed supported its decision:

The special committee's belief that the merger consideration of debentures issued by Steak n Shake in the principal amount of approximately \$8.08 per share (based upon the number of shares of Western Sizzlin common stock outstanding on October 22, 2009) is more favorable to Western Sizzlin's stockholders than the potential value that might result from the other alternatives reasonably available to Western Sizzlin or continuing with Western Sizzlin's current business plan:

That the special committee viewed the merger consideration as fair in light of the committee's familiarity with Western Sizzlin's business, assets, operations, financial condition, strategy and prospects, as well as Western Sizzlin's historical and projected financial performance;

The fact that the merger consideration of approximately \$8.08 per share (based upon the number of shares of Western Sizzlin common stock outstanding on October 22, 2009), together with the market value on October 21, 2009 of the shares of Steak n Shake's common stock that were to be distributed to Western Sizzlin's stockholders pursuant to the merger agreement, represent a premium of approximately 4.1% over the closing market price of Western Sizzlin's common stock on August 12, 2009, the last trading day before Western Sizzlin announced its entry into a letter of intent with Steak n Shake relating to the merger;

That the restrictive covenants set forth in the debentures improve the likelihood that all principal and interest thereunder would be paid in full when due, including the following covenants:

- a restriction prohibiting Steak n Shake from declaring or paying dividends on its equity securities or prepaying certain indebtedness, unless Steak n Shake satisfies a financial ratio set forth in the indenture;
- a restriction prohibiting Steak n Shake from issuing additional debt unless Steak n Shake satisfies a financial ratio set forth in the indenture;
- a restriction prohibiting Steak n Shake from incurring any indebtedness (other than certain indebtedness capped at a maximum of \$50 million at any one time) that is senior in right of payment to the debentures;

The historical and current financial performance and results of operations, its prospects and long-term strategy, its competitive position in the industry, the outlook for the casual dining sector of the restaurant industry and general economic and financial market conditions, including:

- the steady declines Western Sizzlin has experienced in its existing franchise base for the past several years;

TABLE OF CONTENTS

o the fact that Western Sizzlin's restaurant base, both franchised and company-owned, is smaller and less geographically diverse than many other restaurant chains with which Western Sizzlin competes; and
o the fact that there has been substantial uncertainty and disruption in the capital and credit markets over the past twelve months, which could have an adverse effect on Western Sizzlin's business, including the future operating results of Western Sizzlin's restaurants and the value of Western Sizzlin's investments;

The opinion the special committee received from B. Riley, which was delivered orally at the special committee meeting on October 22, 2009, and subsequently confirmed in writing, that, as of October 22, 2009, the date of the opinion, and based upon and subject to the factors, assumptions, limitations, qualifications and other conditions set forth in the opinion, the merger consideration to be received by Western Sizzlin's stockholders (other than Steak n Shake, Merger Sub or Western Sizzlin, or Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law, in the merger, after giving effect to the pro rata distribution of the 1,322,806 shares of Steak n Shake common stock that were then beneficially owned by Western Sizzlin's subsidiaries, in the aggregate) is fair to the Western Sizzlin's stockholders from a financial standpoint;

The presentation by B. Riley to the special committee on October 22, 2009 in connection with the foregoing opinion, which is described under the section of this proxy statement/prospectus entitled "Opinion of the Financial Advisor of the Western Sizzlin Special Committee";

That by approving the merger, stockholders would recognize significant value through the proceeds of the merger consideration and would no longer be subject to the market, economic and other risks which arise from owning an equity interest in a public company, which include the risk that the market price for Western Sizzlin's common stock could be adversely affected by earnings fluctuations that may result from changes in Western Sizzlin's operations specifically and changes in the restaurant industry generally, or from changes in the value of marketable securities owned by Western Sizzlin;

The special committee's belief that \$8.08 per share (based upon the number of shares of Western Sizzlin common stock outstanding on October 22, 2009), after distribution to its stockholders the shares of Steak n Shake common stock that Western Sizzlin owns, was the highest consideration that could be negotiated with Steak n Shake;

The fact that Western Sizzlin incurs significant costs of remaining a public company, including the legal, accounting and transfer agent fees and expenses and printing costs necessary to satisfy the reporting obligations of the federal securities laws;

The efforts made by the special committee and its advisors to negotiate and execute a merger agreement favorable to Western Sizzlin under the circumstances and the fact that the negotiations regarding the merger agreement were held on an arms-length basis;

The fact that no alternative acquisition proposal for Western Sizzlin had been submitted since the announcement of Steak n Shake's proposal on August 13, 2009;

The terms and conditions of the merger agreement, including:

- o The absence of a financing condition to Steak n Shake's obligation to consummate the transaction;

TABLE OF CONTENTS

The provisions of the merger agreement that provide the Western Sizzlin special committee with a 30 day post signing go-shop period during which the special committee would have the right to actively solicit additional interest in a transaction involving Western Sizzlin and provide that after such go-shop period, the Western Sizzlin special committee would be permitted to continue any then on-going discussions with any third party that proposed an alternative transaction that is a Superior Proposal, as defined in the merger agreement, and provide further that following the go-shop period the Western Sizzlin special committee may respond to unsolicited Acquisition Proposals, as such term is defined in the merger agreement, that are reasonably likely to constitute or lead to a Superior Proposal, subject to the specified conditions as more fully described under The Merger Agreement Restrictions on Solicitation of Other Offers;

The provisions of the merger agreement that provide that, subject to compliance with the terms and conditions of the merger agreement, if a third party has proposed an alternative transaction that is a Superior Proposal at any time prior to obtaining approval of the merger by Western Sizzlin's stockholders, the board is permitted to change its recommendation, subject to the payment of a termination fee of \$1,250,000 (or \$837,500 under certain circumstances), and terminate the merger agreement in order to enter into a definitive agreement with respect to the Superior Proposal, as more fully described below under the section of this proxy statement/prospectus entitled The Merger Agreement Change in Recommendation; and

The provisions of the merger agreement that authorize Western Sizzlin to terminate the merger agreement and require Steak n Shake to pay Western Sizzlin a reverse termination fee of \$500,000 if Steak n Shake breaches or fails to perform certain of its representations, warranties or covenants contained in the merger agreement under certain circumstances;

The timing of the merger and the risk that if Western Sizzlin did not accept Steak n Shake's offer when it did, it might not have another opportunity to do so, particularly in light of recent substantial capital market fluctuations that could make it more difficult to finance the acquisition of Western Sizzlin; and

The special committee's belief that it was fully informed about the extent to which the interests of Messrs. Biglari, Cooley and Dash in the merger differed from those of Western Sizzlin's other stockholders, which are discussed in the section of this proxy statement/prospectus entitled Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger.

In the course of reaching the determinations and decisions, and making the recommendations, described above, the special committee considered the following risks and potentially negative factors relating to the merger agreement, the merger and the other transactions contemplated thereby:

That Western Sizzlin's stockholders will have no ongoing equity participation in the company following the merger, and that Western Sizzlin's stockholders will cease to participate in Western Sizzlin's future earnings or growth or benefit from increases in the value of Western Sizzlin's common stock;

That Western Sizzlin's stockholders will be exposed to credit risk with respect to Steak n Shake and will bear the risk of a decrease in Steak n Shake's financial health, profitability and cash flow, whether as a result of operating or market factors, which could impact Steak n Shake's ability to repay the debentures;

The debentures are subordinated to all of Steak n Shake's senior secured debt, the aggregate amount of which was approximately \$13,680,000 as of July 1, 2009, subject to certain leverage restrictions, which increases the risk that Steak n Shake may not be able to pay all principal of and interest on the debentures;

Since the merger consideration is non-cash, no assurance can be made with respect to the accuracy of the valuation of the debentures to be received by Western Sizzlin's stockholders;

TABLE OF CONTENTS

The merger agreement contains restrictions on the conduct of Western Sizzlin's business prior to the completion of the merger, generally requiring Western Sizzlin to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent Western Sizzlin from undertaking business opportunities that may arise pending completion of the merger and the length of time between signing and closing when these restrictions are in place;

The risks and costs to Western Sizzlin if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;

That the receipt of debentures in exchange for shares of Western Sizzlin's common stock pursuant to the merger will be a taxable sale transaction for U.S. federal income tax purposes;

That the directors and officers of Western Sizzlin exercise voting control, individually and through entities over for which they exercise voting control, in the aggregate, over approximately 42.6% of the outstanding shares of Western Sizzlin's common stock, and, as a result, only a small minority of Western Sizzlin's unaffiliated stockholders need to vote for the merger for it to be approved;

The merger agreement's limitations on Western Sizzlin's ability to solicit other offers after the end of the go-shop period;

The possibility that, in the event of termination of the merger agreement, Western Sizzlin may be required to pay a termination fee of \$1,250,000 (or \$837,500 under certain circumstances);

That Steak n Shake's maximum exposure for wrongfully failing to close or breaching the merger agreement under certain circumstances, even if the breach is willful or deliberate, is limited to its payment of a reverse termination fee in the amount of \$500,000; and

That Steak n Shake's obligation to consummate the merger is subject to certain conditions outside of Western Sizzlin's control.

In the course of reaching the determinations and decisions, and making the recommendations described above, the special committee also considered the following factors relating to the procedural safeguards that the special committee believes were and are present to ensure the fairness of the merger and to permit the special committee to represent the interests of Western Sizzlin's unaffiliated stockholders, each of which the special committee believed supported its decision and provided assurance of the fairness of the merger to Western Sizzlin and its unaffiliated stockholders:

That the special committee consists solely of independent and disinterested directors who are not Western Sizzlin's employees and have no financial interest in the merger that is different from that of the unaffiliated stockholders (other than the acceleration of options to acquire Western Sizzlin's shares of common stock);

That the members of the special committee were adequately compensated for their services and that their compensation for serving on the special committee was in no way contingent on their approving the merger agreement and the merger and taking the other actions described in this proxy statement/prospectus;

That the special committee retained and was advised by Olshan Grundman Frome Rosenzweig & Wolosky LLP, its legal counsel;

That the special committee retained and was advised by B. Riley, its financial advisor;

That, to solicit alternative acquisition proposals and address Western Sizzlin's strategic alternatives, B. Riley contacted a number of candidates to assess their interest in a transaction with Western Sizzlin, none of whom elected to pursue a potential transaction with Western Sizzlin;

The fact that no alternative acquisition proposal for Western Sizzlin had been submitted since the announcement of the entry into a letter of intent with respect to the proposed merger with a subsidiary of Steak n Shake's on August 13, 2009;

TABLE OF CONTENTS

That the special committee received an opinion from its financial advisor, B. Riley, which was delivered orally at the special committee meeting on October 22, 2009, and subsequently confirmed in writing, that, as of October 22, 2009, the date of the opinion, and based upon and subject to the factors, assumptions, limitations, qualifications and other conditions set forth in the opinion, the merger consideration of debentures issued by Steak n Shake in the principal amount of approximately \$8.08 per share (based upon the number of shares of Western Sizzlin common stock outstanding on October 22, 2009) to be received pursuant to the merger agreement by the holders of shares of Western Sizzlin's common stock was fair, from a financial point of view, to Western Sizzlin's stockholders;

That the special committee was involved in extensive deliberations over a period of almost three months regarding the proposal, and was provided with access to Western Sizzlin's management in connection with the due diligence conducted by its advisors;

That the special committee, with the assistance of its legal and financial advisors, negotiated on an arms-length basis with Steak n Shake and its representatives; as a result, the committee successfully negotiated for the inclusion of certain terms of the merger agreement and indenture that the special committee believed protect the interests of Western Sizzlin's stockholders;

That the special committee had ultimate authority to decide whether or not to proceed with a transaction or any alternative thereto;

That the special committee, from its inception, was authorized to consider strategic alternatives with respect to Western Sizzlin, including Western Sizzlin's sale;

That the special committee was aware that it had no obligation to recommend any transaction, including the proposal put forth by Steak n Shake;

That the merger agreement provides the special committee with a 30 day post signing go-shop period during which the special committee will have the right to actively solicit additional interest in a transaction involving Western Sizzlin and provides that after such go-shop period, the Western Sizzlin special committee would be permitted to continue any then on-going discussions with any third party that proposed an alternative transaction that is a superior proposal, and provides further that following the go-shop period the special committee may respond to unsolicited acquisition proposals that are reasonably likely to constitute or lead to a superior proposal, subject to the specified conditions as more fully described under "The Merger Agreement - Restrictions on Solicitation of Other Offers;" and That the special committee made its evaluation of the merger agreement and the merger based upon the factors discussed in this proxy statement/prospectus, independent of Messrs. Biglari, Cooley and Dash and with knowledge of their interests.

The special committee did not consider net book value in determining the fairness of the merger to Western Sizzlin's stockholders because of its belief that net book value, which is an accounting concept that is not commonly used as a valuation metric in the restaurant, hotel or gaming industries, does not reflect historical or projected cash flows from continuing operations and thus does not reflect Western Sizzlin's value or Western Sizzlin's market trading prices for Western Sizzlin's common stock. In addition, while the special committee reviewed the various components of Western Sizzlin's operations which could be sold separately, it did not consider liquidation value in determining the fairness of the merger because of its belief that liquidation value does not present a meaningful valuation for Western Sizzlin and its business as Western Sizzlin's value is derived from cash flows generated from Western Sizzlin's continuing operations rather than the value of assets that might be realized in a liquidation.

The foregoing discussion of the information and factors considered by the special committee includes the material factors considered by the special committee. In view of the variety of factors considered in connection with its evaluation of the merger, the special committee did not find it practicable to, and did not quantify or otherwise assign relative weights to, the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The special committee approved and recommended the merger agreement and the merger based upon the totality of the information presented to and considered by it.

TABLE OF CONTENTS

Recommendation of the Western Sizzlin Board of Directors; Reasons for, and Effects and Fairness of, the Merger

On October 22, 2009, the full board of directors of Western Sizzlin met to consider the report and recommendation of the Western Sizzlin special committee. On the basis of the special committee's recommendation and the other factors described below, Western Sizzlin's board of directors unanimously:

determined that the merger agreement and the merger were advisable, fair to and in the best interests of Western Sizzlin and its stockholders;

approved the merger agreement and the merger;

declared a special dividend in kind of the 1,322,806 shares of Steak n Shake's common stock beneficially owned by Western Sizzlin; and

recommended that Western Sizzlin's stockholders vote to adopt the merger agreement and approve the merger.

In determining that the merger agreement and the merger were advisable, fair to and in the best interests of Western Sizzlin and its stockholders, the full board of directors of Western Sizzlin considered:

the unanimous determination and recommendation of the special committee; and
the factors considered by the special committee, including the positive factors and potential benefits of the merger agreement and the merger, the risks and potentially negative factors relating to the merger agreement and the merger, the fairness opinion received by the special committee and the factors relating to procedural safeguards.

The foregoing discussion of the information and factors considered by Western Sizzlin's board of directors includes the material factors considered by the board of directors. In view of the variety of factors considered in connection with its evaluation of the merger, Western Sizzlin's board of directors did not find it practicable to, and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The Western Sizzlin board of directors approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it.

Other than as described in this proxy statement/prospectus, the Western Sizzlin board of directors is not aware of any firm offers by any other person during the prior two years for a merger or consolidation of Western Sizzlin with another company, the sale or transfer of all or substantially all of its assets or a purchase of its securities that would enable such person to exercise control of Western Sizzlin.

The Western Sizzlin board of directors recommends that you vote FOR the adoption of the merger agreement and approval of the merger.

Opinion of the Financial Advisor of the Western Sizzlin Special Committee

Western Sizzlin's special committee engaged B. Riley as its financial advisor to assist the special committee in its ongoing evaluation of Western Sizzlin's business and strategic direction. Throughout the process, the special committee consulted with B. Riley regarding the Steak n Shake offer. On October 22, 2009, at a meeting of the special committee, B. Riley rendered its oral opinion, which was subsequently delivered in writing, to the special committee

that, as of that date and based upon and subject to the assumptions, limitations and qualifications contained in its opinion, the merger consideration to be received by Western Sizzlin's stockholders pursuant to the merger agreement was fair, from a financial point of view.

The full text of the written opinion of B. Riley, dated October 22, 2009 (the Opinion), which sets forth assumptions made, matters considered, and limits on the scope of review undertaken, is attached as Appendix B to this proxy statement and is incorporated herein by reference. Western Sizzlin stockholders are urged to read the Opinion in its entirety. The summary of the Opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the Opinion.

B. Riley was not retained to serve as an advisor to or agent of any Western Sizzlin stockholder. The Opinion was prepared for the special committee and is directed only to the fairness, from a financial point of

TABLE OF CONTENTS

view, as of the date of the Opinion, of the consideration to be received by Western Sizzlin's stockholders pursuant to the merger agreement and does not address Western Sizzlin's underlying business decision to enter into the merger agreement or any other terms of the merger or the merger agreement. The Opinion does not constitute a recommendation to any Western Sizzlin's stockholder as to whether such stockholder should provide its written consent to the merger or how such stockholder should vote at any special meeting of the stockholders.

B. Riley did not recommend the merger consideration to be paid in the merger. The merger consideration was determined in negotiations between the special committees of both Western Sizzlin and Steak n Shake. No restrictions or limitations were imposed on B. Riley by Western Sizzlin's special committee with respect to the investigations made or the procedures followed by B. Riley in rendering its Opinion.

In connection with rendering its Opinion, B. Riley has, among other things:

1. reviewed a draft of the merger agreement, dated October 21, 2009, which was in substantially final form;
2. reviewed a draft form of the Form of Indenture, which was in substantially final form;
3. reviewed public filings and press releases prepared by Western Sizzlin and Steak n Shake senior management related to each company's business and financial prospects;
4. reviewed non-public internal financial information and other data prepared by Western Sizzlin and Steak n Shake senior management (other than Mr. Biglari) related to each company's business and financial prospects;
5. discussed each company's business, operations, financial condition, future prospects and projected operations and performance, on a stand-alone basis, with members of the Western Sizzlin and Steak n Shake senior management teams (other than Mr. Biglari);
6. reviewed publicly available financial information and stock market data with respect to certain other companies engaged in generally comparable businesses;
7. reviewed publicly available financial terms of relevant mergers and acquisitions;
8. reviewed the San Antonio real estate parcel's market appraisal prepared by Duggar, Canady, Grafe, Inc. (the San Antonio Appraisal);
9. reviewed and prepared various other financial analyses to assess Western Sizzlin's fair market value; and
10. conducted such other financial studies, analyses and investigations and evaluated such other information, as B. Riley deemed appropriate.

B. Riley also spoke with certain officers and employees of Western Sizzlin and Steak n Shake (other than Mr. Biglari) to discuss the business and prospects of both companies and other matters B. Riley deemed relevant to its inquiry, and considered such other data and information B. Riley judged necessary to render its Opinion.

In rendering its Opinion, B. Riley has assumed and relied upon the accuracy and completeness of all of the financial and other information provided to or otherwise reviewed by or discussed with B. Riley and have assumed and relied upon the representations and warranties of Western Sizzlin and Steak n Shake contained in the merger agreement. B. Riley was not engaged to, and has not independently attempted to, verify any of such information. B. Riley has also relied upon the management of Western Sizzlin and Steak n Shake as to the reasonableness and achievability of the financial and operating projections (and the assumptions and basis therefore) provided to B. Riley by Western Sizzlin's senior management (other than Mr. Biglari) and B. Riley has assumed that such projections were reasonably prepared and reflect the best currently available estimates and judgments of Western Sizzlin and Steak n Shake. B. Riley has not been engaged to assess the reasonableness or achievability of such projections or the assumptions on which they were based and express no view as to such projections or assumptions. In addition, B. Riley has not conducted a physical inspection of any of the assets, properties or facilities of Western Sizzlin nor has B. Riley furnished with any such evaluation or appraisal with the exception of the San Antonio Appraisal. B. Riley has also assumed that all

TABLE OF CONTENTS

governmental, regulatory or other consents and approvals necessary for the consummation of the merger and other transactions contemplated by the merger agreement will be obtained without material adverse effect on Western Sizzlin or the merger.

B. Riley has not been asked to, nor does it, offer any opinion as to the material terms of the merger agreement or the form of the merger. In rendering its opinion, B. Riley has assumed, with the consent of the special committee, that the final executed form of the merger agreement does not differ in any material respect from the draft that we have examined, and that the conditions to the merger as set forth in the merger agreement would be satisfied and that the merger would be consummated on a timely basis in the manner contemplated by the merger agreement.

Without limiting the generality of the foregoing, B. Riley has undertaken no independent analysis of any pending or threatened litigation, possible unasserted claims or other contingent liabilities, to which Western Sizzlin is a party or may be subject.

It should be noted that this opinion is based on economic and market conditions and other circumstances existing on, and information made available as of, the date hereof and does not address any matters subsequent to such date. In addition, B. Riley's Opinion is, in any event, limited to the fairness, as of the date hereof, from a financial point of view, of the consideration to be received by Western Sizzlin's stockholders pursuant to the merger agreement and does not address Western Sizzlin's underlying business decision to effect the merger or any other terms of the merger. It should be noted that although subsequent developments may affect B. Riley's Opinion, B. Riley does not have any obligation to update, revise or reaffirm the Opinion.

The following is a brief summary of the analyses performed by B. Riley in connection with its Opinion. This summary is not intended to be an exhaustive description of the analyses performed by B. Riley but includes all material factors considered by B. Riley in rendering its Opinion. B. Riley drew no specific conclusions from any individual analysis, but subjectively factored its observations from all of these analyses into its qualitative assessment of the merger consideration.

Each analysis performed by B. Riley is a common methodology utilized in valuations. Although other valuation techniques may exist, B. Riley believes that the analyses described below, when taken as a whole, provide the most appropriate analyses for B. Riley to arrive at its Opinion.

The different analyses have been weighted to derive ranges of value for the operating assets and investments assets of the subsidiaries, partnerships and business units that comprise Western Sizzlin. A list of Western Sizzlin's primary entities is summarized below:

Business Unit	Western Economic Interest	
Western Sizzlin Franchise Corporation (WSFC)	100.0	%
The Western Sizzlin Stores, Inc. (WSSI)	100.0	%
Great American Partners-I, LLC (GAP)	50.0	%
Western Investments, Inc. (Western Investments)	100.0	%
	92.06	%
General Partner of Western Acquisitions, LP (WA)		
Western Properties, Inc. (Western Properties)	100.0	%

General Partner of Western Real Estate, LP (WRE)	100.0	%
Western Mustang Holdings LLC (Western Mustang)	100.0	%
Mustang Capital Management, LLC (MCM)	51.0	%
General Partner of Mustang Capital Advisors, LP (MCA)	50.5	%

Premiums Paid Analysis

Using publicly available information, B. Riley reviewed 294 transactions involving United States targets since January 1, 2008, excluding transactions in the financial services industry and real estate transactions. B. Riley examined each acquisition target's one day, one week and one month closing stock price prior to the announcement of the relevant transaction in order to calculate a range of acquisition premiums.

TABLE OF CONTENTS

B. Riley compared the premiums paid data set to Western Sizzlin's merger consideration premium. The premium is calculated using Western Sizzlin's closing stock price of \$12.75 on August 12, 2009, the last trading day prior to the Letter of Intent (LOI) announcement. B. Riley also reviewed Western Sizzlin's historical volume weighted average price (VWAP) data.

The premiums paid analysis is not a strong benchmark due to the nature of the transaction structure, the nominal historical trading volume of Western Sizzlin's common stock and the ratio of Western Sizzlin's investment assets to its overall valuation. Investment assets, which are generally valued by investors and merger partners at mark-to-market, comprise approximately 50% of Western Sizzlin's market capitalization.

Discounted Cash Flow Analysis

B. Riley examined the value of Western Sizzlin's separate economic interests in WSFC, WSSI and GAP based on each entity's projected free cash flow estimates. The free cash flow estimates were generated utilizing each entity's financial projections that were prepared and furnished to B. Riley by Western Sizzlin's senior management, which were prepared by Western Sizzlin's senior management (other than Mr. Biglari).

When evaluating Western Sizzlin's economic interest in WSFC, B. Riley utilized free cash flow estimates for the three-month period ending December 2009 and the years ending December 31, 2010 through December 31, 2014. B. Riley calculated a 17.8% weighted average cost of capital, or discount rate, using the Capital Asset Pricing Model and the cost of capital for the comparable public companies. Next, B. Riley calculated terminal values using a range of EBITDA multiples (6.5x to 8.0x) around the adjusted mean of comparable companies EBITDA multiple (approximately 7.2x), and a range of discount rates (16.0% to 19.6%) around the 17.8% weighted average cost of capital.

Based on these criteria, the discounted cash flow analysis created a range of total enterprise values (TEV) for WSFC. B. Riley calculated WSFC's range of equity values by applying its net cash/debt position to the low, mean and high TEVs:

	Low	Mean	High
WSFC Equity Value	\$ 9,354,440	\$ 10,735,336	\$ 12,299,095

When evaluating Western Sizzlin's economic interest in WSSI, B. Riley utilized free cash flow estimates for the three-month period ending December 2009 and the years ending December 31, 2010 through December 31, 2014. B. Riley calculated a 14.3% weighted average cost of capital, or discount rate, using the Capital Asset Pricing Model and the cost of capital for the comparable public companies. Next, B. Riley calculated terminal values using a Perpetuity Growth Model and a range of discount rates (12.9% to 15.8%) around the 14.3% weighted average cost of capital.

Based on these criteria, the discounted cash flow analysis created a range of TEVs for WSSI. B. Riley calculated WSSI's range of equity values by applying its net cash/debt position to the low, mean and high TEVs:

	Low	Mean	High
WSSI Equity Value	\$ 3,984,403	\$ 4,570,185	\$ 5,439,355

When evaluating Western Sizzlin's economic interest in GAP, B. Riley utilized free cash flow estimates for the three-month period ending December 2009 and the years ending December 31, 2010 through December 31, 2011. B. Riley calculated a 10.9% weighted average cost of capital, or discount rate, using the Capital Asset Pricing Model and

the cost of capital for the comparable public companies. Due to the joint venture's December 2011 buyout provision, B. Riley did not need to calculate a terminal value for GAP. B. Riley calculated a range of discount rates (9.8% to 12.0%) around the 10.9% weighted average cost of capital.

TABLE OF CONTENTS

Based on these criteria, the discounted cash flow analysis created a range of TEVs for GAP. B. Riley calculated GAP's range of equity values by applying its net cash/debt position to the low, mean and high TEVs:

	Low	Mean	High
GAP Equity Value	\$ 1,111,180	\$ 1,130,834	\$ 1,151,085

While the discounted cash flow analysis is a widely accepted and practiced valuation methodology, it relies on a number of assumptions, including growth rates, terminal multiples and discount rates. The valuation derived from the discounted cash flow analysis is not necessarily indicative of the Western Sizzlin's present or future value or results. Discounted cash flow analysis in isolation from other analyses is not an effective method of evaluating transactions.

Comparable Public Company Analysis

B. Riley examined the value of Western Sizzlin's separate economic interests in WSFC and WSSI by reviewing and comparing selected financial data for publicly traded companies chosen by B. Riley that were deemed to be comparable to WSFC and WSSI. B. Riley selected these companies based on their common participation in the restaurant industry and/or similarities regarding percentage of company owned stores and franchised stores.

B. Riley divided the comparable companies into two groups based on their percentage of company owned stores and franchised stores. B. Riley compared WSFC to multi-unit restaurant concepts with franchise units comprising over 50% of total units. B. Riley compared WSSI to multi-unit family style and buffet concepts with franchise units comprising less than 20% of total units. The comparable companies chosen by B. Riley included:

Multi-unit Restaurants Concepts with Franchise Units Comprising over 50% of Total Units

McDonald's Corp.
DineEquity
Sonic Corp.
AFC Enterprises
Yum! Brands
Burger King Holdings
Nathan's Famous
Buffalo Wild Wings
Domino's Pizza
Denny's Corp.
Papa John's International
Famous Dave's of America
CKE Restaurants

Multi-unit Family Style/Buffer Concepts with Franchise Units Comprising Less Than 20% of Total Units

Bob Evans Farms
Frisch's Restaurants
Cracker Barrel Old Country Store
Luby's

Edgar Filing: STEAK & SHAKE CO - Form S-4

For each of the comparable companies, B. Riley initially calculated the applicable company's ratio of TEV for the latest twelve-month (LTM) period ended on the last day of the period covered by its most recently filed Form 10-K or Form 10-Q, as applicable to that company's LTM earnings before interest, taxes, depreciation and amortization (EBITDA). B. Riley then used these ratios to determine the high quartile, low quartile, mean, median and adjusted mean multiples for the comparable companies.

B. Riley calculated the range of implied TEVs for WSFC using TEV to LTM EBITDA multiples and WSFC's LTM EBITDA. B. Riley calculated WSFC's range of equity values by applying its net cash/debt position to the low, mean and high TEVs.

TABLE OF CONTENTS

The results of the analysis are summarized as follows:

	Low	Mean	High
WSFC Equity Value	\$ 11,499,371	\$ 12,762,759	\$ 14,026,147

B. Riley calculated the range of implied TEVs for WSSI using TEV to LTM EBITDA multiples and WSSI's LTM EBITDA. B. Riley calculated WSSI's range of equity values by applying its net cash/debt position to the low, mean and high TEVs. The results of the analysis are summarized as follows:

	Low	Mean	High
WSSI Equity Value	\$ 4,181,461	\$ 4,636,038	\$ 5,090,615

B. Riley examined the value of Western Sizzlin's economic interest in Western Mustang by reviewing and comparing selected financial data for publicly traded companies chosen by B. Riley that were deemed to be comparable to Western Mustang. B. Riley selected these companies based on their common participation within the investment management industry. The comparable companies chosen by B. Riley included:

Affiliated Managers
Calamos Asset Management
Federated Investors
Pzena Invest. Management
Virtus Invsts. Partners

For each of the comparable companies, B. Riley initially calculated the applicable company's ratio of TEV for the LTM ended on the last day of the period covered by its most recently filed Form 10-K or Form 10-Q, as applicable to that company's assets under management (AUM) and TEV to LTM revenue. B. Riley then used these ratios to determine the high quartile, low quartile, mean, median and adjusted mean multiples for the comparable companies.

B. Riley calculated the range of implied TEVs for Western Mustang by applying the TEV to AUM and TEV to LTM revenue multiples to Western Mustang's AUM and LTM revenue. B. Riley calculated Western Mustang's range of equity values by applying its net cash/debt position to the low, mean and high TEVs.

Western Sizzlin has as 50.5% economic interest in MCA's investment management operations. MCA is a registered investment advisor and serves as the investment advisor to, and the general partner of, Mustang Capital Partners I, LP and Mustang Capital Partners II, LP (the Funds). The Funds are private investment funds organized for the purpose of trading and investing in securities. Western Sizzlin has a 1.4% economic interest in the combined net assets of the Funds as of September 30, 2009.

The following results of the comparable public company analysis reflect Western Sizzlin's economic interest in Western Mustang through MCA's investment management operations, but exclude its claim in the combined net assets of the Funds as of September 30, 2009, which are valued separately:

	Low	Mean	High
Equity Value (TEV/AUM)	\$ 200,319	\$ 222,577	\$ 244,835
Equity Value (TEV/LTM Rev)	\$ 307,781	\$ 341,923	\$ 376,116

No company utilized in the comparable public company analysis is identical to Western Sizzlin, WSFC, WSSI or Western Mustang. B. Riley made judgments and assumptions with regard to industry performance, general business,

economic, market and financial conditions and other matters, many of which are beyond the control of either Western Sizzlin or Steak n Shake. Mathematical analysis of comparable public companies (such as determining means and medians) in isolation from other analyses is not an effective method of evaluating transactions.

TABLE OF CONTENTS**Precedent M&A Transactions Analysis**

B. Riley examined the value of Western Sizzlin's separate economic interests in WSFC and WSSI by reviewing and analyzing publicly available information relating to 12 acquisitions of multi-unit restaurant companies announced since January 2008, which B. Riley deemed relevant due to the target companies' common participation in the restaurant industry. The selected comparable transactions included:

Precedent M&A Transactions Multi-Unit Restaurant Companies

Month and Year of Announcement	Target	Acquiror
September 2009	Canyons Burger Company	Growth Concepts
September 2009	Papa Bello Enterprises	Aero Financial
December 2008	Village Inn	Newport Global
October 2008	Fox Sports Grill	Private Inv. Group
August 2008	Romano's Macaroni Grill	Golden Gate Capital
August 2008	BUCA	Planet Hollywood
July 2008	Rockfish Seafood Grill	White Oak Capital
June 2008	Café Enterprises	Milestone Partners
April 2008	Max & Erma's Restaurants	G&R Acquisition
April 2008	Wendy's International	Triarc Companies
January 2008	Pat & Oscar's	Management Buyout
January 2008	Moby Dick's House of Kabob	Javan Capital Partners

For each of the selected transactions disclosing applicable data, B. Riley calculated the ratios of the TEV of the transaction (based on the acquisition price) to the target company's LTM EBITDA prior to the announcement of the relevant transaction. In calculating such ratios, B. Riley calculated the TEV of each transaction as the market value of the relevant target company's equity securities plus its indebtedness and minority interests less cash and cash equivalents.

B. Riley calculated the range of implied TEVs for WSFC and WSSI by applying the TEV to LTM EBITDA multiples to WSFC and WSSI's LTM EBITDA. B. Riley calculated the range of equity values by applying each entity's net cash/debt position to its low, mean and high TEVs. The results of the analysis are summarized as follows:

	Low	Mean	High
WSFC Equity Value	\$ 15,286,964	\$ 16,018,760	\$ 16,333,735
WSSI Equity Value	\$ 6,090,448	\$ 6,380,123	\$ 6,504,802

No transaction utilized in the precedent M&A transactions analysis is identical to Western Sizzlin, WSFC or WSSI. B. Riley did not assign a significant weighting to the Precedent M&A Transactions Analysis, as only three of the acquisitions disclosed meaningful transaction terms, and all three deals were completed prior the market shift that occurred in late 2008.

B. Riley examined the value of Western Sizzlin's economic interest in Western Mustang by reviewing and analyzing publicly available information relating to four acquisitions of investment management companies announced since January 2008, which B. Riley deemed relevant due to the target companies' common industry affiliation. The selected comparable transactions included:

Precedent M&A Transactions Investment Management Companies

Month and Year of Announcement	Target	Acquiror
October 2009	Morgan Stanley Retail Asset Mngt.	Invesco
January 2009	Deephaven Capital Management	Stark Investments
July 2008	J&W Seligman	Ameriprise
February 2008	National Investment Services	Titanium Asset Management

54

TABLE OF CONTENTS

For each of the selected transactions disclosing applicable data, B. Riley calculated the ratios of the TEV of the transaction (based on the acquisition price) to the target company's AUM as of the announcement of the relevant transaction. In calculating such ratio, B. Riley calculated the TEV of the transaction as the market value of the relevant target company's equity securities plus its indebtedness and minority interests less cash and cash equivalents.

B. Riley calculated the range of implied TEVs for Western Mustang using the TEV to AUM multiples and Western Mustang AUM. B. Riley calculated the range of equity values by applying Western Mustang's net cash/debt position to its low, mean and high TEVs.

Western Sizzlin has as 50.5% economic interest in MCA's investment management operations. MCA is a registered investment advisor and serves as the investment advisor to, and the general partner of the Funds. The Funds are private investment funds organized for the purpose of trading and investing in securities. Western Sizzlin has a 1.4% economic interest in the combined net assets of the Funds as of September 30, 2009.

The following results of the precedent M&A transactions analysis reflect Western Sizzlin's economic interest in Western Mustang through MCA's investment management operations, but exclude its claim in the combined net assets of the Funds as of September 30, 2009, which are valued separately:

	Low	Mean	High
Equity Value	\$ 321,168	\$ 356,854	\$ 392,539

No transaction utilized in the precedent transaction analysis is identical to Western Sizzlin or Western Mustang. In evaluating the transactions, B. Riley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of either the Western Sizzlin or Steak n Shake. Mathematical analysis of comparable transaction data (such as determining means and medians) in isolation from other analysis is not an effective method of evaluating transactions.

Net Asset Value Test/Liquidation Value:

B. Riley reviewed and analyzed Western Sizzlin's separate economic claims in the investment assets held by Western Sizzlin's holding company investments (HCI), Western Properties, Western Investments and Western Mustang entities by conducting mark-to-market tests and incorporating the applicable balance sheet data. Western Sizzlin's economic claim in each entity's investment assets, and the resulting valuations, are summarized as follows:

	Total Net Investment Assets	Western Sizzlin Economic Claim %	Western Sizzlin Economic Claim
Western Sizzlin HCI	\$ 1,401,633	100.0 %	\$ 1,401,633
Western Properties	\$ 1,722,902	100.0 %	\$ 1,722,902
Western Investments	\$ 16,182,453	92.1 %	\$ 14,897,566
Western Mustang	\$ 11,791,661	1.4 %	\$ 165,083

TABLE OF CONTENTS**Summary Considerations****Pre-Steak n Shake Stock Distribution**

The results of B. Riley analyses, which calculated and aggregated the equity values of the separate entities that comprise Western Sizzlin to derive a price per share valuation range for the consolidated company, on a pre-Steak n Shake stock distribution basis, are summarized in the following table:

	Low	Mean	High
WSFC	\$9,890,673	\$11,242,192	\$12,730,858
WSSI	\$4,033,668	\$4,586,648	\$5,352,170
GAP	\$1,111,180	\$1,130,834	\$1,151,085
Western Sizzlin HCI	\$1,401,633	\$1,401,633	\$1,401,633
Western Properties	\$1,722,902	\$1,722,902	\$1,722,902
Western Investments	\$14,897,566	\$14,897,566	\$14,897,566
Western Mustang	\$441,490	\$472,201	\$502,913
Total	\$33,499,111	\$35,453,977	\$37,759,127
Shares Outstanding	2,840,384	2,840,384	2,840,384
Price Per Share	\$11.79	\$12.48	\$13.29

Post-Steak n Shake Stock Distribution

The results of B. Riley analyses, which calculated and aggregated the equity values of the separate entities that comprise Western Sizzlin to derive a price per share valuation range for the consolidated company, on a post-Steak n Shake stock distribution basis, and compared the range to the price per share merger consideration, are summarized in the following table:

	Low	Mean	High
WSFC	\$9,890,673	\$11,242,192	\$12,730,858
WSSI	\$4,033,668	\$4,586,648	\$5,352,170
GAP	\$1,111,180	\$1,130,834	\$1,151,085
Western Sizzlin HCI	\$1,401,633	\$1,401,633	\$1,401,633
Western Properties	\$1,722,902	\$1,722,902	\$1,722,902
Western Investments	\$161,502	\$161,502	\$161,502
Western Mustang	\$441,490	\$472,201	\$502,913
Total	\$18,763,047	\$20,717,913	\$23,023,063
Shares Outstanding	2,840,384	2,840,384	2,840,384
Price Per Share	\$6.61	\$7.29	\$8.11
Proposed Consideration	\$22,959,000	\$22,959,000	\$22,959,000
Per Share Consideration	\$8.08	\$8.08	\$8.08

Additional Considerations

The summary set forth above describes the principal analyses performed by B. Riley in connection with its Opinion. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances and, therefore, the analyses underlying the Opinion are not readily susceptible to summary description. Each of the analyses conducted by B.

Riley was carried out in order to provide a different perspective on the merger and add to the total mix of information available. B. Riley did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion as to fairness from a financial point of view. Rather, in reaching its conclusions, B. Riley considered the results of the analyses in light of each other and ultimately reached its Opinion based upon the results of all analyses taken as a whole. Except as indicated above, B. Riley did not place particular reliance on an individual analysis, but instead concluded that its analyses, taken as a whole, support its determination. Accordingly, notwithstanding the separate factors summarized above, B. Riley believes that its analyses must be considered as a whole and that selecting portions of its analysis and the factors considered by it, without considering all analyses and factors,

TABLE OF CONTENTS

could create an incomplete or misleading view of the evaluation process underlying its Opinion. In performing its analyses, B. Riley made numerous assumptions with respect to industry performance, business and economic conditions and other matters. The analyses performed by B. Riley are not necessarily indicative of actual value or future results, which may be significantly more or less favorable than suggested by the analyses.

Pursuant to the terms of the engagement letter with Western Sizzlin's special committee, B. Riley was paid a \$50,000 initial retainer for its financial advisory services and was paid a fee of \$150,000 for rendering its Opinion on October 22, 2009. If the merger is completed, B. Riley will be paid an additional amount equal to approximately \$100,000 for its financial advisory services. Western Sizzlin also agreed to indemnify B. Riley against certain liabilities arising out of its engagement. B. Riley is actively involved in the investment banking business and regularly undertakes the valuation of investment securities in connection with public offerings, private placements, business combinations and similar transactions.

Recommendation of the Steak n Shake Special Committee; Reasons for, and Effects and Fairness of, the Merger

The Steak n Shake special committee, comprised entirely of directors with no relationship with Western Sizzlin, and acting with the advice and assistance of legal, tax, accounting and financial advisors, evaluated and negotiated the merger agreement with Western Sizzlin. At a meeting first convened on October 20, 2009, and then continued on October 21, 2009, the Steak n Shake special committee on October 21, 2009, after considering a wide range of factors, including:

the financial presentation of Duff & Phelps on October 21, 2009, in support of the oral opinion received by the special committee on October 21, 2009 from Duff & Phelps, to the effect that, as of that date, the terms of the merger agreement were fair, from a financial point of view, to the public shareholders of Steak n Shake, and the results of the reviews and investigations of the business, properties, assets, liabilities, financial statements, and businesses and affairs, financial and otherwise, of Western Sizzlin and its subsidiaries that had been undertaken by Steak n Shake's legal, financial, tax, accounting, environmental and other consultants and advisers; unanimously approved, and recommended to the Steak n Shake board of directors that it approve, the merger, the merger agreement and related transaction documents including the two voting agreements and the form of indenture for the debentures to be issued in the merger.

In determining to recommend approval to the Steak n Shake board of directors on October 21, 2009 of the merger, the merger agreement, the voting agreements, and the form of indenture for the debentures to be issued in the merger, the Steak n Shake special committee considered a number of factors. The material factors included, but were not limited to:

the special committee's belief that the merger consideration of debentures issued by Steak n Shake in the aggregate principal amount of \$22,959,000 (subject to potential adjustment) was fair to the public stockholders of Steak n Shake (other than Mr. Sardar Biglari, Mr. Philip Cooley and their affiliates and associates); the special committee's belief that investing capital in other businesses is consistent with Steak n Shake's transformation into a holding company and its economic objective of maximizing intrinsic value on a per share basis; the special committee's belief that the acquisition of Western Sizzlin would increase Steak n Shake's relative position in the restaurant industry;

the special committee's belief that Western Sizzlin's subsidiaries, including interests in private investment vehicles and a registered investment adviser, would be attractive additions to Steak n Shake's portfolio of investments;
the special committee's belief that Steak n Shake would benefit by enabling its Chairman, President and Chief Executive Officer to focus on managing a single diversified holding company;

57

TABLE OF CONTENTS

the special committee's belief that the merger would provide the opportunity to reduce costs and improve efficiency by combining businesses, including costs associated with running two separate public companies, consisting of Western Sizzlin's listing fees, transfer agent fees, legal and accounting fees related to SEC filings and shareholder mailings, printing and mailing expenses for periodic reports and proxy statements, annual meeting expenses and other related expenses, costs associated with marketing, supply chain, administrative, finance and accounting and the fact that such cost savings will inure to the benefit of the combined company;

the fact that no external financing would be required for the transaction, thus increasing the likelihood that the merger will be consummated;

the opinion the special committee received from Duff & Phelps, which was delivered orally at the special committee meeting on October 21, 2009, and subsequently confirmed in writing, that, as of October 21, 2009, the date of the opinion, and based upon and subject to the factors, assumptions, limitations, qualifications and other conditions set forth in the opinion, the consideration to be paid by Steak n Shake in the merger was fair, from a financial point of view, to the public shareholders of Steak n Shake (other than Mr. Sardar Biglari, Mr. Philip Cooley and their affiliates and associates);

the presentation by Duff & Phelps to the special committee on October 21, 2009 in connection with the foregoing opinion, which is described under the section of this proxy statement/prospectus entitled "Opinion of the Financial Advisor of the Steak n Shake Special Committee";

the efforts made by the special committee and its advisors to negotiate and execute a merger agreement favorable to Steak n Shake under the circumstances and the fact that the negotiations regarding the merger agreement were held on an arms-length basis;

the terms and conditions of the merger agreement, including:

Steak n Shake would have the ability to offset Western Sizzlin's liability for income taxes resulting from the distribution by Western Sizzlin of the shares of Steak n Shake common stock owned by Western Sizzlin by reducing the principal amount of debentures to be issued in the merger, to the extent that the average of the low price and high price of Steak n Shake stock on the date of distribution of such stock exceeded \$12.00;

the provisions of the merger agreement that provide that, subject to compliance with the terms of and conditions of the merger agreement, if a third party were to propose an alternative transaction constituting a Superior Proposal (as defined in the merger agreement) at any time prior to obtaining approval of the merger by Western Sizzlin's stockholders and Western Sizzlin's board changes its recommendation, Western Sizzlin would be required to pay a termination fee of \$1,250,000 (or \$837,500 under certain circumstances) in order to terminate the merger agreement and enter into a definitive agreement with respect to the Superior Proposal, as more fully described below under the section of this proxy statement/prospectus entitled "The Merger Agreement - Change in Recommendation"; and

the provisions of the merger agreement that contain restrictions on the conduct of Western Sizzlin's business prior to the completion of the merger, generally requiring Western Sizzlin to conduct its business only in the ordinary course;

the terms and conditions of the indenture, including:

that Steak n Shake's failure to satisfy a financial ratio set forth in the indenture does not automatically constitute an event of default under the indenture unless Steak n Shake declares or pays dividends on its equity securities, redeems more than \$2 million of equity securities during a twelve-month period, prepays certain indebtedness or issues additional indebtedness during the time which it fails to satisfy such financial ratio;

Steak n Shake's obligations under the debentures are not guaranteed by any of its subsidiaries; and

TABLE OF CONTENTS

the debentures are subordinated to all of Steak n Shake's senior secured debt, subject to certain maximum limits, and leverage restrictions, and structurally subordinated to all of the debt of Steak n Shake's subsidiaries;
the special committee's belief that the special committee was fully informed about the extent to which the interests of Messrs. Biglari and Cooley differed from those of Steak n Shake's other stockholders, which are discussed in the section of this proxy statement/prospectus entitled "Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger"; and
Steak n Shake's maximum exposure for wrongfully failing to close or breaching the merger agreement under certain circumstances, even if the breach was willful or deliberate, would be limited to its payment of a fee in the amount of \$500,000.

The Steak n Shake special committee considered the following factors to be generally negative or unfavorable in making its determination and recommendation:

the steady declines Western Sizzlin has experienced in its existing franchise base for the past several years;
the fact that Western Sizzlin's restaurant base, both franchised and company-owned, is smaller and less geographically diverse than many other restaurant chains with which Western Sizzlin competes;
the fact that there has been substantial uncertainty and disruption in the capital and credit markets over the past twelve months, which could have an adverse effect on Western Sizzlin's business, including the future operating results of Western Sizzlin's restaurants and the value of Western Sizzlin's investments;
the fact that there has been substantial uncertainty and disruption in the capital and credit markets over the past twelve months, which could have an adverse effect on Steak n Shake's business, including the future operating results of Steak n Shake;
that Western Sizzlin's restaurants are predominantly family steak houses, which continues Steak n Shake's reliance upon restaurants primarily serving beef as a significant source of revenue;
that if Steak n Shake does not satisfy a financial ratio set forth in the indenture, it will not be permitted to declare or pay dividends on its equity securities, redeem more than \$2 million of equity securities during a twelve-month period, prepay certain indebtedness or issue additional indebtedness, which may limit Steak n Shake's ability to raise debt or equity or otherwise manage its capital resources in the future;
the merger agreement contains restrictions on the conduct of Steak n Shake's business prior to the completion of the merger, generally requiring Steak n Shake to conduct its business only in a manner that complies with the covenants set forth in the indenture, which may delay or prevent Steak n Shake from undertaking business opportunities that may arise pending completion of the merger;
the risks and costs to Steak n Shake if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;
the merger agreement's provisions that permit Western Sizzlin to solicit other offers during the go-shop period;
the possibility that, in the event of termination of the merger agreement due to Steak n Shake wrongfully failing to close or breaching the merger agreement under certain circumstances, Steak n Shake may be required to pay a fee in the amount of \$500,000;
legal uncertainties associated with the risk that Western Sizzlin could (contrary to its legal position) be determined to be an investment company as defined by the Investment Company Act of 1940, as amended;
and
that Western Sizzlin's obligation to consummate the merger would be subject to certain conditions outside of Steak n Shake's control.

TABLE OF CONTENTS

The foregoing discussion of the information and factors considered by the Steak n Shake special committee is not intended to be exhaustive, but includes the material factors considered by the Steak n Shake special committee. In view of the variety of factors considered in connection with its evaluation of the merger, the merger agreement, the voting agreements, and the other transactions contemplated by the merger agreement, the Steak n Shake special committee did not find it practicable to, and did not, quantify or otherwise assign specific weights to the factors considered in reaching its determination and recommendation. In addition, each of the members of the Steak n Shake special committee may have given differing weights to different factors. On balance, the Steak n Shake special committee believed that the positive factors discussed above outweighed the negative factors discussed above.

Approval of the Steak n Shake Board of Directors; Reasons for, and Effects and Fairness of, the Merger

Promptly following the approval of the merger and the merger agreement by the Steak n Shake special committee on October 21, 2009 meeting, the Steak n Shake board of directors convened and, after considering the conflicts of interest presented by the role of Mr. Biglari and Mr. Cooley with Western Sizzlin described elsewhere in this document, and acting in part upon the recommendation of the Steak n Shake special committee, unanimously:

approved the merger and the merger agreement and related transaction documents, including the indenture; authorized Mr. Regan as Chairman of the special committee to execute and deliver on behalf of Steak n Shake the merger agreement and other documents to Western Sizzlin; and continued the special committee of Steak n Shake for purposes of exercising all of the authority of the board of directors of Steak n Shake in respect of the merger including with respect to the indenture and the debentures.

In determining that the merger and the merger agreement are advisable, fair to and in the best interests of Steak n Shake and its stockholders, the full board of directors of Steak n Shake considered:

the unanimous determination and recommendation of the special committee; and the factors considered by the special committee, including the positive factors and potential benefits of the merger agreement and the merger, the risks and potentially negative factors relating to the merger and the merger agreement, and the fairness opinion received by the special committee.

The foregoing discussion of the information and factors considered by Steak n Shake's board of directors includes the material factors considered by the board of directors. In view of the variety of factors considered in connection with its evaluation of the merger, Steak n Shake's board of directors did not find it practicable to, and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, individual directors may have given different weights to different factors. The Steak n Shake board of directors approved the merger agreement and the merger based upon the totality of the information presented to and considered by it.

Opinion of the Financial Advisor of the Steak n Shake Special Committee

On October 21, 2009, Duff & Phelps rendered its oral opinion to the special committee of Steak n Shake (which was subsequently confirmed in writing by delivery of Duff & Phelps's written opinion dated October 21, 2009), to the effect that, as of October 21, 2009, the consideration to be paid by Steak n Shake in the merger was fair, from a financial point of view, to the public shareholders of Steak n Shake (other than Mr. Sardar Biglari, Mr. Philip Cooley

and their affiliates and associates).

Duff & Phelps' s opinion was directed to the special committee of Steak n Shake and only addressed the fairness from a financial point of view of the consideration to be paid by Steak n Shake in the merger and did not address any other aspect or implication of the merger. The summary of Duff & Phelps' s opinion in this prospectus is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex C to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters

TABLE OF CONTENTS

considered by Duff & Phelps in preparing its opinion. We encourage you to carefully read the full text of Duff & Phelps' s written opinion. However, neither Duff & Phelps' s written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement/prospectus are intended to be, and do not constitute advice or a recommendation to any stockholder as to how such stockholder should act or vote with respect to the merger.

In connection with its opinion, Duff & Phelps made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Duff & Phelps also took into account its assessment of general economic, market and financial conditions, as well as its experience in securities and business valuation, in general, and with respect to similar transactions, in particular. Duff & Phelps' procedures, investigations, and financial analysis with respect to the preparation of its opinion included, but were not limited to, the items summarized below:

1. Discussed the operations, financial conditions future prospects and projected operations and performance of Steak n Shake and Western Sizzlin, and the merger with the management of Steak n Shake and Western Sizzlin;
 2. Reviewed certain publicly available financial statements and other business and financial information of Steak n Shake and Western Sizzlin, and the industries in which they operate;
 3. Reviewed certain internal financial statements and other financial and operating data concerning Steak n Shake and Western Sizzlin, which Steak n Shake and Western Sizzlin have identified as being the most current consolidated financial statements available as of June 30, 2009;
 4. Reviewed certain internal unconsolidated financial statements and other financial and operating data concerning Western Sizzlin as of July 31, 2009 and August 31, 2009;
 5. Reviewed certain financial forecasts of Steak n Shake prepared by the management of Steak n Shake;
 6. Reviewed certain financial forecasts of Western Sizzlin prepared by the management of Western Sizzlin and adjusted by the management of Steak n Shake;
 7. Reviewed certain information relating to potential strategic, financial and operational benefits anticipated from the merger, referred to as the Strategic Benefits, as prepared by Western Sizzlin and adjusted by the management of Steak n Shake;
 8. Reviewed a draft of the merger agreement dated October 19, 2009, a draft of the form of the voting agreement dated October 19, 2009 and a draft of Steak n Shake indenture dated October 19, 2009;
 9. Reviewed the historical trading price and trading volume of Steak n Shake common stock and Western Sizzlin common stock;
 10. Compared the financial performance of Steak n Shake and Western Sizzlin and the prices and trading activity of Steak n Shake common stock and Western Sizzlin common stock with those of certain other publicly traded companies that we deemed relevant;
 11. Compared certain financial terms of the merger to financial terms, to the extent publicly available, of certain other business combination transactions that we deemed relevant; and
 12. Conducted such other analyses and considered such other factors as we deemed appropriate.
- In performing its analyses and rendering its opinion with respect to the merger, with the consent of the special committee, Duff & Phelps:

1. Relied upon the accuracy, completeness, and fair presentation of all information, data, advice, opinions and representations obtained from public sources or provided to it from private sources, including Steak n Shake management, and did not independently verify such information;
2. Assumed that any estimates, evaluations, forecasts and projections, as well as the Strategic Benefits, furnished to Duff & Phelps were reasonably prepared and based upon the best currently available

TABLE OF CONTENTS

information and good faith judgment of the person furnishing the same; and that the Strategic Benefits will be realized at the times and in the amounts projected by Western Sizzlin as adjusted by Steak n Shake;

3. Assumed that the final versions of all documents reviewed by Duff & Phelps in draft form conform in all material respects to the drafts reviewed;
4. Assumed that information supplied to Duff & Phelps and representations and warranties made in each of the agreement, the indenture and the voting agreements are substantially accurate;
Assumed that all of the conditions required to implement the merger will be satisfied and that the merger (including the permitted special distribution of the Steak n Shake common stock owned by Western Sizzlin to the Western
5. Sizzlin stockholders that was subsequently distributed on November 6, 2009) will be completed in accordance with the agreement without any amendments thereto or any waivers of any terms or conditions thereof;
Relied upon the fact that the special committee and Steak n Shake have been advised by counsel as to all legal
6. matters with respect to the merger, including the terms of the indenture and whether all procedures required by law to be taken in connection with the merger have been duly, validly and timely taken; and
Assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the
7. merger will be obtained without any adverse effect on Steak n Shake or the contemplated benefits expected to be derived in the merger.

In Duff & Phelps' analysis and in connection with the preparation of its opinion, Duff & Phelps has made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the merger. To the extent that any of the foregoing assumptions or any of the facts on which Duff & Phelps' opinion is based prove to be untrue in any material respect, its opinion cannot and should not be relied upon.

Duff & Phelps did not make any independent evaluation, appraisal or physical inspection of Steak n Shake's solvency or of any specific assets or liabilities (contingent or otherwise). Duff & Phelps' opinion should not be construed as a valuation opinion, credit rating, solvency opinion, an analysis of Steak n Shake's credit worthiness, as tax advice, or as accounting advice. Duff & Phelps has not been requested to, and did not, (a) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the merger, the assets, businesses or operations of Steak n Shake, or any alternatives to the merger, (b) negotiate the terms of the merger, and therefore, Duff & Phelps assumed that such terms are the most beneficial terms, from Steak n Shake's perspective, that could, under the circumstances, be negotiated between the special committee and Western Sizzlin, or (c) advise the special committee of the Steak n Shake Board of Directors or any other party with respect to alternatives to the merger. In addition, Duff & Phelps did not express any opinion as to the market price or value of Steak n Shake common stock or Western Sizzlin common stock after announcement of the merger. Duff & Phelps did not make, and assumed no responsibility to make, any representation, or render any opinion, as to any legal matter.

In rendering its opinion, Duff & Phelps did not express any opinion with respect to the amount or nature of any compensation to any of Steak n Shake's officers, directors, or employees, or any class of such persons, relative to the consideration to be received by the public shareholders of Steak n Shake in the merger, or with respect to the fairness of any such compensation.

The basis and methodology for Duff & Phelps' opinion were designed specifically for the express purposes of the special committee and may not translate to any other purposes. Duff & Phelps' opinion (a) does not address the merits of the underlying business decision to enter into the merger versus any alternative strategy or transaction; (b) is not a recommendation as to how the special committee, the board of directors of Steak n Shake or any stockholder should vote or act with respect to any matters relating to the merger, or whether to proceed with the merger or any related transaction, and (c) does not indicate that the consideration paid is the best possibly attainable under any circumstances; instead, it merely states whether the consideration in the merger is within a range suggested by certain financial analyses. The decision as to

TABLE OF CONTENTS

whether to proceed with the merger or any related transaction may depend on an assessment of factors unrelated to the financial analysis on which its opinion is based. Duff & Phelps' s opinion should not be construed as creating any fiduciary duty on the part of Duff & Phelps to any party.

Duff & Phelps prepared its opinion effective as of October 21, 2009. Duff & Phelps' s opinion is necessarily based upon market, economic, financial and other conditions as they existed and can be evaluated as of October 21, 2009, and Duff & Phelps disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion which may come or be brought to the attention of Duff & Phelps after October 21, 2009.

Duff & Phelps acted as financial advisor to the special committee and will receive a fee for its services. No portion of Duff & Phelps' fee is contingent upon either the conclusions expressed in its opinion or whether or not the merger is successfully consummated.

In preparing its opinion to the special committee, Duff & Phelps performed a variety of analyses, including those described below. The summary of Duff & Phelps' s valuation analyses is not a complete description of the analyses underlying Duff & Phelps' s opinion. The preparation of an opinion regarding fairness is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither an opinion regarding fairness nor its underlying analyses is readily susceptible to partial analysis or summary description. Duff & Phelps arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Duff & Phelps believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Duff & Phelps considered general business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its written opinion. No company, transaction or business used in Duff & Phelps' s analyses for comparative purposes is identical to Steak n Shake, Western Sizzlin or the merger. Duff & Phelps made judgments and assumptions with regard to industry performance, general business, economic, regulatory, market and financial conditions and other matters, many of which are beyond the control of Steak n Shake, such as the impact of competition on the business of Steak n Shake, Western Sizzlin and on the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Steak n Shake, Western Sizzlin or the industry or in the markets generally. Duff & Phelps believes that mathematical analyses (such as determining average and median) are not by themselves meaningful methods of using selected company data and must be considered together with qualities, judgments and informed assumptions to arrive at sound conclusions. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Duff & Phelps did not make separate or quantifiable judgments regarding individual analyses. The implied reference range values indicated by Duff & Phelps' s analyses are illustrative and not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the control of Steak n Shake and Duff & Phelps. Much of the information used in, and accordingly the results of, Duff & Phelps' s analyses are inherently subject to substantial uncertainty.

Duff & Phelps' s opinion was provided to the special committee in connection with its consideration of the merger and was only one of many factors considered by the special committee in evaluating the merger. Neither Duff & Phelps' s

opinion nor its analyses were determinative of the merger consideration or of the views of the special committee or management of Steak n Shake with respect to the merger.

TABLE OF CONTENTS

The following is a summary of the material analyses prepared in connection with Duff & Phelps' s opinion rendered on October 21, 2009. The order of the analyses does not represent relative importance or weight given to those analyses by Duff & Phelps. The fact that any specific analysis has been referred to in the summary below is not meant to indicate that such analysis was given greater weight than any other analysis. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying and the assumptions, qualifications and limitations affecting each analysis, could create a misleading or incomplete view of Duff & Phelps' s analyses.

Valuation of Restaurant Operations: For purposes of its analyses, Duff & Phelps reviewed a number of financial and operating metrics in valuing the restaurant operations of Western Sizzlin including:

Enterprise Value generally the value as of a specified date of the relevant company' s outstanding equity securities (taking into account its outstanding warrants and other convertible securities) plus the value of its net debt (the value of its outstanding indebtedness, preferred stock and capital lease obligations less the amount of cash on its balance sheet) as of a specified date.

EBITDA generally the amount of the relevant company' s earnings before interest, taxes, depreciation, and amortization for a specified time period.

Unless the context indicates otherwise, enterprise values used in the selected public companies analysis described below were calculated using the closing prices of such companies' common stock as of October 21, 2009, and the enterprise values for the target companies used in the selected mergers and acquisitions, or M&A, transaction analysis described below were calculated as of the announcement date of the relevant transaction based on the purchase prices paid in the selected M&A transaction analysis. Accordingly, this information does not necessarily reflect current or future market conditions. Estimates of 2009 and 2010 EBITDA for Western Sizzlin were based on estimates provided by Western Sizzlin management, as adjusted by Steak n Shake management. Estimates of 2009 and 2010 EBITDA for the selected public companies listed below were based on publicly available research analyst estimates for the selected public companies.

Selected M&A Transaction Analysis. Duff & Phelps calculated multiples of enterprise value to EBITDA for the last twelve-month period, or LTM , based on the purchase prices paid in 18 selected publicly- announced transactions.

The selected transactions were:

Date Announced	Target	Acquirer
10/14/2009	Rubio's Restaurants Inc. ⁽¹⁾	Levine Leichtman Capital Partners
6/9/2009	Cajun Operating Co. (d/b/a Church's Chicken)	Friedman Fleischer & Lowe, LLC
5/18/2009	Kona Grill Inc.	Mill Road Capital; Mill Road Capital I, L.P.
11/3/2008	Pizza Hut of America, Inc., 191 Pizza Hut Units	NPC International, Inc.
8/5/2008	BUCA, Inc.	Planet Hollywood International Inc.
4/23/2008	Wendy's International Inc.	Triarc Companies Inc. (nka: Wendy' s/Arby' s Group, Inc.)
7/15/2007	Applebee's International, Inc.	IHOP Corp. (nka: DineEquity, Inc.)
6/17/2007	Friendly Ice Cream Corp.	Sun Capital Partners, Inc.

Edgar Filing: STEAK & SHAKE CO - Form S-4

5/31/2007	Champps Entertainment Inc.	Fox & Hound Restaurant Group
5/17/2007	Spectra Group of Great Restaurants Inc.	Madison Pacific Properties Inc.
2/26/2007	The Smith & Wollensky Restaurant Group, Inc.	Bunker Hill Capital
12/1/2006	Elephant & Castle Group Inc.	Repechage Restaurant Group, Ltd.
11/22/2006	Sbarro Inc.	MidOcean Partners

64

TABLE OF CONTENTS

Date Announced	Target	Acquirer
11/5/2006	OSI Restaurant Partners, LLC	Bain Capital, LLC; Catterton Partners
10/30/2006	Logan's Roadhouse, Inc.	Black Canyon Capital; Bruckmann, Rosser, Sherrill & Co.; Canyon Capital
8/24/2006	Back Yard Burgers Inc.	Cherokee Advisors LLC
8/18/2006	Lone Star Steakhouse & Saloon, Inc.	Lone Star Funds
7/24/2006	Ryan's Restaurant Group Inc.	Buffets, Inc.

Source: Capital IQ and SEC Filings

- (1) Transaction has been announced, but have not closed as of October 29, 2009
The selected M&A transaction analysis indicated the following:

Multiple Description	Low	High	Mean	Median
Enterprise Value as a multiple of LTM EBITDA	5.7x	14.4x	10.5x	10.3x

Duff & Phelps used the data above, in conjunction with the data from its selected public company analysis described below to reach certain valuation conclusions described below.

Selected Public Company Analysis. Duff & Phelps calculated multiples of enterprise value and considered certain financial data for Western Sizzlin and seven selected companies.

The calculated multiples included:

Enterprise value as a multiple of latest 12 months, or LTM, EBITDA;
Enterprise value as a multiple of projected 2009 EBITDA; and
Enterprise value as a multiple of projected 2010 EBITDA.

The selected public companies were:

Famous Dave's of America Inc.;
Frisch's Restaurants Inc.;
Luby's Inc.;
Mexican Restaurants Inc.;
Nathan's Famous Inc.;
O'Charley's Inc.; and
Star Buffet Inc.

The selected public company analysis indicated the following:

Multiple Description	Low	High	Mean	Median
Enterprise Value as a multiple of:				
LTM EBITDA	2.8x	16.5x	6.4x	5.2x
2009P EBITDA	4.3x	5.3x	4.8x	4.8x
2010P EBITDA	4.4x	5.1x	5.7x	4.7x

Summary of Selected Public Company/M&A Transaction Analyses: In selecting valuation multiples, Duff & Phelps considered several factors including size, business mix, profitability, growth and business model. Duff & Phelps

applied multiple ranges to corresponding financial data for Western Sizzlin, including estimates provided by Western Sizzlin's management as adjusted by Steak n Shake's management. In order to estimate a range of enterprise values for Western Sizzlin, Duff & Phelps selected and applied valuation multiples of LTM EBITDA ranging from 4.75x to 5.75x based on Western Sizzlin's LTM EBITDA as

TABLE OF CONTENTS

compared to the selected public companies and the target companies in the M&A transactions. These selected multiples implied a valuation range, based on LTM EBITDA, of \$9.7 million to \$11.7 million. Duff & Phelps selected and applied valuation multiples of projected 2009 EBITDA ranging from 4.25x to 5.25x based on Western Sizzlin s Projected 2009 EBITDA as compared to the selected public companies. These selected multiples implied a valuation range, based on projected 2009 EBITDA, of \$9.1 million to \$11.2 million. Duff & Phelps selected and applied valuation multiples of projected 2010 EBITDA ranging from 4.00x to 5.00x based on Western Sizzlin s Projected 2010 EBITDA as compared to the selected public companies. These selected multiples implied a valuation range, based on projected 2010 EBITDA, of \$9.0 million to \$11.1 million.

As a result of these selected valuation multiples, the selected public company / M&A transaction analyses indicated an estimated enterprise value for Western Sizzlin of \$9.2 million to \$11.4 million. Duff & Phelps considered the selected public company and M&A transaction analyses together due to a lack of recent meaningful M&A transactions of a comparable size to Western Sizzlin.

Discounted Cash Flow Analysis. Duff & Phelps calculated the net present value of Western Sizzlin s unlevered, after-tax debt-free cash flows based on estimates provided by Western Sizzlin s management, as confirmed by Steak n Shake s management. In performing this analysis, Duff & Phelps used discount rates ranging from 14.5% to 16.5% based on Western Sizzlin s estimated weighted average cost of capital and calculated a terminal value by using a commonly accepted perpetuity formula. The discounted cash flow analysis indicated an implied enterprise value range of \$11.2 million to \$12.9 million.

Based on selected public company and M&A transaction analyses and the discounted cash flow analysis, Duff & Phelps concluded an enterprise value range of \$10.2 million to \$12.2 million for the restaurant operations of Western Sizzlin.

Valuation of Western Properties, Inc.: Duff & Phelps estimated the market value of a vacant tract of land located along the east side of I-10, just north of Loop 1604 in San Antonio, Texas. The land consists of approximately 23 gross acres, and based on information provided by Western Sizzlin, approximately 11 acres are presently developable.

Based upon comparative analysis and considering the comments of local market participants, the estimate of the current market value range for the subject site is from \$8.00 to \$10.00 per square foot of net developable land area, or from \$3.8 million to \$4.8 million.

Valuation of Western Mustang Holdings LLC: In order to value Western Mustang Holdings LLC, Duff & Phelps valued the investments held by Mustang Capital Advisors, LP, the operating company of Western Mustang Holdings LLC, and its general partner, Mustang Capital Management, LLC (Mustang Capital Management). Mustang Capital Advisors, LP manages assets through its funds, Mustang Capital Partners I, LP and Mustang Capital Partners II, LP, and managed accounts. Mustang Capital Partners I, LP and Mustang Capital Partners II, LP were valued by marking-to-market equity securities held by each as of October 21, 2009. Mustang Capital Management has an economic ownership in Mustang Capital Partners I, LP and Mustang Capital Partners II, LP of 4.18%. Western Sizzlin has a 50.5% ownership interest in Mustang Capital Management, which equates to a 2.11% underlying economic ownership of Mustang Capital Partners I, LP and Mustang Capital Partners II, LP. In order to value the managed account asset of Mustang Capital Advisors, LP, Duff & Phelps utilized assets under management, or AUM, and applied a percentage to the AUM based on other publicly traded asset managers. Since Western Sizzlin has a 50.5% ownership interest in the General Partner of Mustang Capital Advisors, LP, we applied multiples to only 50.5% of the total managed accounts assets under management. Duff & Phelps concluded a value range of \$545,000 to \$775,000 for Western Mustang Holdings LLC.

Valuation of Western Investments, Inc.: Western Investments Inc. serves as the general partner of Western Acquisitions LP, which operates as a private investment fund. As of March 31, 2009, Western Investments Inc. owned 85.1% of Western Acquisitions LP. Western Investments Inc. was valued by marking-to-market the securities held as of October 21, 2009. Duff & Phelps concluded a value of \$15.0 million which included the value of 1,553,545 shares of Steak n Shake common stock (approximately \$17.3 million at a Steak n Shake share price of \$11.14) and 120,503 shares of Emerson Radio Corporation common stock (approximately \$170,000 at a Emerson Radio Corporation share price of \$1.41).

TABLE OF CONTENTS

Valuation of Marketable Securities held by Western Sizzlin: The marketable securities were valued by marking-to-market the securities held as of October 21, 2009. Duff & Phelps concluded a value of \$1.2 million.

Valuation of Other Assets and Liabilities: Duff & Phelps added cash and notes receivables as of June 30, 2009 and subtracted debt as of June 30, 2009 to the enterprise value of Western Sizzlin's restaurant operations plus the value of Western Properties, Inc, Western Mustang Holdings LLC, Western Investments, Inc. and the marketable securities held by Western Sizzlin. Additionally, Duff & Phelps made the following adjustments to enterprise value: (a) added the present value of the proceeds from a joint venture payout in which Western Sizzlin has a 50.5% controlling interest, (b) added the present value of the tax benefit of the net operating loss carryforward, which was created because of prior operating losses, (c) added the present value of the tax benefit of amortization, (d) deducted the potential estimated tax liability exposure that could result because previous net operating loss limitations were not properly considered when Western Sizzlin filed tax returns, and (e) deducted the cash value of the purchase obligation that was created from the acquisition of a 50.5% interest in Mustang Capital Advisors, LP and is a liability of Western Sizzlin. These adjustments totaled approximately \$(1.0) million.

After taking all the relevant adjustments into consideration, Duff & Phelps concluded an aggregate equity value per share of Western Sizzlin of \$10.50 to \$11.60 as presented in the table below

Equity Valuation Summary (\$000s)	Indicative Value Range		
Selected Public Company/M&A Transaction Analyses	\$9,200	\$10,300	\$11,400
Discounted Cash Flow Analysis	11,200	11,700	12,900
Enterprise Value Range of Restaurant Operations	\$10,200	\$11,000	\$12,200
Plus: Value of Western Properties, Inc.	3,830	4,310	4,790
Plus: Net Asset Value of Western Mustang Holdings LLC	545	660	775
Plus: Net Asset Value of Western Investments, Inc.	14,994	14,994	14,994
Plus: Marketable Securities	1,166	1,166	1,166
Plus: Other Assets and Liabilities	(997)	(1,002)	(1,007)
Aggregate Equity Value (rounded)	\$29,700	\$31,100	\$32,900
Equity Value per Share	\$10.50	\$11.00	\$11.60

Duff & Phelps added \$2.04 to \$2.54 per share of Strategic Benefits to the aggregate equity value per share of Western Sizzlin. The Strategic Benefits were provided by Western Sizzlin management and adjusted by the management of Steak n Shake. Duff & Phelps used a multiple range of 4.0x to 5.0x to value the annual expected Strategic Benefits of \$1.4 million. Including Strategic Benefits, Duff & Phelps concluded an equity value per share of \$12.50 to \$14.10. From this share price, Duff & Phelps deducted the per share equity value of Steak n Shake shares held by Western Sizzlin, and deducted the potential tax liability on the gain on distribution of Steak n Shake shares. Duff & Phelps concluded an equity value per share, excluding the equity value of Steak n Shake and including potential Strategic Benefits, of \$7.30 to \$8.80 as compared to the proposed merger consideration of \$8.08 per share of Western Sizzlin common stock.

Other Matters

Duff & Phelps was engaged by Steak n Shake pursuant to a letter agreement dated June 26, 2009 to provide an opinion to the special committee regarding the fairness from a financial point of view to the public shareholders of Steak n Shake of the consideration to be paid by Steak n Shake in the merger. Steak n Shake engaged Duff & Phelps based on its experience, having been founded in 1932, and reputation as one of the leading middle market investment

banking and independent financial advisory firms in the United States. Duff & Phelps is regularly engaged to render financial opinions in connection with mergers, acquisitions, divestitures, leveraged buyouts, recapitalizations, and for other purposes. Pursuant to the terms of the letter between Steak n Shake and Duff & Phelps, Steak n Shake paid Duff & Phelps \$150,000 upon Duff & Phelps stating to the special committee that it was prepared to deliver its opinion. As part of this engagement, Duff & Phelps has previously received \$225,000 in fees for the performance of valuation services and other than expenses, no other fees are payable. Other than this engagement, during the two years preceding the date

TABLE OF CONTENTS

of this opinion, Duff & Phelps has not had any material relationship with any party to the merger for which compensation has been received or is intended to be received, nor is any such material relationship or related compensation mutually understood to be contemplated.

Position of Schedule 13e-3 Filing Persons as to the Fairness of the Merger

Under a potential interpretation of the rules of the Exchange Act and the SEC regulations promulgated thereunder governing going-private transactions, Steak n Shake, Merger Sub, Sardar Biglari and Philip L. Cooley, which we refer to, collectively, as the Schedule 13e-3 Filing Persons, may be deemed to be engaged in a going private transaction and, therefore, may be required to express their beliefs as to the substantive and procedural fairness of the merger to Western Sizzlin's stockholders. The Schedule 13e-3 Filing Persons are making the statements included in this subsection solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act that may be applicable to the merger and the other transactions contemplated by the merger agreement. The Schedule 13e-3 Persons do not thereby admit that the making of such statement is required by such rules. The views of the Schedule 13e-3 Filing Persons as to the fairness of the proposed merger should not be construed as a recommendation to any of Western Sizzlin's stockholders as to how such stockholder should vote on the proposal to adopt and approve the merger agreement and the merger.

The Schedule 13e-3 Filing Persons did not participate in the deliberations of the Western Sizzlin special committee or Western Sizzlin board of directors regarding, and did not receive advice from the Western Sizzlin special committee's legal or financial advisors as to, the fairness of the merger to Western Sizzlin's stockholders. The Steak n Shake special committee engaged Duff & Phelps as its independent financial advisor to provide certain financial advisory services with respect to a business combination with Western Sizzlin. Duff & Phelps has not provided an opinion with respect to the fairness of the merger or the merger consideration to Western Sizzlin stockholders.

The interests of Western Sizzlin's unaffiliated stockholders were represented by the special committee comprised of independent and disinterested directors, which had the exclusive authority to review, evaluate and negotiate the terms and conditions of the merger agreement on Western Sizzlin's behalf, with the assistance of the special committee's independent financial and legal advisors. Accordingly, the Schedule 13e-3 Filing Persons did not undertake a formal evaluation of the merger or engage a financial advisor for the purpose of reviewing and evaluating the merits of the proposed merger from Western Sizzlin's stockholders' viewpoint. The Schedule 13e-3 Filing Persons believe that (a) the merger consideration is substantively fair to the unaffiliated Western Sizzlin stockholders and (b) the merger is procedurally fair to Western Sizzlin's unaffiliated stockholders on the basis of the factors described under Recommendation of the Western Sizzlin Special Committee; Reasons for, and Effects and Fairness of, the Merger and Recommendation of the Western Sizzlin Board of Directors; Reasons for, and Effects and Fairness of, the Merger. The Schedule 13e-3 Filing Persons agree with the analyses and conclusions of the special committee and the board of directors, based upon the reasonableness of those analyses and conclusions, which they adopt, and their respective knowledge of Western Sizzlin, as well as the factors considered by, and the findings of, the special committee and the board of directors with respect to the fairness of the merger to such unaffiliated stockholders.

In addition, the Schedule 13e-3 Filing Persons considered the fact that the Western Sizzlin special committee received, solely for its benefit and use, an opinion from B. Riley to the effect that and subject to the various assumptions set forth therein, as of October 22, 2009, the date of its opinion, that the merger consideration of debentures issued by Steak n Shake in the principal amount of approximately \$8.08 per share (based upon the number of shares of Western Sizzlin common stock outstanding on October 22, 2009) to be received pursuant to the merger

agreement by the holders of shares of Western Sizzlin s common stock was fair, from a financial point of view, to
Western Sizzlin s stockholders

Although Messrs. Biglari and Cooley are current directors and/or officers, because of their differing interests in the merger, they did not participate in the special committee s evaluation or approval of the merger agreement and the merger. For these reasons, Messrs. Biglari and Cooley do not believe that their interests in the merger influenced the decision of the special committee with respect to recommending the merger agreement or the merger.

TABLE OF CONTENTS

The foregoing discussion of the information and factors considered and given weight by the Schedule 13e-3 Filing Persons in connection with the fairness of the merger agreement and the merger is not intended to be exhaustive but is believed to include all material factors they considered. The Schedule 13e-3 Filing Persons did not find it practicable to assign, and did not assign, relative weights to the individual factors considered in reaching its conclusion as to the fairness of the merger to the unaffiliated Western Sizzlin stockholders. Rather, their fairness determination was made after consideration of all of the above factors as a whole.

Purposes of the Merger for the Schedule 13e-3 Filing Persons

Purposes of Steak n Shake and Merger Sub

If the proposed merger is completed, Western Sizzlin will become a direct subsidiary of Steak n Shake. For Steak n Shake and Merger Sub, the purpose of the merger is to effectuate the transactions contemplated by the merger agreement.

Purposes of Sardar Biglari and Philip L. Cooley

For each of Sardar Biglari and Philip L. Cooley, the primary purpose of the merger is to benefit in their capacities as a director, officer and stockholder of Steak n Shake from the potential benefits that may result from the combination of Steak n Shake's and Western Sizzlin's businesses, including the creation of a more diversified restaurant company with increase cash flow, the strengthening of the combined company's market position and the potential that the combined company will have an opportunity for cost savings. In their capacities as Western Sizzlin stockholders, Sardar Biglari's and Philip L. Cooley's purpose for the merger is to convert their interests as stockholders into interests in the debentures.

Purposes of Western Sizzlin

The purpose of the merger for Western Sizzlin is to enable Western Sizzlin's stockholders (other than stockholders who properly exercise their dissenters' rights of appraisal under Delaware law) to immediately realize the value of their investment in Western Sizzlin through their receipt of a pro rata portion of the merger consideration of debentures (in the principal amount of approximately \$8.07 per share based upon the number of shares of Western Sizzlin common stock outstanding on , 2009). For the reasons discussed under Recommendation of the Western Sizzlin Special Committee; Reasons for, and Effects and Fairness of, the Merger and Recommendation of the Western Sizzlin Board of Directors; Reasons for, and Effects and Fairness of, the Merger, the Western Sizzlin special committee and board of directors unanimously determined that the merger agreement and the merger are advisable, fair to and in the best interests of Western Sizzlin and its unaffiliated stockholders.

Alternatives to the Merger Considered by the Steak n Shake Special Committee and the Western Sizzlin Special Committee

Alternatives to the Merger Considered by the Steak n Shake Special Committee

The Steak n Shake special committee was requested only to consider the proposed acquisition of Western Sizzlin and was not requested to (and therefore did not) consider alternatives to the merger, other than the alternative of not proceeding with the merger.

Alternatives to the Merger Considered by the Western Sizzlin Special Committee

Following the execution of the Letter of Intent between Western Sizzlin and Steak n Shake in August 2009, the Western Sizzlin special committee, through its financial advisor, B. Riley, actively solicited alternative acquisition proposals from a number of candidates. As none of the targeted candidates elected to pursue a potential transaction with Western Sizzlin and no unsolicited alternative acquisition proposals were submitted to Western Sizzlin or B. Riley, the Western Sizzlin special committee did not consider any specific alternatives to the merger, other than the alternative of not proceeding with the merger.

Plans for Western Sizzlin after the Merger

It is expected that, upon consummation of the merger, Western Sizzlin's operations will be conducted substantially in the same manner as they currently are being conducted except that Western Sizzlin's common

TABLE OF CONTENTS

stock will cease to be publicly traded and Western Sizzlin will be a wholly owned subsidiary of Steak n Shake. Western Sizzlin will not be subject to many of the obligations and constraints, and the related direct and indirect costs, associated with having publicly traded equity securities. Western Sizzlin's common stock is currently registered under the Exchange Act and is quoted on the NASDAQ Capital Market under the symbol WEST. If the merger is completed, Western Sizzlin's common stock will be delisted from the NASDAQ Capital Market and will be deregistered under the Exchange Act.

Following the merger, Steak n Shake will continue to evaluate and review Western Sizzlin's business and operations and may develop new plans and proposals or elect to pursue acquisitions or other opportunities that Steak n Shake considers appropriate to maximize Western Sizzlin's value.

Interests of Steak n Shake's and Western Sizzlin's Directors and Executive Officers in the Merger

Interests of Western Sizzlin's Directors and Executive Officers in the Merger

The special committee, which is unanimously recommending that you vote FOR the approval of the merger agreement and the merger, was comprised entirely of independent directors that have no affiliation, whether by security ownership or otherwise, with Steak n Shake. Nevertheless, when you consider the recommendation of the special committee to approve the merger agreement and the merger, you should be aware that certain of Western Sizzlin's directors, executive officers and stockholders may have interests in the merger that are different from, or in addition to, your interests as stockholders generally and that may present actual or apparent conflicts of interests, including without limitation:

Three directors of Western Sizzlin, Sardar Biglari, Philip L. Cooley and Jonathan Dash, along with John K. H. Linnartz, the managing member of Mustang Capital Management, LLC, in which Western Sizzlin owns a 51% interest, exercise voting control over an aggregate of 1,243,319 shares of Western Sizzlin's common stock, or approximately 43.8% of its currently outstanding common stock, based upon filings made by such persons with the SEC to date, and, at the time the merger agreement was executed were members of a group, within the meaning of Section 13(d)(3) of the Exchange Act, along with Western Sizzlin, that beneficially owned, at the time the merger agreement was executed, an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009);

Mr. Biglari, Western Sizzlin's Chairman, President and Chief Executive Officer, is also the Chairman, President and Chief Executive Officer of Steak n Shake and Mr. Cooley, Vice Chairman of Western Sizzlin's board of directors, is also the Vice Chairman of the board of directors of Steak n Shake.

Western Sizzlin's officers will continue to serve as officers of the surviving corporation after the merger is effective, as discussed in The Merger Agreement Directors and Officers of Western Sizzlin Following the Merger ; certain of Western Sizzlin's executive officers may be eligible to receive enhanced severance rights under their employment agreements, as a result of the merger; and

continued indemnification of Western Sizzlin's directors and officers and directors' and officers' liability insurance coverage is to be provided by Steak n Shake and the surviving corporation for at least six years following the effective time of the merger.

The special committee of the Western Sizzlin board of directors was aware of these differing interests and potential conflicts and considered them, among other matters, in evaluating and negotiating the merger agreement with the Steak n Shake special committee and in recommending that Western Sizzlin's board of directors and Western Sizzlin's stockholders approve and adopt, as the case may be, the proposals to be voted upon at the Western Sizzlin special meeting.

TABLE OF CONTENTS

Interests of Steak n Shake's Directors and Executive Officers in the Merger

In considering the recommendations of the Steak n Shake special committee that Steak n Shake's board of directors approve the merger, the Steak n Shake board of directors was aware that Sardar Biglari, Chairman, President and Chief Executive Officer of Steak n Shake, and Philip L. Cooley, Vice Chairman of the board of directors of Steak n Shake, have interests in the merger that are different from, and/or in addition to, the interests of Steak n Shake stockholders generally, including:

Mr. Biglari is also Chairman, President and Chief Executive Officer of Western Sizzlin and beneficially owns through private investment funds approximately 33% of the common stock of Western Sizzlin, and Mr. Cooley is also Vice Chairman of Western Sizzlin and owns beneficially common stock of Western Sizzlin representing less than one percent of its outstanding common stock.

Mr. Biglari and Mr. Cooley are also members of a group, within the meaning of Section 13(d)(3) of the Exchange Act, that beneficially owned, at the time the merger agreement was executed, an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009), which group included, at the time the merger agreement was executed, among others, Western Sizzlin and Western Sizzlin director and stockholder Jonathan Dash.

The Steak n Shake special committee was aware of and considered these differing interests and potential conflicts, among other matters, in evaluating and negotiating the merger agreement with the Western Sizzlin special committee and in recommending that Steak n Shake's board of directors approve and adopt the merger agreement and the merger.

Completion of the Merger

If the stockholder approval described herein is obtained and all other conditions to the merger have been satisfied or waived, Merger Sub will merge with and into Western Sizzlin upon the terms and subject to the conditions set forth in the merger agreement, with Western Sizzlin continuing as the surviving company and succeeding to and assuming all the rights and obligations of Merger Sub.

After the merger, the Western Sizzlin common stock will be delisted and deregistered and Western Sizzlin's reporting obligations under the Exchange Act will cease. During 2008, Western Sizzlin incurred approximately \$104,000 in compliance costs associated with its reporting obligations (excluding fees paid to Western Sizzlin's independent auditors) and approximately \$ 80,200 in NASDAQ listing fees. Not paying these costs and fees will represent cost-savings for the surviving company following the completion of the merger.

The debentures to be issued in connection with the merger will be registered under the Exchange Act and it is anticipated that they will be listed on the NYSE and trade under ticker symbol , as described in The Merger Agreement Conditions to the Merger below.

The initial directors of the surviving company following the merger will be William J. Regan, Jr., Ruth J. Person and John W. Ryan. The initial officers of the surviving company following the merger are contemplated to be Sardar Biglari and Robyn Mabe, who are currently officers of Western Sizzlin.

If the merger is completed, except as described in this proxy statement/prospectus, none of Steak n Shake or Merger Sub currently has any plans or proposals that relate to or would result in:

an extraordinary transaction, such as a merger, reorganization or liquidation, involving Western Sizzlin or any of its subsidiaries;

any purchase, sale or transfer of a material amount of assets of Western Sizzlin or any of its subsidiaries;

the acquisition or disposition by any person of additional securities of Western Sizzlin; or

any other material change in Western Sizzlin's structure or business.

71

TABLE OF CONTENTS

Governmental and Regulatory Matters

Steak n Shake and Western Sizzlin have agreed to use their respective reasonable best efforts to obtain as promptly as practicable all governmental or regulatory approvals or consents that may be required to complete the transactions contemplated in the merger agreement. Neither Steak n Shake nor Western Sizzlin is aware of any material governmental or regulatory approval required for completion of the merger, other than the effectiveness of the registration statement of which this joint proxy statement/prospectus is a part, compliance with applicable corporate law of Delaware and compliance with applicable state blue sky laws.

Provisions for Unaffiliated Security Holders

No provision has been made in connection with the merger to grant Western Sizzlin's stockholders access to the corporate files of Steak n Shake, Western Sizzlin, any other party to the merger or any of their respective affiliates or to obtain counsel or appraisal services at the expense of Steak n Shake or Western Sizzlin for any other such party or affiliate.

Listing of the Debentures

It is a condition to the consummation of the merger that the debentures issuable to Western Sizzlin stockholders in the merger shall have been authorized for listing on the New York Stock Exchange, subject to official notice of issuance.

Exchange Agent

Prior to the time when the merger becomes effective, Steak n Shake will designate a bank or trust company reasonably acceptable to Western Sizzlin for the purpose of exchanging Western Sizzlin common stock held by the stockholders of Western Sizzlin for the merger consideration.

Dividends and Distributions

Under the terms of the merger agreement, prior to the closing of the merger, Western Sizzlin is prohibited from declaring or paying any cash dividend or other distribution to Western Sizzlin stockholders, except for the special dividend payable in kind to Western Sizzlin's stockholders of the 1,322,806 shares of Steak n Shake common stock beneficially owned by Western Sizzlin's subsidiaries. The terms of the merger agreement prohibit Steak n Shake from declaring or paying dividends or distributions, where such action would reasonably be expected to constitute a breach of the covenants applicable to Steak n Shake set forth in the indenture, if the indenture were effective as of the date of the merger agreement.

Material U.S. Federal Income Tax Consequences

The exchange of Western Sizzlin common stock for debentures (and/or cash in lieu of fractional interests in debentures) in the merger will be a taxable transaction for United States federal income tax purposes for those holders of Western Sizzlin common stock who are United States citizens or otherwise described as U.S. holders by the discussion of tax consequences included elsewhere in this document. Generally, and subject to certain exceptions, a

U.S. holder whose Western Sizzlin common stock is converted into the right to receive debentures and/or cash in the merger will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between (x) the sum of (1) fair market value of the debentures received by such holder in the merger, and (2) the amount of cash received by such holder in the merger, (y) and the U.S. holder's adjusted tax basis in such Western Sizzlin common stock. For holders of Western Sizzlin common stock other than U.S. holders, the exchange of Western Sizzlin common stock for debentures (and/or cash in lieu of fractional interests in debentures) in the merger by a non-U.S. holder generally will not be subject to U.S. federal income tax unless the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. holder); or the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the exchange and certain other conditions are met. See Material U.S. Federal Income Tax Consequences for a summary of the material U.S. federal income tax consequences of the merger and of the material U.S. federal income tax consequences to non-U.S. holders of holding and disposing of debentures received pursuant to the merger. Because individual circumstances may differ, each stockholder should consult the stockholder's tax advisor regarding the applicability of the rules discussed in

TABLE OF CONTENTS

this proxy statement/prospectus to the stockholder and the particular tax effects to the stockholder of the merger and the holding or disposing of debentures in light of such stockholder's particular circumstances, the application of state, local and foreign tax laws, and, if applicable, the tax consequences of the transactions described in this proxy statement/prospectus relating to equity compensation and benefit plans.

Anticipated Accounting Treatment

The merger will be accounted for under the acquisition method of accounting. Under the acquisition method, the purchase price will be allocated to identifiable assets and assumed liabilities based on their fair values. Any excess will be accounted for as goodwill. Intangible assets with definite lives will be amortized over their estimated useful lives. Goodwill and intangible assets determined to have indefinite lives will not be amortized, but will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management of Steak n Shake determines that the value of goodwill or intangible assets has become impaired, an impairment charge will be recorded in the fiscal quarter in which such determination is made. Also, costs related to the merger will be expensed during the period in which they are incurred.

Sources of Funds; Fees and Expenses

The cash portion of the aggregate merger consideration, required to settle fractional interests of less than \$1,000 principal amount of debentures, is expected to be approximately \$250,000. This cash is expected to be funded with cash held by Steak n Shake at the effective time of the merger.

It is anticipated that Steak n Shake and Western Sizzlin will incur an aggregate of approximately \$2,250,000 in fees and expenses in connection with the merger. These expenses will be comprised of:

approximately \$2,100,000 in financial, legal, accounting and tax advisory fees;
approximately \$1,500 in SEC filing fees (inclusive of Schedule 13E-3 filing fees);
approximately \$50,000 in printing, solicitation and mailing expenses associated with this proxy statement/prospectus;
and

approximately \$98,500 in miscellaneous expenses.

Of this estimated total of \$2,250,000, Western Sizzlin has paid, or is responsible for paying approximately \$975,000, and the balance is the responsibility of Steak n Shake.

As discussed in Background of the Merger above, the Steak n Shake special committee engaged Duff & Phelps as a special financial advisor. In connection with Duff & Phelps's services as special financial advisor to the Steak n Shake special committee in connection with the merger, Steak n Shake has paid Duff & Phelps an aggregate fee of \$375,000, none of which is contingent upon the consummation of the merger.

Pursuant to the terms of the engagement letter with Western Sizzlin's special committee, B. Riley was paid a \$50,000 initial retainer for its financial advisory services and was paid a fee of \$150,000 for rendering its Opinion on October 22, 2009. If the merger is completed, B. Riley will be paid an additional amount equal to approximately \$100,000 for its financial advisory services.

TABLE OF CONTENTS

THE MERGER AGREEMENT

The following summary describes material provisions of the merger agreement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. This summary is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached to this prospectus as Annex A and is incorporated by reference into this prospectus. You are urged to read the merger agreement carefully and in its entirety, as it is the legal document governing the merger.

The merger agreement summary below is included in this prospectus only to provide you with information regarding the terms and conditions of the merger agreement, and not to provide any other factual information regarding Steak n Shake, Western Sizzlin or their respective businesses. Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this prospectus and in the documents incorporated by reference into this prospectus. See Other Matters Where You Can Find More Information.

The representations, warranties and covenants contained in the merger agreement and described in this prospectus were made only for purposes of the merger agreement and as of specific dates and may be subject to more recent developments, were made solely for the benefit of the parties to the merger agreement and may be subject to limitations agreed upon by the contracting parties, including being qualified by reference to confidential disclosures, for the purposes of allocating risk between parties to the merger agreement instead of establishing these matters as facts, and may apply standards of materiality in a way that is different from what may be viewed as material by you or by other investors. Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at any other time. The representations and warranties contained in the merger agreement do not survive the effective time of the merger. Investors should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of Steak n Shake, Western Sizzlin or Merger Sub or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in public disclosures by Steak n Shake and Western Sizzlin.

The Merger

Each of the Steak n Shake board of directors and the Western Sizzlin board of directors has approved the merger agreement, based in part upon the recommendations of their respective special committees, which provides for the merger of Merger Sub with and into Western Sizzlin upon the terms, and subject to the conditions, of the merger agreement. Western Sizzlin will be the surviving corporation in the merger and, following the merger, will be a wholly-owned subsidiary of Steak n Shake. As a result of the merger, if completed, you will no longer have an interest in Western Sizzlin's future earnings or growth, Western Sizzlin will cease to be a publicly traded company, and Western Sizzlin may no longer be required to file periodic reports with the SEC.

The Closing

Under the terms of the merger agreement, the closing of the merger will occur on such date mutually agreeable following the satisfaction or, subject to applicable law, waiver of the conditions to closing (other than conditions that by their terms are not to be satisfied until the closing of the merger, but subject to fulfillment or waiver of those

conditions at the closing). If the parties do not agree on the closing date, then the closing will occur on the second business day following satisfaction or waiver of the conditions of closing.

Effective Time

At the closing of the merger, Steak n Shake will file a certificate of merger with the Secretary of State of Delaware.

The merger will become effective when the certificate of merger is filed with the Secretary of State of the State of Delaware or at a later time as agreed to by Steak n Shake and Western Sizzlin and set forth in the certificate of merger.

TABLE OF CONTENTS

Merger Consideration and Special Dividend

Pursuant to the terms of the merger agreement, on October 22, 2009, Western Sizzlin declared a special dividend payable to Western Sizzlin's stockholders in the form of 1,322,806 shares of Steak n Shake common stock that was beneficially owned by an investment subsidiary of Western Sizzlin. Each stockholder of Western Sizzlin of record as of November 2, 2009 was entitled to receive this dividend which was distributed on November 6, 2009. The dividend was paid at the rate of approximately 0.465 shares of Steak n Shake common stock for each share of the Western Sizzlin common stock outstanding as of November 2, 2009 (fractional share interests were settled by a cash payment).

At the effective time of the merger, each outstanding share of common stock of Western Sizzlin (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be converted into the right to receive a pro rata portion of a new issue, not exceeding \$22,959,000 in aggregate principal amount, of 14% redeemable subordinated debentures to be issued by Steak n Shake (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2009), with cash to be paid in lieu of fractional debenture interests. We sometimes refer to the debentures and cash in lieu of fractional debenture interest, together, as the merger consideration.

Treatment of Fractional Debenture Interests

The debentures will be solely issuable in whole multiples of \$1,000. In the event that a debenture to be issued to a Western Sizzlin stockholder in the merger is not evenly divisible by 1,000, the amount in excess of the \$1,000 principal amount of the debenture or the next whole multiple thereof will be paid to such stockholder in cash. In the event that any Western Sizzlin stockholder's portion of the merger consideration is less than \$1,000, such stockholder will only be entitled to receive his or her portion of the merger consideration in cash, and such stockholder shall not be entitled to receive a debenture.

Surrender and Conversion of Shares

The conversion of Western Sizzlin common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger.

Prior to the closing date of the merger, Merger Sub will designate a bank or trust company to act as the exchange and paying agent, which we refer to herein as the Exchange Agent, for the payment and exchange, as applicable, of the merger consideration. Promptly after the effective time of the merger, the Exchange Agent will mail or deliver to each person who was, at the effective time, a holder of record of shares of Western Sizzlin common stock a form of letter of transmittal and instructions for surrendering such stockholder's stock certificates.

Western Sizzlin stockholders should NOT return their stock certificates with the enclosed proxy card, and should NOT forward their stock certificates to the Exchange Agent without a letter of transmittal.

A Western Sizzlin stockholder will not be entitled to receive the merger consideration until such stockholder surrenders its stock certificates to the Exchange Agent, together with a duly executed letter of transmittal and such other documents as may be required pursuant to such instructions. No interest will be paid or will accrue on the cash payable upon surrender of the certificates, if any.

Edgar Filing: STEAK & SHAKE CO - Form S-4

At the close of business on the day of the effective time of the merger, the stock transfer books of Western Sizzlin will be closed and thereafter there will be no further registration of transfers of shares of Western Sizzlin common stock. If, after the effective time of the merger, certificates are presented to the surviving corporation for transfer, they will be cancelled and exchanged for the merger consideration.

If any Western Sizzlin stockholder has lost a stock certificate, or if it has been mutilated or destroyed, such stockholder may deliver in lieu thereof an affidavit in form and substance and with surety as may be reasonably required by the surviving corporation.

75

TABLE OF CONTENTS

The Exchange Agent, Steak n Shake, Merger Sub and the surviving corporation will be entitled to deduct and withhold, and pay to the appropriate taxing authorities, any applicable taxes from the merger consideration. Any sum which is withheld and paid to a taxing authority by Steak n Shake, Merger Sub or the surviving corporation will be deemed to have been paid to the person with regard to whom it is withheld.

Directors and Officers of Western Sizzlin Following the Merger

Upon consummation of the merger, and subject to such changes as Steak n Shake, as the new parent corporation of Western Sizzlin, may in the exercise of its business judgment make from time to time, the directors of Merger Sub (William J. Regan, Jr., Ruth J. Person and John W. Ryan) will become the directors of Western Sizzlin, as the surviving corporation, and the officers of Western Sizzlin will continue to be the officers of Western Sizzlin, in each case until their respective successors are duly elected or appointed and qualified or until their earlier death, resignation or removal.

Representation and Warranties

The merger agreement contains representations and warranties by both parties, subject in some cases to specified exceptions and qualifications, relating to a number of matters. These representations and warranties were made for the purposes of allocating contractual risk between the parties and not necessarily as a means of establishing facts. Accordingly, they were (and are) not meant to be relied upon by the investing public in connection with investment decisions with respect to securities issued by any of the parties hereto. Investors are cautioned that (a) the merger agreement may have different standards of materiality than standards of materiality under applicable securities laws; (b) some of the representations and warranties contained in the merger agreement are qualified by reference to confidential disclosure schedules that contain some nonpublic information; and (c) facts may change after the date of the Merger Agreement.

Western Sizzlin made various representations and warranties to Steak n Shake in the merger agreement, subject in some cases to specified exceptions and qualifications, relating to a number of matters, including the following:

- the due organization, valid existence, good standing and qualification to do business of Western Sizzlin and its subsidiaries;
- the certificate of incorporation and bylaws, or equivalent organizational documents, of Western Sizzlin and its subsidiaries;
- the capital structure of Western Sizzlin and its subsidiaries;
- the corporate power and authority of Western Sizzlin to enter into the merger agreement;
- the approval and recommendations of the Western Sizzlin board of directors and the Western Sizzlin special committee of the merger agreement, the merger and the other transactions contemplated by the merger agreement;
- the absence of violations of or conflicts with governing documents, applicable law or certain agreements as a result of entering into the merger agreement or the consummation of the merger;
- the absence of certain required consents and approvals of governmental authorities or third parties in connection with the transactions contemplated by the merger agreement;
- the possession and maintenance by Western Sizzlin and its subsidiaries of all permits necessary for Western Sizzlin and its subsidiaries to lawfully own, lease and operate its properties or to carry on its business;
- Western Sizzlin's SEC filings and financial statements since January 1, 2006;

Western Sizzlin's compliance with the Sarbanes-Oxley Act;
Western Sizzlin's internal control over financial reporting and disclosure controls and procedures;
the absence of certain changes or events since June 30, 2009;
the absence of undisclosed liabilities;

76

TABLE OF CONTENTS

the absence of litigation;
employment and labor matters, including matters relating to employee benefits;
the accuracy of information supplied for inclusion or incorporation by reference in this proxy statement/prospectus and the related transaction statement on Schedule 13E-3;
the title to Western Sizzlin s and its subsidiaries assets;
matters concerning real property owned and leased by Western Sizzlin and its subsidiaries;
intellectual property matters;
tax matters;
environmental matters;
material contracts to which Western Sizzlin or its subsidiaries are a party;
insurance matters;
the inapplicability of state anti-takeover statutes;
compliance with the Foreign Corrupt Practices Act of 1977, as amended;
transactions and contracts with affiliates;
the absences of undisclosed broker s or financial advisor s fees;
suppliers of Western Sizzlin and its subsidiaries;
the maintenance and accuracy of the books and records of Western Sizzlin and its subsidiaries;
Broker-Dealer, fund and investment advisor matters;
the receipt by the Western Sizzlin special committee of a fairness opinion from B. Riley; and
franchise matters.

Steak n Shake and Merger Sub made various representations and warranties in the merger agreement to Western Sizzlin, subject in some cases to specified exceptions and qualifications, relating to a number of matters, including the following:

the due organization, valid existence, good standing and qualification to do business of Steak n Shake and Merger Sub;

the corporate power and authority of Steak n Shake and Merger to enter into the merger agreement;
the absence of violations of or conflicts with governing documents, applicable law or certain agreements as a result of entering into the merger agreement or the consummation of the merger;
the accuracy of information supplied for inclusion or incorporation by reference in this proxy statement/prospectus and the related transaction statement on Schedule 13E-3;

Steak n Shake s SEC filings and financial statements since January 1, 2006;

the absence of certain changes or events since July 1, 2009;

the absence of litigation;

the ownership and activities of Merger Sub;

the absences of undisclosed broker s or financial advisor s fees;

the receipt by the Steak n Shake special committee of a fairness opinion from Duff & Phelps; and

the maintenance and accuracy of the books and records of Steak n Shake and its subsidiaries.

TABLE OF CONTENTS

Certain of the representations and warranties referred to above will not be deemed to be breached unless the breach of the representation or warranty would have a material adverse effect on Western Sizzlin and its subsidiaries, taken as a whole, or Steak n Shake and its subsidiaries, taken as a whole, as applicable.

The representations and warranties of each of the parties to the merger agreement will expire upon the effective time of the merger.

Conduct of Business Prior to Closing

From the date of the merger agreement to the effective time of the merger, and unless otherwise provided in the merger agreement or consented to in writing by the other party, each of Steak n Shake and Western Sizzlin have agreed to use their respective reasonable best efforts to (i) preserve intact the current business organization of the respective company and its subsidiaries, (ii) to keep available the services of its current officers, employees and consultants of the respective company and its subsidiaries, (iii) to preserve the current relationships of the respective company and its subsidiaries with franchisees, customers, suppliers, licensors, licensees, distributors and others having business dealings with the respective company or any of its subsidiaries.

To this end, Western Sizzlin has agreed that, from the date of the merger agreement until the earlier of the effective time of the merger or the date the merger agreement is terminated in accordance with its terms, neither Western Sizzlin nor any of its subsidiaries will, directly or indirectly, do, or propose to do, any of the following without Steak n Shake's prior written approval:

amend its certificate of incorporation, bylaws or similar organizational documents;

issue, sell, pledge, dispose of, grant or encumber any shares of any class of capital stock, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of such capital stock, provided that Western Sizzlin may issue shares of its common stock in connection with the exercise of outstanding stock options;

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock, other than the distribution of the shares of Steak n Shake common stock beneficially owned by Western Sizzlin;

reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any of Western Sizzlin's or its subsidiaries' capital stock or securities directly or indirectly convertible into, or exercisable or exchangeable for such capital stock, other than as may be required under outstanding stock options.

(i) acquire any business organization or any division thereof or any material amount of assets; (ii) incur any indebtedness for borrowed money in excess of \$50,000 in the aggregate or issue any debt securities or assume, guarantee or endorse, or otherwise become responsible for, the obligations of any person other than in the ordinary course of business, or make any loans or advances, or grant any security interest in any of its assets other than a purchase money security interest; (iii) enter into, materially amend or terminate certain material contracts other than in the ordinary course of business; or (iv) dispose of any assets or properties with a fair market value in excess of \$50,000 in the aggregate (other than inventory or any obsolete assets or properties);

materially revalue any assets or make any material changes to its accounting policies or procedures except as required by GAAP;

make any amendments to the terms of any outstanding debt or equity security or equity compensation plan, other than as may be necessary to consummate the transactions contemplated by the merger agreement;

make any loan, advance or capital contribution to any person other than loans or advances to, or investments in, Western Sizzlin's existing subsidiaries or certain portfolio investments in the ordinary course of business

sell, lease, license, encumber or otherwise dispose of, or subject to any lien, any of its assets, except as expressly permitted;

TABLE OF CONTENTS

(i) grant to any current or former director, officer, employee or consultant any increase in compensation, severance, termination pay or fringe or other benefits, (ii) enter into any new or amend any existing, employment, consulting, indemnification, change of control, severance or termination agreement with any current or former director, officer, employee or consultant, or (iii) establish, adopt or become obligated under any new employee benefit plan or collective bargaining agreement or amend any such employee benefit plan or arrangement in existence on the date of the merger agreement;

settle or compromise any pending or threatened legal proceedings (i) involving potential payments by or to Western Sizzlin or any of its subsidiaries of more than \$50,000 in the aggregate, (ii) that admit liability or consent to non-monetary relief, or (iii) that otherwise have or would reasonably be expected to have a material adverse effect on Western Sizzlin;

(i) pay, discharge or satisfy any other claims, liabilities or obligations, other than in the ordinary course of business, (ii) cancel any indebtedness in excess of \$50,000 in the aggregate, (iii) waive or assign any claims or rights of substantial value, or (iv) waive any benefits of, or agree to modify in any respect, or fail to enforce, or consent to any matter with respect to which consent is required under, any confidentiality, standstill or similar agreement to which Western Sizzlin or any of its subsidiaries is a party;

(i) make or rescind any tax election, (ii) take any material tax position or settle or compromise any claim, action, suit, arbitration, investigation, audit, examination, litigation, proceeding or matter in controversy relating to taxes, (iii) make any material change to its method of reporting income, deductions or other tax items for tax purposes, or (iv) file any amended tax returns;

enter into any license with respect to intellectual property unless such license is non-exclusive and entered into in the ordinary course of business;

enter into any new line of business;

make any capital expenditures in excess of an amount equal to the amount of capital expenditures specifically contemplated by Western Sizzlin's 2009 budget as provided to Steak n Shake, plus \$100,000;

enter into any certain types of contracts, agreements, commitments, leases, licenses, arrangements, or instruments or the terms of which would reasonably be expected to be breached by the consummation of the merger or the compliance by Western Sizzlin with the terms of the merger agreement;

enter into, modify, amend, cancel or terminate any contract, agreement, commitment, lease, license, arrangement, instrument or obligation which if so entered into, modified, amended or terminated would reasonably be expected to (i) have a material adverse effect on Western Sizzlin, or (ii) impair in any material respect the ability of Western Sizzlin to perform its obligations under the merger agreement;

take or omit to take any action that results or is reasonably likely to result in any of the representations or warranties of Western Sizzlin under the merger agreement being untrue or cause certain of Western Sizzlin's other agreements thereunder not to be satisfied;

except as otherwise specifically permitted by the merger agreement, engage in any action or enter into any transaction or permit any action to be taken or transaction to be entered into that would reasonably be expected to delay the timely consummation of the merger in accordance with the terms of the merger agreement or otherwise adversely affect the merger; or

announce an intention, enter into any formal or informal agreement or arrangement, or otherwise make a commitment to do any of the foregoing.

TABLE OF CONTENTS

Likewise, Steak n Shake has agreed that, from the date of the merger agreement until the earlier of the effective time of the merger or the date the merger agreement is terminated in accordance with its terms, neither Steak n Shake nor any of its subsidiaries will, directly or indirectly, do, or propose to do, any of the following without Western Sizzlin's prior written approval:

take or omit to take any action that results or is reasonably likely to result in any of the representations or warranties of Western Sizzlin under the merger agreement being untrue or cause certain of Western Sizzlin's other agreements thereunder not to be satisfied;

take any action that would reasonably be expected to constitute a breach of certain of the covenants set forth in the indenture, if the indenture were effective as of the date of the merger agreement;

except as otherwise specifically permitted by the merger agreement, engage in any action or enter into any transaction or permit any action to be taken or transaction to be entered into that would reasonably be expected to delay the timely consummation of the merger in accordance with the terms of the merger agreement or otherwise adversely affect the merger; or

announce an intention, enter into any formal or informal agreement or arrangement, or otherwise make a commitment to do any of the foregoing.

Conditions to Completion of the Merger

The obligations of Western Sizzlin and/or Steak n Shake to complete the merger are subject to the satisfaction or waiver of a number of conditions, including, among others:

approval of the merger by the holders of at least a majority of outstanding shares of Western Sizzlin's common stock; the representations and warranties of each of the parties being true and correct, subject to material adverse effect qualifications;

the holders of not more than 12.5% of Western Sizzlin's common stock outstanding immediately prior to the effective time of the merger having properly exercised appraisal rights under Delaware law;

each party having performed in all material respects all of its respective obligations, and having complied in all material respects with all of its respective agreements and covenants, in the merger agreement;

the distribution by Western Sizzlin to its stockholders of 1,322,806 shares of Steak n Shake common stock beneficially owned by its subsidiaries, which condition was satisfied on November 6, 2009;

effectiveness of the registration statement of which this proxy statement/prospectus forms a part;

qualification of the indenture governing the debentures under The Trust Indenture Act of 1939, as amended; and approval for listing on the New York Stock Exchange of the debentures to be issued in the merger, and the New York Stock Exchange having not objected to the consummation of the merger.

At any time before the effective time of the merger, the board of directors of Western Sizzlin or the board of directors of Steak n Shake or Merger Sub, as the case may be, may (i) extend the time for the performance of any obligation or other act of any other party to the merger agreement, (ii) waive any inaccuracy in the representations and warranties contained in the merger agreement or in any document delivered pursuant thereto and (iii) waive compliance with any agreement or condition contained in the merger agreement. As of the date of this proxy statement/prospectus, neither Western Sizzlin, nor Steak n Shake nor Merger Sub expects that any condition will be waived.

TABLE OF CONTENTS

Restrictions on Solicitation of Other Offers

The merger agreement provides that during the period beginning on the date of the merger agreement and continuing until 12:01 a.m., Eastern Time, on November 21, 2009, which we refer to as the go-shop period, Western Sizzlin is permitted to:

initiate, solicit, encourage or seek, directly or indirectly, any inquiries relating to the making or implementation of any Acquisition Proposal (as defined below);

continue or otherwise engage or participate in any negotiations or discussions with any party with respect to any Acquisition Proposal, including by way of public disclosure; and

release any person or entity from, or waive any provision of, any confidentiality or standstill agreement to which such person or entity is a party to the extent necessary to permit Western Sizzlin to conduct the activities described above.

After the end of the go-shop period and stockholder approval of the merger is obtained or, if earlier, the merger agreement is terminated in accordance with its terms, Western Sizzlin has agreed that it, its subsidiaries and representatives will not, subject to certain exceptions discussed below, directly or indirectly:

initiate, solicit (including by way of furnishing information or assistance) or take any other action designed to, or that could reasonably be expected to, solicit any inquiries or the making of any proposal or other action that constitutes an Acquisition Proposal;

initiate or participate in any discussions or negotiations, or furnish to any person not a party to the merger agreement any non-public information in furtherance of any inquiries that would reasonably be expected to lead to an Acquisition Proposal;

enter into any agreement, arrangement or understanding with respect to any Acquisition Proposal; or

fail to make, withdraw or modify in a manner adverse to Steak n Shake or publicly propose to withdraw or modify in a manner adverse to Steak n Shake the recommendation of the Western Sizzlin special committee and board of directors that Western Sizzlin's stockholders approve the merger and adopt the merger agreement, or recommend, adopt or approve, or publicly propose to recommend, adopt or approve, an Acquisition Proposal, or take any action or make any statement inconsistent with the Western Sizzlin special committee's and board of directors' recommendation in favor of the merger.

Notwithstanding the foregoing, under certain circumstances, the Western Sizzlin special committee or board of directors may, from and after the end of the go-shop period, continue or otherwise engage or participate in any negotiations or discussions with any party with respect to any written Acquisition Proposal that was received before the end of the go-shop period from a party with whom the Western Sizzlin special committee is having ongoing discussions or negotiations as of the end of the go-shop period and which is, or the Western Sizzlin special committee believes is reasonably likely to lead to, a Superior Proposal (as defined below), in each case so long as Western Sizzlin complies with certain terms of the merger agreement described under Change in Recommendation.

Additionally, following the receipt by Western Sizzlin of an Acquisition Proposal (that was not solicited in violation of the provision described above) after the end of the go-shop period, and until any time prior to obtaining stockholder approval of the merger or, if earlier, the merger agreement is terminated in accordance with its terms, the Western Sizzlin special committee may contact the party making such Acquisition Proposal solely for the purpose of clarifying the material terms, conditions and likelihood of consummation of such proposal, so as to determine whether the Acquisition Proposal is reasonably likely to lead to a Superior Proposal. If the Western Sizzlin special committee determines in good faith (after consultation with its legal counsel and financial advisors) that such Acquisition Proposal constitutes or is reasonably likely to lead to a Superior Proposal and that failure to take the following action would be inconsistent with its duties under applicable law, the Western Sizzlin special committee may:

furnish non-public information to the party that made such Acquisition Proposal (provided that Western Sizzlin (1) concurrently furnishes such information to Steak n Shake, and (2) furnishes such

TABLE OF CONTENTS

information pursuant to a confidentiality agreement which contains terms and conditions substantially similar to, and no less favorable to Western Sizzlin, than those contained in the confidentiality agreement Western Sizzlin entered into with Steak n Shake in connection with the evaluation of the merger);

disclose to Western Sizzlin's stockholders any information required to be disclosed under applicable law; and participate in negotiations regarding such Acquisition Proposal.

An Acquisition Proposal, as defined in the merger agreement means any bona fide inquiry, proposal or offer from any person or group of persons (other than as contemplated by the merger agreement) relating to, or that would reasonably be expected to lead to, (i) any direct or indirect acquisition or purchase, in one transaction or a series of transactions, of (A) assets or businesses of Western Sizzlin or its subsidiaries that constitute 15% or more of the revenues, net income or assets of Western Sizzlin and its subsidiaries, taken as a whole, or (B) securities representing 15% or more of any class of equity securities of Western Sizzlin or any of its subsidiaries; (ii) any tender offer or exchange offer that, if consummated, would result in any person beneficially owning 15% or more of any class of equity securities of Western Sizzlin or any of its subsidiaries; or (iii) any merger, consolidation, business combination, recapitalization, liquidation, dissolution, joint venture, binding share exchange or similar transaction involving Western Sizzlin or any of its subsidiaries pursuant to which any person or the stockholders or other equity holders of any person would own 15% or more of any class of equity securities of Western Sizzlin or any of its subsidiaries or of any resulting parent company of Western Sizzlin.

A Superior Proposal, as defined in the merger agreement means an Acquisition Proposal that constitutes a written proposal or offer (except the references therein to 15% are replaced by 51%), which was not obtained in violation of solicitation provisions of the merger agreement, if and only if, the Western Sizzlin board of directors, upon the recommendation of the Western Sizzlin special committee, determines in good faith (after consultation with its financial advisor and outside legal counsel), taking into account, among other things, all legal, financial, regulatory and other aspects of the proposal and the person making the proposal, that the proposal (i) if consummated, would result in a transaction that is more favorable from a financial point of view to Western Sizzlin's stockholders than the merger and the other transactions contemplated by the merger agreement (taking into account any break-up fees, expense reimbursement provisions and conditions to consummation), and (ii) is reasonably capable of being completed without undue delay (based upon, among other things, the availability of financing, the expectation of obtaining required regulatory approvals, the identity and background of the person making the proposal and the timing and conditions of closing).

Change in Recommendation

The merger agreement contains provisions restricting the Western Sizzlin special committee and board of directors from changing their recommendations in connection with the merger in any manner adverse to Steak n Shake. The Western Sizzlin special committee may, however, make such an adverse recommendation change if, among other things Western Sizzlin has received a Superior Proposal (as defined above) that has not been withdrawn or abandoned and, subject to the payment of a termination fee of \$1,250,000 (or \$837,500 under certain circumstances), may terminate the merger agreement in order to enter into a definitive agreement with respect to the Superior Proposal.

Prior to making any change of recommendation with respect to any such Superior Proposal, Western Sizzlin is required:

to provide Steak n Shake with at least three business days written notice that (i) advises that Western Sizzlin's board of directors, upon the recommendation of the Western Sizzlin special committee, intends to change its recommendations in connection with the merger in a manner adverse to Steak n Shake; (ii) provides the material terms and conditions of the Superior Proposal that is the basis of the proposed action by the board of directors (provided that any amendment to the material terms of such Superior proposal will require a new three day notice period with respect to the first such

amendment and a new two day notice period with respect to each subsequent amendment), and (iii) represents that Western Sizzlin has complied with the provisions of the merger agreement relating to the solicitation of other offers;

and

82

TABLE OF CONTENTS

if requested by Steak n Shake, to negotiate with Steak n Shake in good faith during the two (2) or three (3) business day notice period described above, as applicable, to make such adjustments to the terms and conditions of the merger agreement as would enable the Western Sizzlin board of directors, upon the recommendation of the Western Sizzlin special committee, to proceed with its recommendations in favor of the merger and the merger agreement.

Additionally, the Western Sizzlin board of directors may not change its recommendations in connection with the merger in any manner adverse to Steak n Shake if, prior to the expiration of the applicable notice period described above, Steak n Shake delivers a definitive proposal to adjust the terms and conditions of the merger agreement such that the Western Sizzlin board of directors, upon the recommendation of the Western Sizzlin special committee, reasonably determines in good faith (after consultation with outside legal counsel and financial advisors) that the Acquisition Proposal ceases to be a Superior Proposal.

Termination of the Merger Agreement

Western Sizzlin and Steak n Shake, acting through their respective special committees, may jointly agree to terminate the merger agreement at any time without completing the merger, even after approval by the Western Sizzlin stockholders of the merger agreement and the merger. In addition, either Western Sizzlin or Steak n Shake, with the approval of its special committee, may terminate the merger agreement, if, among other things:

the merger has not been completed on or before July 19, 2010, unless the failure by the party seeking to exercise such termination right to fulfill an obligation under the merger agreement caused, or resulted in, the failure of the merger to be consummated on or before such date;

the merger is not approved by the holders of at least a majority of outstanding shares of Western Sizzlin's common stock at the special meeting of Western Sizzlin's stockholders or an adjournment or postponement thereof;

any governmental authority of competent jurisdiction has issued an order, decree, judgment, injunction or taken any other action that permanently restrains, enjoins or otherwise prohibits or makes illegal the consummation of the merger, and such order, decree, judgment, injunction or other action has become final and non-appealable; or

the non-terminating party breaches or fails to perform certain of its representations, warranties, covenants or agreements set forth in the merger agreement such that the closing conditions cannot be satisfied, subject to certain cure rights, and such breach or failure cannot be cured by July 19, 2010, provided that the terminating party is not in material breach of any of its obligations, representations and warranties under the merger agreement.

In addition, Steak n Shake may terminate the merger agreement if:

the Western Sizzlin special committee or board of directors withdraw or modify their recommendation that Western Sizzlin's stockholders approve the merger and adopt the merger agreement in a manner adverse to Steak n Shake or publicly propose to do so, or recommend, adopt or approve an Acquisition Proposal, or publicly propose to do so, or take any action or make any statement inconsistent with its recommendation in favor of the merger;

the Western Sizzlin special committee or board of directors approve any Acquisition Proposal or publicly recommend that the Western Sizzlin stockholders accept or approve any Acquisition Proposal;

Western Sizzlin has entered into, or publicly announced its intention to enter into, a definitive agreement in principle with respect to any Acquisition Proposal;

Western Sizzlin's board of directors fails to publicly reaffirm its recommendation of merger agreement, the merger or the other transactions contemplated by the merger agreement after Steak n Shake requests Western Sizzlin to provide such reaffirmation; or

Western Sizzlin has breached any of its obligations under the merger agreement with respect to the solicitation of Acquisition Proposals.

TABLE OF CONTENTS

Western Sizzlin may also terminate the merger agreement if its board of directors has withdrawn or modified its recommendation that Western Sizzlin's stockholders approve the merger and adopt the merger agreement in a manner adverse to Steak n Shake or publicly propose to do so, or recommend, adopt or approve an Acquisition Proposal, or publicly propose to do so, or take any action or make any statement inconsistent with its recommendation in favor of the merger, provided that Western Sizzlin has paid Steak n Shake the termination fee described in Expenses and Fees.

Effect of Termination

If the merger agreement is terminated, it will become void, and there will be no liability on the part of Steak n Shake, Merger Sub or Western Sizzlin, except that (1) each party will remain liable for any fraud or willful and material breach of the merger agreement, and (2) designated provisions of the merger agreement will survive the termination, including those relating to the confidential treatment of information, payment of fees and expenses, and governing law and interpretation of the merger agreement.

Expenses and Fees

In general, each of Steak n Shake and Western Sizzlin will be responsible for its own expenses incurred by it in connection with the negotiation and completion of the transactions contemplated by the merger agreement. Western Sizzlin has agreed that, if the merger agreement is terminated in certain circumstances described in the merger agreement related to the acceptance or recommendation of an Acquisition Proposal or the change or withdrawal of the Western Sizzlin special committee or board of director's recommendation in favor of the merger, Western Sizzlin will be obligated to pay Steak n Shake termination fee of \$1,250,000, provided that Western Sizzlin will only be obligated to pay Steak n Shake a termination fee of \$837,500 if the Acquisition Proposal that results in the action or event that forms the basis for termination of the merger agreement is received before the end of the go-shop period from a party with whom the Western Sizzlin special committee is having ongoing discussions or negotiations as of the end of the go-shop period and which is, or the Western Sizzlin special committee believes is reasonably likely to lead to, a Superior Proposal.

In addition, if the merger agreement is terminated by reason of failure of the Western Sizzlin stockholders to approve the merger and adopt the merger agreement at the special meeting, Western Sizzlin must pay Steak n Shake its reasonable out-of-pocket transaction expenses, up to \$1 million.

If Steak n Shake breaches or fails to perform certain of its representations, warranties or covenants contained in the merger agreement under certain circumstances, Western Sizzlin may terminate the merger agreement and require Steak n Shake to pay Western Sizzlin a reverse termination fee of \$500,000.

TABLE OF CONTENTS

DESCRIPTION OF DEBENTURES

Please note that in this section entitled Description of Debentures, references to holders mean those who own debentures registered in their own names, on the books that Steak n Shake or the trustee maintain for this purpose, and not those who own beneficial interests in the debentures registered in street name or in debentures issued in book-entry form through one or more depositaries.

The following description summarizes the material provisions of the indenture and the debentures to be issued under the indenture. This description is not complete and is qualified in its entirety by reference to the indenture and the Trust Indenture Act. The indenture is qualified under the Trust Indenture Act and has been filed as an exhibit to Steak n Shake's SEC registration statement of which this proxy statement/prospectus forms a part. Whenever particular defined terms of the indenture (as supplemented or amended from time to time) are referred to in this proxy statement/prospectus, those defined terms are incorporated in this proxy statement/prospectus by reference.

General

The debentures are to be issued under an indenture, as may be supplemented from time to time, between Steak n Shake and Wells Fargo Bank, National Association, as trustee. A copy of the form of the indenture is attached hereto as Annex F.

The debentures will be contractually subordinate and junior in right of payment to all of Steak n Shake's Senior Debt, as that term is defined in the indenture and summarized below. The indenture places limitations on the amount of additional Senior Debt or other debt that may be incurred by Steak n Shake. The indenture also prohibits Steak n Shake from incurring, creating, guaranteeing or otherwise becoming liable for any debt that is senior to the debentures in right of payment and subordinate to any Senior Debt. Steak n Shake expects from time to time to incur additional indebtedness constituting Senior Debt or subordinated debt. Further, because Steak n Shake is a holding company, the debentures will be effectively subordinated to the claims of all creditors of the subsidiaries of Steak n Shake, including the claims of bank lenders and other creditors of Steak n Shake Operations, Inc., the subsidiary of Steak n Shake that owns and operates Steak n Shake's restaurants.

Principal and interest, if any, on the debentures will be payable, and the debentures will be transferable, at the corporate trust operations office of the trustee, currently located at 608 Second Avenue South, N9303-121, Minneapolis, Minnesota 55479, Attention: Corporate Trust Operations, except that interest may be paid at Steak n Shake's option by check mailed to the address of the holder entitled to it as it appears on the security register.

The indenture allows Steak n Shake to merge or consolidate with another company, or to sell all or substantially all of Steak n Shake's assets to another company under certain circumstances. If these events occur and Steak n Shake is not the resulting or surviving company, the other company will be required to assume Steak n Shake's responsibilities relating to the debentures, and Steak n Shake will be released from all liabilities and obligations. See Consolidation, Merger, Sale of Assets and Other Transactions below for a more detailed discussion. The indenture provides that Steak n Shake and the trustee may change certain of Steak n Shake's obligations or certain of the holder's rights concerning the debentures of that series. However, to change the amount or timing of principal, interest or other payments under the debentures, every holder must consent. See Modification of the Indenture below for a more detailed discussion.

Maturity Date; Principal and Interest Payments

Steak n Shake will promise to pay the principal amount of the debentures to the registered holders on the fifth anniversary of the date of issue (which will be the same date as the effective date of the merger) and to pay interest on the principal amount of the debentures at the rate of fourteen percent (14%) per annum, payable semiannually on June 30 and December 31 of each year, commencing June 30, 2010 or the first such date following the consummation of the merger.

85

TABLE OF CONTENTS

Registration and Transfer; Listing of Debentures

Debentures will be issued in registered form and will be transferable only upon surrender to the Registrar for registration of transfer. Steak n Shake will be required to notify the trustee of the name and address of the Registrar; Steak n Shake may appoint more than one Registrar.

In the event of any redemption, neither Steak n Shake nor the trustee will be required to:

issue, register the transfer of or exchange debentures of any series during the period beginning at the opening of business 15 days before the day of selection for redemption of debentures of that series and ending at the close of business on the day of mailing of the relevant notice of redemption; and transfer or exchange any debentures so selected for redemption, except, in the case of any debentures being redeemed in part, any portion thereof not being redeemed.

A significant portion of Western Sizzlin's common stock is held of record for the accounts of beneficial owners by banks, brokers or other nominees, and is registered in the name of Cede & Co, which is a nominee of the Depository Trust Company. Accordingly, under the terms of the indenture, Steak n Shake may, in its sole discretion, issue the debentures in the form of one or more global debentures to Cede & Co. and/or any other depository or its nominee. Beneficial owners of part or all of any such global debenture would be subject to the rules of the applicable depository as in effect from time to time. The laws of some states may require that the purchasers of securities take physical delivery of securities in definitive form. These laws may impair your ability to own, transfer, or pledge beneficial interest in a global debenture.

Steak n Shake applied on November 10, 2009 to list the debentures on the New York Stock Exchange. However, because the debentures will be issued without underwriting in a direct issue limited to stockholders of Western Sizzlin in a principal amount limited to \$22,959,000, no assurance can be made that any active trading market will develop for the debentures. The debentures are not expected to be rated by any securities rating agency.

Unsecured Obligations; No Sinking Fund

The performance of Steak n Shake's obligations under the debentures will not be secured by a pledge of, or other security interest in, any of Steak n Shake's assets. The debentures will not be entitled to the benefit of any sinking fund.

Redemption

No debenture may be redeemed before on or after the date that is the first anniversary of the date of issuance thereof, but Steak n Shake, at its option, may elect to redeem any and all of the debentures at a redemption price equal to 100 percent of the principal amount of the debentures to be redeemed, on or after such date. If the debentures are to be redeemed, notice to the trustee must be given. If less than all the debentures are to be redeemed, as to any debentures not held by a depository as global debentures, the trustee shall select the debentures to be redeemed. Global debentures held by a depository shall be redeemed in accordance with the depository's procedures. The trustee is required to make a selection it deems fair and appropriate, which may include selection pro rata or by lot. Steak n Shake is required to notify the holders of the debentures to be redeemed. Once such notice is mailed, the debentures called for redemption would become due and payable on the redemption date at the redemption price. If any debenture is redeemed in part, Steak n Shake is required to deliver to the holder a new debenture equal in principal amount to the

unredeemed portion of the debenture surrendered, provided that portions of global debentures redeemed shall be noted on the schedule of exchanges to any global debenture.

Modification of the Indenture

Steak n Shake may modify or amend the indenture with the consent of the trustee, in some cases without obtaining the consent of the debenture holders. Certain modifications and amendments also require the consent of the holders of at least a majority in principal amount of the outstanding debentures of each series issued under the indenture that would be affected by the modification or amendment. Further, without the consent of the holder of each outstanding debenture issued under the indenture that would be affected, Steak n Shake may not:

TABLE OF CONTENTS

reduce the amount of debentures whose holders must consent to an amendment;
reduce the interest on or change the time for payment of interest on any debenture;
reduce the principal of or change the fixed maturity of any debenture;
change the time at which any debenture may or shall be redeemed;
make any debenture payable in money other than that stated in the indenture;
make any change to the respective sections of the indenture relating to the waiver of past defaults and the rights of holders to receive payment or the section that specifies the need for consent of each holder); or
make any change in the sections of the indenture relating to subordination that adversely affects the rights of any holder.

Restrictive Covenants

The indenture contains covenants of Steak n Shake relating to the following actions:

the payment of principal and interest on the debentures.
the prohibition against Steak n Shake taking or permitting any of its subsidiaries to take the following actions, unless (a) no event of default is occurring or would occur under the indenture as a result thereof and (b) Steak n Shake has a Fixed Charge Coverage Ratio (as defined in the indenture) that is equal to or greater than 1.30 to 1.00 during the relevant measuring period:
◦ declaring or paying a dividend or making any other payment or distribution on account of its equity holders;
◦ purchasing, redeeming or otherwise acquiring or retiring for value any equity interest in Steak n Shake in excess of \$2 million in the aggregate during any 12 month period;
◦ making any principal payment on, or purchasing, redeeming or otherwise acquiring or retiring for value any debt that is subordinated to the debentures, except at final maturity; and
◦ creating, incurring, guaranteeing or otherwise becoming directly or indirectly liable with respect to any debt obligations or permit its subsidiaries from incurring such obligations;
the prohibition against Steak n Shake incurring, creating, issuing, guaranteeing of payment of any indebtedness (other than indebtedness that is Senior Debt at the time that Steak n Shake becomes liable therefor) that is senior in any respect in right of payment to the debentures;
the delivery to the trustee and to the debenture holders of periodic and other reports and documents filed by Steak n Shake with the SEC; or otherwise becoming liable for any debt that is senior to the debentures in right;
the delivery each year to the trustee of a certificate regarding Steak n Shake compliance with the terms and provisions of the indenture; and
the delivery to the trustee of prompt notice by Steak n Shake of the occurrence of certain events.

Events of Default

The following events will be events of default with respect to the debentures:

Steak n Shake fails to pay interest on any debenture when the same becomes due and payable and such failure continues for a period of 10 days;
Steak n Shake fails to pay the principal of any debenture when the same becomes due and payable at maturity, upon redemption or otherwise;
Steak n Shake fails to comply with any of its other agreements or covenants in, or provisions of, the debenture or the indenture and such failure continues for the period and after the notice specified in the indenture;
a default occurs under any Senior Debt of Steak n Shake, which default results in the acceleration of such indebtedness and remains uncured for the period specified in the indenture;

TABLE OF CONTENTS

Steak n Shake commences a voluntary case or proceeding under any bankruptcy law, consents to the entry of an order for relief against it in an involuntary case or proceeding under any bankruptcy law, consents to the appointment of a custodian of it or for all or substantially all of its property under any bankruptcy law, or makes a general assignment for the benefit of its creditors; or a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that is for relief against Steak n Shake in an involuntary case or proceeding, appoints a custodian of it or for all or substantially all of its property, or orders a liquidation of Steak n Shake, which order or decree remains unstayed and in effect for 60 days.

The holders of a majority in aggregate outstanding principal amount of the debentures may, on behalf of the holders of all the debentures, waive any default, except a default in respect of a covenant or provision which under the indenture cannot be modified or amended without the consent of the holder of each outstanding debenture.

Consolidation, Merger, Sale of Assets and Other Transactions

The indenture provides that Steak n Shake may not consolidate with or merge into another corporation or transfer Steak n Shake's properties and assets, in one or more related transactions, to another person unless:

either Steak n Shake shall be the resulting or surviving entity, or the other party is a corporation organized and existing under the laws of the United States, a State thereof or the District of Columbia; if Steak n Shake is not the resulting or surviving entity, the other party assumes by supplemental indenture all Steak n Shake obligations under the debentures and the indenture; and immediately before and immediately after giving effect to such transaction or series of transactions no default exists.

Satisfaction and Discharge

The indenture provides for satisfaction and discharge of the indenture when

either:

all debentures theretofore authenticated and delivered (other than (i) debentures which have been destroyed, lost or stolen and which have been replaced or paid and (ii) debentures for whose payment money has theretofore been deposited in trust or segregated and held in trust by Steak n Shake and thereafter repaid to Steak n Shake or discharged from such trust) have been delivered to the Trustee for cancellation; or

all such debentures not theretofore delivered to the trustee for cancellation:

have become due and payable, or

will become due and payable at their stated maturity within one year, or

are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in Steak n Shake's name, and at Steak n Shake's expense, and Steak n Shake has deposited or caused to be deposited with the trustee as trust funds in trust for the purpose an amount of money or U.S.

government obligations sufficient to pay and discharge the entire indebtedness on such debentures not theretofore delivered to the trustee for cancellation, for principal and interest to the date of such deposit (in the case of debentures which have become due and payable) or to the stated maturity or redemption date, as the case may be; and

Steak n Shake has paid or caused to be paid all other sums payable by Steak n Shake under the indenture; and Steak n Shake has delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent in the indenture provided for relating to the satisfaction and discharge of the indenture have been complied with.

TABLE OF CONTENTS

Subordination of Debentures

The debentures will be subordinate in right of payment, to the extent set forth in the indenture, to all of Steak n Shake Senior Debt (as defined below). If Steak n Shake defaults in the payment of any principal, premium, if any, or interest, if any, or any other amount payable on any such Senior Debt when it becomes due and payable, whether at maturity or at a date fixed for redemption or by declaration of acceleration or otherwise, then, unless and until the default has been cured or waived or has ceased to exist or all Senior Debt has been paid, no direct or indirect payment (other than payment in Steak n Shake's capital stock) may be made or agreed to be made on the debentures, or in respect of any redemption, repayment, retirement, purchase or other acquisition of any of the debentures. The holders of the debentures do not have any subrogation or other rights of recourse to any security in respect of any Senior Debt until such time as Senior Debt has become due.

As defined in the indenture, the term "Senior Debt" generally means indebtedness of the Steak n Shake less than \$50 million in the aggregate (a) incurred under or in respect of any debt facility or commercial paper facility with a bank or other institutional lenders providing for certain types of loans and financing, or (b) otherwise permitted under the indenture, unless such indebtedness is on a parity with or subordinated in right of payment to the debentures under its terms.

The debentures will be issued under the indenture and will be contractually subordinate and junior in right of payment to all of Steak n Shake's Senior Debt. The indenture places limitation on the amount of additional Senior Debt or other debt that may be incurred by Steak n Shake. The indenture also prohibits Steak n Shake from incurring, creating, guaranteeing or otherwise becoming liable for any debt that is senior to the debentures in right of payment and subordinate to any Senior Debt. Steak n Shake expects from time to time to incur additional indebtedness constituting Senior Debt or subordinated debt. Further, because Steak n Shake is a holding company, the debentures will be effectively subordinated to the claims of all creditors of the subsidiaries of Steak n Shake, including the claims of the bank lenders and other creditors of Steak n Shake Operations, Inc., the subsidiary of Steak n Shake that owns and operates Steak n Shake's restaurants.

In the event of a liquidation, dissolution, bankruptcy, insolvency, reorganization, receivership or similar proceeding under bankruptcy law, any distribution to which the holders are entitled is required to be paid directly to the holders of Steak n Shake Senior Debt. Under the indenture, Steak n Shake is prohibited from paying any principal or interest on any debentures (i) after any Senior Debt becomes due and payable, unless and until all such Senior Debt has first been paid in full, or (ii) after a Senior Debt payment default, unless and until such default has been cured, waived, or otherwise has ceased to exist.

Trustee Expenses

The trustee will be compensated, per Steak n Shake's agreement with the trustee. Steak n Shake will reimburse the trustee for the full amounts of any costs, expenses or liabilities of the trustee. This payment obligation will include any costs, expenses or liabilities of the trustee, including the reasonable compensation and out-of-pocket expenses of the Trustee's agents and counsel, in connection with performance of any of the trustee's duties or the exercise of the trustee's rights and powers under the indenture, and that are required by applicable law to be satisfied in connection with a satisfaction and discharge of the indenture.

Governing Law

The indenture and the debentures will be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Information Concerning the Trustee

The trustee has, and will be subject to, all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act of 1939. The trustee is under no obligation to exercise any of the powers vested in it by the indenture at the request or direction of any holder of debentures, unless offered indemnity reasonably satisfactory to it by that holder against the costs, expenses and liabilities which might be incurred thereby. The trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties.

TABLE OF CONTENTS

THE SPECIAL MEETING

This proxy statement/prospectus is being provided to the stockholders of Western Sizzlin in connection with the solicitation of proxies by the Western Sizzlin board of directors for use at the special meeting and at any adjournment or postponement thereof. This proxy statement/prospectus provides the stockholders of Western Sizzlin with the information they need to know to be able to vote or instruct their vote to be cast at the Western Sizzlin special meeting.

Date, Time and Place

The special meeting of the holders of common stock of Western Sizzlin will be held on , 2009 at a.m., time, at .

Purpose of the Special Meeting

At the special meeting, Western Sizzlin stockholders will be asked to consider and vote on the following proposals:

Item 1 on the Proxy Card: to adopt the merger agreement and approve the merger and the other transactions contemplated thereby; and

Item 2 on the Proxy Card: to approve any motion to adjourn or postpone the Western Sizzlin special meeting to another time or place to solicit additional proxies on the merger proposal, if necessary or appropriate in the judgment of the Chairman; and

to conduct other business that properly comes before the Western Sizzlin special meeting or any adjournment thereof.

The Western Sizzlin special committee and the Western Sizzlin board of directors recommend a vote **FOR** the proposal to approve and adopt the merger agreement and approve the merger (Item 1) and the Western Sizzlin board of directors recommends a vote **FOR** the proposal relating to any adjournment or postponement of the special meeting to solicit additional proxies (Item 2).

Western Sizzlin Record Date

Only holders of record of Western Sizzlin common stock at the close of business on , 2009, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any postponement or adjournments thereof. As of the Western Sizzlin record date, 2,844,402 shares of Western Sizzlin common stock were outstanding and entitled to vote at the meeting, held by holders of record.

Each share of Western Sizzlin common stock is entitled to one vote on each matter presented to the Western Sizzlin stockholders.

A complete list of Western Sizzlin stockholders of record entitled to vote at the special meeting will be available for examination by any Western Sizzlin stockholder at Western Sizzlin's principal executive offices, for any purpose germane to the special meeting, during normal business hours for a period of 10 days before the special meeting. The list will also be available at the place of meeting for the duration thereof.

Quorum

In order to carry on the business of the meeting, Western Sizzlin must have a quorum. A quorum of Western Sizzlin stockholders requires the presence, in person or represented by proxy, of at least a majority of the issued and outstanding shares of the Western Sizzlin common stock entitled to vote at the meeting. Proxies properly executed and marked with a positive vote, a negative vote or an abstention, as well as broker non-votes, will be considered to be present at the special meeting for purposes of determining whether a quorum is present for the transaction of all business at the special meeting. A broker non-vote occurs when a bank, broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

TABLE OF CONTENTS

Required Votes

Required Vote to Approve and Adopt the Merger Agreement and Approve the Merger (Item 1 on the Proxy Card).

The affirmative vote of a majority of the outstanding shares of Western Sizzlin common stock entitled to vote on the merger is required to approve and adopt the merger agreement and approve the merger.

Required Vote to Approve the Postponement or Adjournment of the Special Meeting for the Solicitation of Additional Proxies in Favor of the Merger Proposal, if necessary or appropriate (Item 2 on the Proxy Card).

The affirmative vote of the holders of a majority of Western Sizzlin common stock present in person or represented by proxy and entitled to vote at the special meeting is required to approve the postponement or adjournment of the special meeting to solicit additional proxies, if necessary or appropriate in the judgment of the Chairman.

Treatment of Abstentions and Broker Non-Votes

Abstentions of shares will be counted as shares that are present and entitled to vote for purposes of determining the number of shares that are present and entitled to vote with respect to any particular proposal, but will not be counted as votes in favor of such proposal. Accordingly, if a stockholder responds to any proposal at the special meeting with an abstain vote, it will have the same legal effect as a vote AGAINST that proposal.

Because approval of the merger and the adoption of the merger agreement requires the affirmative vote of a majority of the shares of Western Sizzlin common stock issued and outstanding, broker non-votes will also have the same effect as a vote AGAINST the adoption of the merger agreement and the approval of the merger. However, broker non-votes will be counted as shares that are present but NOT entitled to vote with respect to any proposal.

Accordingly, broker non-votes will have no effect on the proposal to postpone or adjourn the meeting to solicit additional proxies which requires the affirmative vote of a majority of the shares of Western Sizzlin common stock that are present and entitled to vote on the matter. If you are a beneficial owner of Western Sizzlin common stock held by a broker or other nominee, you must instruct your nominee how to vote. Your nominee cannot vote your shares on your behalf without your instructions.

Attending the Special Meeting In Person

All Western Sizzlin stockholders of record as of the record date for the special meeting, may attend the special meeting. Western Sizzlin stockholders who wish to attend the special meeting in person but who hold their shares in street name, meaning the name of a broker or other nominee who is the record holder, must bring proof of their ownership and identification with a photo to the special meeting. For example, you may bring an account statement showing that you beneficially owned shares of the Western Sizzlin's stock as of the record date as acceptable proof of ownership. **WHETHER OR NOT YOU INTEND TO ATTEND THE SPECIAL MEETING, IT IS VERY IMPORTANT THAT YOUR SHARES BE REPRESENTED.** Accordingly, please promptly submit your proxy in the manner discussed below. If you do attend the special meeting and desire to vote in person, you may do so by withdrawing your proxy at that time.

How to Vote; Voting of Proxies

A stockholder may vote by proxy or in person at the meeting. Western Sizzlin stockholders may vote their shares at the special meeting:

In Person: by attending the special meeting and voting their shares in person.

By Mail: by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed post-prepaid envelope.

By Telephone: by following the instructions on your proxy card. The telephone number is toll-free, so voting by telephone is at no cost to you. If you vote by telephone, you do not need to return your proxy card. The number is .
91

TABLE OF CONTENTS

On the Internet: by following the instructions on your proxy card and the onscreen instructions at the website *www..* If you vote via the Internet, you do not need to return your proxy card.

Every Western Sizzlin stockholder's vote is important. Accordingly, each Western Sizzlin stockholder should sign, date and return the accompanying proxy card or submit a proxy by telephone or via internet whether or not it plans to attend the special meeting in person.

Giving a proxy means that a stockholder authorizes the persons named in the enclosed proxy card to vote its shares at the special meeting in the manner it directs. Western Sizzlin requests that stockholders intending to submit a proxy by mail complete and sign the accompanying proxy and return it to Western Sizzlin as soon as possible in the enclosed postage-paid envelope and that stockholders intending to submit a proxy by telephone or via the internet submit a proxy as soon as possible by following the instructions on the accompanying proxy card. If the accompanying proxy is returned properly executed or properly submitted by telephone or via the internet, the shares of common stock represented by it will be voted at the special meeting in accordance with the instructions contained on the proxy card.

If a stockholder's shares are held in street name by a bank, broker or other nominee, the stockholder should follow the instructions provided on such voting form.

It is not expected that any matter not referred to herein will be presented for action at the special meeting. If any other matters are properly brought before the special meeting, the persons named in the proxies submitted to Western Sizzlin will have discretion to vote on such matters in accordance with their best judgment. The grant of a proxy will also confer discretionary authority on the persons named in the proxies to vote in accordance with their best judgment on matters incident to the special meeting, including adjournment of the special meeting for the purpose of soliciting votes. However, any shares of Western Sizzlin common stock represented by proxies that have been voted **AGAINST** the merger will not be used to vote **FOR** an adjournment of the special meeting to allow additional time to solicit additional proxies.

A Western Sizzlin stockholder may receive more than one joint proxy statement/prospectus or proxy card. This duplication will occur if such stockholder's common stock are registered in different names or its common stock are in more than one type of account maintained by Continental Stock Transfer & Trust Company, Western Sizzlin's transfer agent. In order to have all its common stock voted, a Western Sizzlin stockholder should sign and return all the proxy cards it receives. In order to have its accounts registered in the same name(s) and address, a Western Sizzlin stockholder should call Continental Stock Transfer & Trust Company at (212) 509-4000.

Do not send any stock certificates with your proxy cards. If the merger is approved and adopted by Western Sizzlin stockholders at the special meeting, and the merger is closed, the exchange agent will mail transmittal forms with instructions for the surrender of share certificates for Western Sizzlin common stock as soon as practicable after completion of the merger.

Revocability of Proxies

A Western Sizzlin stockholder has the power to change its vote at any time before its shares are voted at the special meeting by (i) filing with Western Sizzlin's Secretary (401 Albemarle Ave SE, Roanoke, Virginia 24013) a written notice of revocation bearing a date later than the date of such proxy, (ii) submitting a subsequent proxy relating to the same shares, or (iii) attending the special meeting and voting in person. Attendance at the special meeting without voting will not itself revoke a proxy.

However, if a stockholder holds its shares through a bank, broker or other nominee, it may revoke its instructions only by informing the nominee in accordance with any procedures established by such nominee.

Solicitation of Proxies

Western Sizzlin's board of directors is soliciting proxies to be voted at the special meeting of Western Sizzlin's stockholders. Western Sizzlin will pay the costs and expenses of soliciting and obtaining proxies. Following the original mailing of this proxy statement/prospectus and other soliciting materials, Western Sizzlin and its directors, officers, employees and other agents also may solicit proxies by mail, telephone,

TABLE OF CONTENTS

facsimile or other electronic means or in person. These officers, directors and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with the solicitation. Following the original mailing of this joint proxy statement/prospectus and other soliciting materials, Western Sizzlin will request brokers, custodians, nominees and other record holders of Western Sizzlin common stock to forward copies of this joint proxy statement/prospectus and other soliciting materials to persons for whom they hold shares of Western Sizzlin common stock and to request authority for the exercise of proxies. In these cases, Western Sizzlin will, upon the request of the record holders, reimburse these holders for their reasonable expenses.

In addition, Western Sizzlin has engaged Morrow & Co., LLC, a proxy solicitation firm, to assist it in connection with the solicitation of proxies and will pay Morrow & Co., LLC a base fee of \$4,000 plus reimbursement of out-of-pocket expenses. Morrow & Co., LLC will also charge a per call fee of \$5.00 plus related telecommunications charges to respond to incoming inquiries.

Householding

Under SEC rules, a single set of annual reports and proxy statements may be sent to multiple Western Sizzlin stockholders who share the same address under certain circumstances, unless contrary instructions are received from stockholders. Each Western Sizzlin stockholder continues to receive a separate proxy card. This procedure, referred to as householding, reduces the volume of duplicate information Western Sizzlin stockholders receive and reduces mailing and printing expenses for Western Sizzlin. Western Sizzlin stockholders who hold their shares through a bank, broker or other nominee may have consented to reducing the number of copies of materials delivered to their address. In the event that a Western Sizzlin stockholder wishes to request delivery of a single copy of annual reports or proxy statements or to revoke a householding consent previously provided to a bank, broker or other nominee, the stockholder must contact the bank, broker or other nominee, as applicable, to revoke such consent. In any event, if a stockholder wishes to receive a separate joint proxy statement/prospectus for the special meeting of Western Sizzlin stockholders, the stockholder may receive printed copies by contacting Western Sizzlin by mail at Western Sizzlin Corporation, 401 Albemarle Ave SE, Roanoke, Virginia 24013, Attention: Robyn B. Mabe or by calling (540) 345-3195.

Any stockholders of record sharing an address who now receive multiple copies of Western Sizzlin's annual reports and proxy statements, and who wish to receive only one copy of these materials per household in the future should also contact Western Sizzlin, Attention: Robyn B. Mabe, by mail or telephone, as instructed above. Any stockholders sharing an address whose shares of common stock are held by a bank, broker or other nominee who now receive multiple copies of Western Sizzlin's annual reports and proxy statements, and who wish to receive only one copy of these materials per household, should contact the bank, broker or other nominee to request that only one set of these materials be delivered in the future.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. Any adjournment may be made without notice (if the adjournment is not for more than 30 days), other than by an announcement made at the special meeting of the time, date and place of the adjourned meeting.

Whether or not a quorum exists, holders of a majority of the combined voting power of Western Sizzlin's common stock present in person or represented by proxy at the special meeting and entitled to vote thereat may adjourn the special meeting. Any signed proxies received by Western Sizzlin in which no voting instructions are provided on such matter will be voted FOR an adjournment or postponement of the special meeting, if necessary or appropriate in the

judgment of the Chairman, to solicit additional proxies. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow Western Sizzlin s stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

TABLE OF CONTENTS

Directors and Executive Officers; Voting Agreements

As of the Western Sizzlin record date, directors and executive officers of Western Sizzlin beneficially owned or had the right to vote 1,214,604 Western Sizzlin common stock, representing in the aggregate approximately 42.6% of the Western Sizzlin common stock outstanding on that date.

On October 22, 2009, in connection with the merger agreement, each of The Lion Fund, L.P. and Dash Acquisitions, LLC, whom we refer to collectively as the Voting Agreement Parties, entered into voting agreements with Steak n Shake, which we refer to as the Voting Agreements. Pursuant to the Voting Agreements, the Voting Agreement Parties agreed to, among other things, vote all shares of Western Sizzlin common stock that they beneficially own or exercise control and voting discretion over in favor of the proposal to adopt the merger agreement and approve the merger. As of the Western Sizzlin record date, the Voting Agreement Parties beneficially owned or exercised control and voting discretion over 1,134,938 shares of Western Sizzlin common stock, representing approximately 39.9% of the Western Sizzlin common stock outstanding on that date. For more information regarding the Voting Agreements with Western Sizzlin in connection with the merger, see The Voting Agreements below.

Who to Call for Assistance

If you need assistance, including help in submitting, changing or revoking your proxy, please contact Morrow & Co., LLC at (800) 607-0088.

**THE WESTERN SIZZLIN SPECIAL COMMITTEE AND
THE WESTERN SIZZLIN BOARD OF DIRECTORS
RECOMMEND A VOTE FOR THIS WESTERN SIZZLIN
PROPOSAL 1: APPROVAL AND ADOPTION OF THE
MERGER AGREEMENT AND APPROVAL OF THE
MERGER AND FOR PROPOSAL 2: GRANT OF
AUTHORITY REGARDING POSTPONEMENT OR
ADJOURNMENT OF THE SPECIAL MEETING.**

TABLE OF CONTENTS

OTHER IMPORTANT INFORMATION REGARDING WESTERN SIZZLIN AND STEAK N SHAKE

Summary of Western Sizzlin's Business

Western Sizzlin Corporation is a holding company owning subsidiaries engaged in number of diverse business activities. Western Sizzlin's primary business activities are conducted through Western Sizzlin Franchise Corporation and Western Sizzlin Stores, Inc., which franchise and operate 101 restaurants in 19 states, including five company-owned, 96 franchise restaurants, and one joint venture restaurant. Western Sizzlin currently operates and/or franchises the following concepts: Western Sizzlin, Western Sizzlin Wood Grill, Great American Steak & Buffet, and Quincy Steakhouses.

Financial decisions for Western Sizzlin are centralized at the holding company level, and management of operating businesses is decentralized at the business unit level. Investment and all other capital allocation decisions are made for Western Sizzlin and its subsidiaries by Mr. Sardar Biglari, Chairman, President and Chief Executive Officer of Western Sizzlin. Western Sizzlin's primary objective centers on achieving above-average returns on capital in pursuit of maximizing the eventual net worth of its stockholders.

Effective January 1, 2007, Western Sizzlin restructured its operations into a holding company/subsidiary format whereby all operations are now conducted through wholly-owned subsidiaries. This restructuring is not anticipated to have any tax impact and will have no impact on Western Sizzlin's financial reporting as it will continue to report consolidated financial statements.

In April 2007, Western Sizzlin formed Western Investments, Inc., a Delaware corporation and wholly-owned subsidiary to serve as the general partner of Western Acquisitions, L.P., a Delaware limited partnership that operates as a private investment fund. Through Western Investments, Mr. Biglari operates as the portfolio manager to the fund.

Western Sizzlin seeks to invest, at the holding company and through subsidiaries, including Western Acquisitions, L.P., in stocks of businesses at prices below their intrinsic business value. Western Sizzlin's preferred strategy is to allocate a meaningful amount of capital in each investee, resulting in concentration. The carrying values of these investments are exposed to market price fluctuations, which may be accentuated by a concentrated equity portfolio. A significant decline in the price of major investments may produce a large decrease in Western Sizzlin's net earnings and its stockholders' equity (See Note 6 of Western Sizzlin's Notes to Consolidated Financial Statements for the fiscal years ended December 31, 2008, 2007 and 2006 beginning on page F-18).

Western Investments, Inc. is the majority investor in Western Acquisitions, L.P., at December 31, 2008. During the third quarter ended September 30, 2007, Western Sizzlin contributed cash along with holdings in the common stock of The Steak n Shake Company to Western Investments, Inc., which in turn contributed these assets to Western Acquisitions, L.P. Pursuant to the terms of the merger agreement, on October 22, 2009 Western Sizzlin declared a special dividend payable to Western Sizzlin's stockholders in the form of 1,322,806 shares of Steak n Shake common stock that had been contributed to Western Acquisitions, L.P.

Western Investments' role as the general partner of Western Acquisitions, L.P. carries with it the obligation to manage the operations of the fund. For serving as the fund's general partner, Western Investments may receive a monthly management fee equal to one-twelfth of 1% of the value of the capital account of each limited partner. It also may

receive an annual incentive allocation equal to 20% of the portion of each limited partner's pro rata share of the fund's net profits for each fiscal year in excess of net losses allocated to each limited partner and carried forward from prior years. All or part of these fees may be waived by Western Investments. The fund no longer offers two classes of limited partnership interests.

Restaurant Operations and Support

Western Sizzlin's aim is to deliver a dining experience that exceeds customer expectations. Consistently providing high quality, flavorful food products with both a full line of entree offerings and an enhanced buffet bar offering can be a challenge. Western Sizzlin's goal is not only to meet this challenge, but to exceed the guest expectation of both quality and service, and to offer a price point that the guest will perceive as an exceptional value.

TABLE OF CONTENTS

There are several factors necessary for achieving Western Sizzlin's goal:

Food Quality:

Western Sizzlin's restaurants use high quality ingredients in all menu offerings. Additionally, all food preparation is done on premises, by either small batch or large batch cooking procedures. Guest flow determines which type will be used.

Western Sizzlin strives to ensure that each recipe is prepared and served promptly to guarantee maximum freshness, appeal and that proper serving temperatures are maintained. Western Sizzlin believes that its food preparation and delivery system enables it to produce higher quality and more flavorful food than is possible in other steak and buffet or cafeteria style restaurants.

Menu Selection: Western Sizzlin restaurants emphasize two traditional American style offerings:

The first is the traditional family style steakhouse, which became popular during the 1960's. Since that time, the primary red meat offering has grown extensively and now includes a vast array of chicken, pork, seafood and many other protein dishes.

The second is a full line of both hot & cold food buffet, which has become a very appealing option for Western Sizzlin's guests. Western Sizzlin's rotating daily menu offerings, displayed on one of its many scatter bars in the buffet area, clearly demonstrate Western Sizzlin's home cooking flavor profile.

Western Sizzlin believes that its extensive food offering provides the guest with delicious variety and a flavorful dining experience that will encourage them to visit its restaurants time after time.

Price/Value Relationship: Western Sizzlin is committed to providing its guests with excellent price to value alternatives in the full-service casual dining restaurant sector and traditional steak and buffet restaurants. At Western Sizzlin's restaurants, the guests are provided with a choice of many different entree offerings and they can also choose to enjoy its all-you-care-to-eat unlimited food or buffet bar offerings. Western Sizzlin believes the perceived price value is excellent, with lunch ranging generally between \$5.00 and \$10.00 dinner ranging generally between 7.00 and \$15.00. Additionally, its restaurants normally offer special reduced prices for senior citizens and children under 12 and other special promotions from time to time.

Efficient Food Service and Delivery System: The scatter bar format, food preparation methods and restaurant layout are all designed to efficiently serve a large number of guests, while enhancing the overall quality of the dining experience. In addition, preparing food in the proper amounts, serving it in several easily accessible areas (scatter bars) and closely monitoring consumption will shorten guest lines, increase frequency of table turns, improve over-all quality and reduce waste; thereby increasing guest satisfaction and restaurant level profitability. Western Sizzlin's restaurants range in size from approximately 5,200 square feet to 12,000 square feet. A description of these properties is provided below under Properties.

Site Selection and Construction

In selecting new restaurant locations, Western Sizzlin considers target population density, local competition, household income levels and trade area demographics, as well as specific characteristics, including visibility, accessibility, parking capacity and traffic volume. An important factor in site selection is the convenience of the potential location to both lunch and dinner guests and the occupancy cost of the proposed site. Western Sizzlin also takes into account the success of other chain restaurants operating in the area.

Potential site locations are identified by a potential franchisee and/or corporate personnel, consultants and independent real estate brokers. Western Sizzlin's executive management team will approve or disapprove any proposed restaurant site. The majority of restaurants are free-standing but some restaurants are developed in other formats such as strip centers.

TABLE OF CONTENTS

Historically when a restaurant has been built in an existing facility, renovation and construction has taken approximately 60 to 120 days after the required construction permits have been obtained. New construction of free-standing restaurants requires a longer period of time and can range from 120 to 180 days. Also, when obtaining a construction permit, Western Sizzlin has generally experienced a waiting period ranging from approximately 20 to 90 days.

Restaurants are constructed by outside general contractors. Western Sizzlin expects to continue this practice for the foreseeable future.

Restaurant Management and Employees

The management staff of a typical restaurant consists of one General Manager, one Assistant General Manager and one or two Associate Managers. Individual restaurants typically employ between 40 and 80 non-management hourly employees (a mix of both part-time and full-time workers), depending on restaurant size and sales volume.

The General Manager of a restaurant has responsibility for the day-to-day operation of a restaurant, acts independently to maximize restaurant performance, and follows company-established management policies. The General Manager makes personnel decisions and determines orders for produce and dairy products, as well as, centrally contracted food items and other supplies.

Recruiting

Western Sizzlin attempts to attract and train high quality employees at all levels of restaurant operations. Generally, restaurant management is either recruited from outside the company and has had significant prior restaurant experience or has been promoted through the system as experience levels increased. As Western Sizzlin continues to grow, its management will continue to recruit restaurant management personnel from among non-management employees within its system and supplement these resources through outside hiring.

Management Training

Western Sizzlin has implemented strict operating standards. It maintains a strong standardized training process which plays a critical role in maintaining operational propriety. All management employees, including Assistant Managers, regardless of former experience, participate in a six to eight week formal course of training. Periodically, additional training is provided during each calendar year through a series of two to three day seminars, to provide the most current information on a variety of topics including sales building techniques, labor controls and food cost management. Non-management employees are generally trained at the local restaurant site.

Purchasing

In 2008, Western Sizzlin re-negotiated contracts and executed three-year regional contracts with three broadline distributors to begin February 1, 2009, and one to twelve month agreements with other vendors, as well. This allows Western Sizzlin to maximize its buying power based on volume. Western Sizzlin utilizes velocity reports supplied by its various distributors to look for opportunities to consolidate its purchases resulting in cost of food savings. Western Sizzlin's stores are divided into areas based on geographical location. While each store places their own orders with the various distributors, the most successful stores are the ones who support the areas and use the volume of the combined buying power to be as economically efficient as possible.

Hours of Operation

Western Sizzlin' s restaurants are open seven days a week, typically from 11:00 a.m. to 10:00 p.m.

Franchise Operations

Western Sizzlin' s standard franchise agreement has a 20-year term, with one ten-year renewal option. It generally provides for a one-time payment to Western Sizzlin' of an initial franchise fee and a continuing royalty fee based on gross sales. Western Sizzlin' collects weekly and monthly sales reports from its franchisees as well as periodic and annual financial statements.

TABLE OF CONTENTS

Each franchisee is responsible for selecting the location for its restaurant, subject to Western Sizzlin's approval. Western Sizzlin considers such factors as demographics, competition, traffic volume and patterns, parking, site layout, size and other physical characteristics in approving proposed sites.

Franchisees must operate their restaurants in compliance with Western Sizzlin's operating and recipe manuals. Franchisees are not required to purchase food products or other supplies through Western Sizzlin's suppliers, but are required to purchase proprietary products from Western Sizzlin. Each franchised restaurant must have a designated General Manager and Assistant Manager who have completed Western Sizzlin's six-week manager training program or who have been otherwise approved by Western Sizzlin. For the opening of a restaurant, Western Sizzlin provides consultation and makes its personnel generally available to a franchisee. In addition, Western Sizzlin sends a team of personnel to the restaurant for up to two weeks to assist the franchisee and its managers in the opening, the initial marketing and training effort, as well as the overall operation of the restaurant.

Western Sizzlin may terminate a franchise agreement for a number of reasons, including a franchisee's failure to pay royalty fees when due, failure to comply with applicable laws, or repeated failure to comply with one or more requirements of the franchise agreement. Many state franchise laws limit Western Sizzlin's ability to terminate or refuse to renew a franchise. A franchisee may terminate a franchise agreement and continue to operate the restaurant as a competitive concept by paying liquidated damages to Western Sizzlin. Western Sizzlin does not anticipate that the termination of any single franchise agreement would have a materially adverse effect on its operations. Termination by a multiple-unit franchisee of several franchise agreements for various locations could, however, have a materially adverse effect on Western Sizzlin's operations.

Western Sizzlin's franchise agreement contains provisions that prohibit franchisees from disclosing proprietary information about Western Sizzlin's restaurant operating system. Western Sizzlin's standard franchise agreement also contains non-competition provisions that, for the duration of the agreement and for one or two years following termination, prohibit a franchisee from directly or indirectly competing with Western Sizzlin or soliciting employees to leave Western Sizzlin. There is no assurance that these contractual provisions will effectively prevent the appropriation by franchisees of business opportunities and proprietary information. More discussion is contained in the caption Government Regulation.

Marketing and Promotion

Marketing and operations work hand-in-hand for all of Western Sizzlin's company concepts where a shared mutual vision provides value to the guest through hard work, quality and high standards. Western Sizzlin knows that communication plays a strong role in the fulfillment of its goals.

The Advertising Development and Research Fund or ADRF, is financed through vendor support and member dues. It is incorporated under the name WSI ADRF, Inc.

ADRF creates, designs and produces each marketing campaign for Western Sizzlin and its franchisees. Production includes several major marketing campaigns annually in addition to menus, table tents, posters, indoor and outdoor signage, gift certificates and other marketing tools.

The marketing effort is communicated through a vast system of printed materials such as a corporate newsletter, internet webpages, training manuals, tapes and videos.

The marketing department is primarily self-sufficient in production capabilities with some of the most sophisticated

computer and graphic equipment available. ADRF is staffed by professionals experienced in all phases of marketing, graphics/design, and communications. Their efforts have produced and coordinated promotions that include national sweepstakes campaigns, television commercials, national convention materials and training videos.

The coordinated efforts of ADRF, area field consultants, training instructors, corporate personnel, franchise owners, managers and the entire system of operators share in the ongoing success of marketing programs. Western Sizzlin s programs utilize virtually all types of media including billboards, newspapers, television and radio.

TABLE OF CONTENTS

Restaurant Industry and Competition

The restaurant industry is extremely competitive. Western Sizzlin competes on the basis of the quality and value of food products offered, price, service, ambiance and overall dining experience. Western Sizzlin's competitors include a large and diverse group of restaurant chains and individually owned restaurants. The number of restaurants with operations generally similar to Western Sizzlin's has grown considerably in the last several years. Western Sizzlin believes competition among this style of restaurant is increasing.

In addition, Western Sizzlin's business is affected by changes in consumer tastes, national, regional and local economic conditions and market trends. The performance of individual restaurants may be affected by factors such as traffic patterns, demographic considerations and the type, number and location of competing restaurants. Western Sizzlin's significant investment in, and long-term commitment to, each of its restaurant sites limits its ability to respond quickly or effectively to changes in local competitive conditions or other changes that could affect Western Sizzlin's operations. Western Sizzlin's continued success is dependent to a substantial extent on its reputation for providing high quality and value and this reputation may be affected not only by the performance of company-owned restaurants but also by the performance of franchisee-owned restaurants over which Western Sizzlin has limited control.

Government Regulation

Western Sizzlin's business is subject to and affected by various federal, state and local laws. Each restaurant must comply with state, county and municipal licensing and regulation requirements relating to health, safety, sanitation, building construction and fire prevention. Difficulties in obtaining or failure to obtain required licenses or approvals could delay or prevent the development of additional restaurants. Western Sizzlin has not experienced significant difficulties in obtaining such licenses and approvals to date.

Western Sizzlin is subject to Federal Trade Commission (FTC) regulation and various state laws that regulate the offer and sale of franchises. The FTC requires Western Sizzlin to provide prospective franchisees with a franchise offering circular containing prescribed information about Western Sizzlin and its franchise operations. Some states in which Western Sizzlin has existing franchises and a number of states in which it might consider franchising regulate the sale of franchises. Several states require the registration of franchise offering circulars. Beyond state registration requirements, several states regulate the substance of the franchisor-franchisee relationship and, from time to time, bills are introduced in Congress aimed at imposing federal registration on franchisors. Many of the state franchise laws limit, among other things, the duration and scope of noncompetition and termination provisions of franchise agreements.

Western Sizzlin's restaurants are subject to federal and state laws governing wages, working conditions, citizenship requirements and overtime. From time-to-time, federal and state legislatures increase minimum wages or mandate other work-place changes that involve additional costs for its restaurants. There is no assurance that Western Sizzlin will be able to pass such increased costs on to its guests or that, if Western Sizzlin were able to do so, it could do so in a short period of time.

Trademarks

Western Sizzlin believes its rights in its trademarks and service marks are important to its marketing efforts and a valuable part of its business. The following are marks that are registered for restaurant services on the Principal Register of the U.S. Patent and Trademark Office: Western Sizzlin, Western Sizzlin Steak House and designs, Western, Sizzlin, the Western Sizzlin Cow design, Western Sizzlin Steak & More and design, Western Sizzlin Coun

Fair Buffet and Bakery, Flamekist, Marshall, Gun Smoke, Six Shooter, Big Tex, Dude, Trailblazer, Cheyenne, Colt 45, Gold Dust, Great American Steak and Buffet Company and design, Great American Buffet designs, Western Sizzlin Wood Grill Buffet and design, and Western Sizzlin Wood Grill and design.

Employees

As of September 30, 2009, Western Sizzlin employed approximately 281 persons, of whom approximately 248 were restaurant employees, 21 were restaurant management and supervisory personnel, and 12 were corporate personnel.

Restaurant employees include both full-time and part-time workers and all are paid on an hourly basis. None of Western Sizzlin's employees are covered by a collective bargaining agreement and Western Sizzlin considers its employee relations to be good.

TABLE OF CONTENTS

Properties

At September 30, 2009, Western Sizzlin's five (5) company-owned restaurants are located in leased space ranging from 8,000 square feet to 10,000 square feet. Leases are negotiated with initial terms of five to twenty years, with multiple renewal options. All of Western Sizzlin's leases provide for a minimum annual rent, with certain locations subject to additional rent based on sales volume at the particular locations over specified minimum levels. Generally, the leases are net leases which require Western Sizzlin to pay the costs of insurance, taxes, and a pro rata portion of lessors' common area costs.

Western Sizzlin currently leases its executive office, approximately 4,000 square feet, which is located at 401 Albemarle Ave SE, Roanoke, Virginia 24013.

Legal Proceeding

Little Rock, Arkansas Lease

In September 2006, Western Sizzlin was served with a lawsuit filed in the Circuit Court of Pulaski County, Arkansas, captioned Parks Land Company, LLP, et al. v. Western Sizzlin Corporation, et al. The plaintiffs are owners/landlords of four restaurant premises located in the Little Rock, Arkansas metropolitan area which had been leased pursuant to a single ten year lease agreement. Western Sizzlin occupied these locations for a period of time, but before the end of the lease, subleased each of these premises to various operators. The ten year lease agreement expired on June 30, 2006. In the lawsuit the plaintiffs sought recovery of alleged damages for certain repair and maintenance expenses on the premises, for the replacement of certain equipment, for diminution of property value, and for loss of rental income, as well as interest and costs. The case was tried to a 12 person jury in Little Rock, starting February 12, 2008. The jury returned a verdict for the plaintiffs on February 20, 2008, in the amount of \$689,526. On February 29, 2008, the Circuit Court of Pulaski County, Arkansas entered judgment on the jury's verdict in the case against Western Sizzlin in the amount of \$689,666 plus plaintiff's legal costs. On appeal by Western Sizzlin, on May 14, 2009, the Arkansas Supreme Court reversed and remanded the case for a new trial. On June 25, 2009, the Arkansas Supreme Court issued a per curiam order denying Parks Land Company's petition for a rehearing. As previously reported, Western Sizzlin has accrued \$900,000 related to this loss contingency. There has been no change in Western Sizzlin's loss contingency accrual of \$900,000 since December 31, 2007.

Other

Western Sizzlin is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of the management of Western Sizzlin, the ultimate disposition of these matters will not have a material adverse effect on Western Sizzlin's financial condition, results of operations or liquidity.

Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

TABLE OF CONTENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations of Western Sizzlin

Overview

The following discussion may include forward-looking statements including anticipated financial performance, business prospects, the future opening of company-operated and franchised restaurants, anticipated capital expenditures, and other matters. All statements other than statements of historical fact are forward-looking statements. Section 27A of the Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act of 1934 (as amended) provide safe harbors for forward-looking statements. In order to comply with the terms of these safe harbors, Western Sizzlin notes that a variety of factors, individually or in the aggregate, could cause Western Sizzlin's actual results and experience to differ materially from the anticipated results or other expectations expressed in Western Sizzlin's forward-looking statements including, without limitation, the following: the ability of Western Sizzlin or its franchises to obtain suitable locations for restaurant development; consumer spending trends and habits; competition in the restaurant segment with respect to price, service, location, food quality and personnel resources; weather conditions in Western Sizzlin's operating regions; laws and government regulations; general business and economic conditions; availability of capital; success of operating initiatives and marketing and promotional efforts; and changes in accounting policies. In addition, Western Sizzlin disclaims any intent or obligation to update those forward-looking statements.

Western Sizzlin Corporation is a holding company owning subsidiaries engaged in a number of diverse business activities. Western Sizzlin's primary business activities are conducted through Western Sizzlin Franchise Corporation and Western Sizzlin Stores, Inc., which franchise and operate 101 restaurants in 19 states, including five company-owned, 96 franchise restaurants, and one joint venture restaurant. Western Sizzlin currently operates and/or franchises the following concepts: Western Sizzlin, Western Sizzlin Wood Grill, Great American Steak & Buffet, and Quincy's Steakhouses.

Financial decisions are centralized at the holding company level, and management of operating businesses is decentralized at the business unit level. Investment and all other capital allocation decisions are made for Western Sizzlin and its subsidiaries by Mr. Sardar Biglari, Chairman and Chief Executive Officer.

While Western Sizzlin has historically been principally engaged, and intends at this time to remain principally engaged, in franchising and operating restaurants, its recent investment activities could bring it within the definition of an investment company and require it to register as an investment company under the Investment Company Act of 1940. The Board of Directors has adopted a policy requiring management to restrict Western Sizzlin's operations and investment activities to avoid becoming an investment company, until and unless the Board approves otherwise. Although Western Sizzlin does not presently intend to change its principal business, and the Board has not approved any such change, Western Sizzlin has expanded its investment operations, and may decide in the future to register as an investment company under the Investment Company Act. Under certain circumstances, if it is successful in investment operations, then Western Sizzlin may inadvertently fall within the definition of an investment company, in which event it may be required to register as an investment company. If Western Sizzlin decides or is required to register as an investment company, then it would become subject to various provisions of the Investment Company Act and the regulations adopted under such Act, which are very extensive and could adversely affect its operations.

Western Sizzlin seeks to invest, at the holding company level and through its subsidiaries, including Western Acquisitions, L.P., in stocks of businesses at prices below their intrinsic business value. Western Sizzlin's preferred strategy is to allocate a meaningful amount of capital in each investee, resulting in concentration. The carrying values of these investments are exposed to market price fluctuations, which may be accentuated by a concentrated equity portfolio. A significant decline in the price of major investments may produce a large decrease in Western Sizzlin's net earnings and its stockholders' equity (See Note 3 of the Notes to Western Sizzlin's unaudited interim consolidated financial statements beginning on page F-40 of this proxy statement/prospectus).

TABLE OF CONTENTS

The consolidated financial statements beginning on page F-4 of this proxy statement/prospectus include the accounts of Western Sizzlin Corporation and its wholly-owned subsidiaries, Western Sizzlin Franchise Corporation, The Western Sizzlin Stores, Inc., Western Sizzlin Stores of Little Rock, Inc., Austins of Omaha, Inc., Western Investments, Inc., Western Properties, Inc., a majority-owned limited partnership, Western Acquisitions, L.P., solely-owned limited partnerships, Western Real Estate, L.P. and Western Mustang Holdings, L.L.C. (collectively Western Sizzlin). All significant intercompany accounts and transactions have been eliminated in consolidation.

Western Sizzlin has entered into an Agreement and Plan of Merger with The Steak n Shake Company dated October 22, 2009. If the merger is completed, Western Sizzlin will become a wholly owned subsidiary of The Steak n Shake Company and will cease to be a publicly traded company. The merger is subject to approval by Western Sizzlin's stockholders.

In accordance with the Agreement and Plan of Merger, on October 22, 2009 Western Sizzlin declared a special dividend payable to Western Sizzlin's stockholders in the form of 1,322,806 shares of Steak n Shake common stock that was beneficially owned by Western Investments, Inc. Each stockholder of Western Sizzlin of record as of November 2, 2009 was entitled to receive this dividend which was distributed on November 6, 2009. The dividend was paid at the rate of approximately 0.465 shares of Steak n Shake common stock for each share of Company common stock outstanding as of November 2, 2009 (fractional share interests were settled by a cash payment).

2008 Compared to 2007

Revenues

Total revenues decreased 0.3% to \$17.2 million in 2008, from \$17.3 million in 2007. Company-operated restaurant sales increased 1.4% to \$13.1 million in 2008, from \$12.9 million in 2007. Western Sizzlin opened and subsequently closed the Western Sizzlin Express concept in Tupelo, Mississippi during 2008. The four months of operation at this location generated \$165,000 in sales and experienced a pre-tax loss of \$152,000. Customer traffic for the company-operated restaurants decreased slightly by 0.2% over 2007. Price increases were implemented at certain Company-operated restaurants in 2008 and 2007. Same store sales for 2008 experienced an overall increase 0.1% over 2007.

Franchise and other revenues decreased 5.2% to \$4.1 million in 2008, from \$4.3 million in 2007. The decrease is primarily attributable to 12 less franchised restaurants during 2008, with 16 closures and 4 new openings. The openings during 2008 were in the last several months of the year and Western Sizzlin has not seen the full effect of additional royalties from these locations. Same store sales for 2008 experienced an overall decrease of 3.2% over 2007.

Costs and Expenses Restaurant and Franchise Operations

Cost of Company-operated restaurants, consisting primarily of food, beverage, and labor costs increased \$476,000, (5.1%) to \$9.8 million for the year ended December 31, 2008 from \$9.3 million for the year ended December 31, 2007, of which \$218,000 (2.2%) was attributable to the location in Tupelo. These costs for the year increased as a percentage of Company-operated restaurants revenue from 72.1% in 2007 and 74.8% in 2008. The increase in the costs was largely attributable to increased costs in commodities in 2008 over 2007, and the operation of the Tupelo location in 2008.

Restaurant occupancy and other, which include utilities, insurance, maintenance, rent and other such costs of the company-operated restaurants, increased by \$14,000 (0.5%) for the year ended December 31, 2008 versus the prior year's comparable period, of which \$78,000 was attributable to Tupelo. These costs for the year decreased slightly as a percentage of Company-operated restaurant revenues for 18.3% in 2007 to 18.2% in 2008.

Cost of franchise operations direct support expense decreased \$53,000 (3.9%) to \$1.3 million for the year ended December 31, 2008 from \$1.4 million for the year ended December 31, 2007. The decreases are attributable to Western Sizzlin's on-going cost control efforts.

Subleased restaurant expenses include net costs associated with subleasing former Company operations and maintenance of vacant premises. These expenses increased by \$444,000 versus the prior year's

TABLE OF CONTENTS

comparable period, due to increased repair costs associated with vacant properties. All sublease arrangements expire during the fourth quarter of 2008 and no further sublease expenses are anticipated.

Unallocated corporate expenses consist of certain expenses not allocated to any business segment. These expenses include legal, accounting, stockholder relations, personnel not directly related to a segment, information systems, and other headquarter activities. These expenses increased by \$23,000 (1.2%) for the year ended December 31, 2008 versus the prior year's comparable period. These expenses have experienced overall decreases for the year 2008 due to Western Sizzlin's on-going cost control efforts, with the exception of a one-time expense in 2008 of \$250,000 accrued and payable under Western Sizzlin's severance agreement with its former President for the subsidiary operations of Western Sizzlin Franchise Corporation and Western Sizzlin Stores, Inc., in July 2008.

Depreciation and amortization for 2008 were slightly lower by \$22,000 than 2007.

Claims settlement and legal fees associated with a lawsuit, decreased \$561,000 versus the prior year's comparable period, due to decreases in expenses associated with a lawsuit involving leased properties. (See Note 18 of the Notes to Western Sizzlin's audited consolidated financial statements beginning on page F-9 of this proxy statement/prospectus).

Equity in income (loss) of Joint Venture

Equity in income (loss) of joint venture increased \$42,000 versus the prior year's comparable period attributable to increased sales and profitability at the Harrisonburg, Virginia location. (See Note 19 of the Notes to Western Sizzlin's audited consolidated financial statements beginning on page F-9 of this proxy statement/prospectus).

Income (Loss) from Investment Activities

Investment advisory fee income of \$240,000 resulted from the acquisition of Mustang Capital Advisors, LP as of July 9, 2008. Investment activities include net realized gains (losses) on sales of marketable securities of (\$204,000) and \$1,972,000 for the years ended December 31, 2008 and 2007, respectively. The realized gain on sale of marketable securities in 2007 was largely from the sale of the investment in Friendly Ice Cream Corporation. Net unrealized losses on marketable securities held by the limited partnerships, Western Acquisitions, LP and Mustang Capital Advisors, LP, were (\$7.1) million and (\$2.8) million for the years ended December 31, 2008 and 2007, respectively. Expenses associated with investment activities were \$984,000 and \$348,000 for the years ended December 31, 2008 and 2007, respectively. During 2008, the Steak n Shake Company reimbursed Western Sizzlin \$332,750 for certain expenses associated with the proxy contest conducted by Western Sizzlin during the fourth quarter of 2007 and first quarter of 2008. The increase in expenses for 2008 versus the prior year's comparable periods are attributable to expenses associated with the Steak n Shake proxy contest, the ITEX tender offer, proposed exchange offer for shares of Jack in the Box, Inc., and other investment-related activities. There were no management fees charged or collected by Western Acquisitions, LP from outside investors in 2008 or 2007. Future management fees will depend on portfolio performance.

On June 19, 2008, the Board of Directors of The Steak n Shake Company appointed Sardar Biglari as Executive Chairman of the Board, effectively immediately. On August 5, 2008, Mr. Biglari was appointed Chief Executive Officer of The Steak n Shake Company. Management believes that the restructuring efforts underway at Steak n Shake are positive steps toward rebuilding value for all of its stockholders.

Other Income (Expense)

Other income (expense) increased from \$11,000 in 2007 to \$11,200 in 2008. Interest expense decreased \$21,000 comparing 2008 to 2007. The decrease is due to a lower average principal outstanding balance. Interest income increased \$4,000 comparing 2008 to 2007.

Income Tax Expense

Income tax expense is directly affected by levels of pretax income and changes in valuation allowances on deferred tax assets. Western Sizzlin's effective tax rate was (6.67%) and (7.62%) for the years ended December 31, 2008 and 2007, respectively. (See Note 10 of the Notes to Western Sizzlin's audited consolidated financial statements beginning on page F-9 of this proxy statement/prospectus).

TABLE OF CONTENTS

2007 Compared to 2006

Revenues

Total revenues decreased 0.8% to \$17.3 million in 2007, from \$17.4 million in 2006. Company-operated restaurant sales decreased 0.6% to \$12.9 million in 2007, from \$13.0 million in 2006. Customer traffic decreased 2.2% over 2006. Price increases were implemented at certain Company-operated restaurants in 2007 and 2006.

Franchise and other revenues decreased 1.6% to \$4.3 million in 2007, from \$4.4 million in 2006. The decrease is primarily attributable to 8 less franchised restaurants during 2007. Same store sales for 2007 experienced an overall decrease of 0.87% over 2006.

Costs and Expenses Restaurant and Franchise Operations

Cost of Company-operated restaurants, consisting primarily of food, beverage, and labor costs increased \$13,000 (0.1%) to \$9.3 million for the year ended December 31, 2007 from \$9.3 million for the year ended December 31, 2006. These costs for both years stayed the same as a percentage of Company-operated restaurants revenue of 72% in 2006 and 2007. The increase in the costs was largely attributable to increased costs in commodities in 2007 over 2006.

Restaurant occupancy and other, which include utilities, insurance, maintenance, rent and other such costs of the company-operated restaurants, decreased by \$92,500 (3.8%) for the year ended December 31, 2007 versus the prior year's comparable period. These costs for the year decreased slightly as a percentage of Company-operated restaurant revenues from 18.9% in 2006 to 18.3% in 2007.

Cost of franchise operations direct support expense decreased \$184,000 (14.9%) to \$1.1 million for the year ended December 31, 2007 from \$1.2 million for the year ended December 31, 2006. The decreases are attributable to personnel reductions and targeted expense reductions during 2006.

Subleased restaurant expenses include net costs associated with subleasing former Company operations and maintenance of vacant premises. These expenses increased by \$37,000 versus the prior year's comparable period, due to increased costs associated with vacant properties. All sublease arrangements expire during the fourth of 2008 and no further sublease expenses are anticipated.

Unallocated corporate expenses consist of certain expenses not allocated to any business segment. These expenses include legal, accounting, stockholder relations, personnel not directly related to a segment, information systems, and other headquarter activities. These expenses increased by \$51,000 for the year ended December 31, 2007 versus the prior year's comparable period. The increases are attributable to additional accounting and legal expenses in 2007.

Depreciation and amortization for 2007 were comparable to 2006.

Impairment and other charges of \$46,284 in 2006 included impairments associated with subleased properties related to an expiring lease as of June 30, 2006. No such charges were experienced in 2007.

Claims settlement and legal fees associated with a lawsuit, increased \$452,000 versus the prior year's comparable period, due to increases in accrual of loss contingency associated with a lawsuit involving leased properties. (See Note 18 of the Notes to Western Sizzlin's audited consolidated financial statements beginning on page E-9 of this proxy statement/prospectus).

Equity in income (loss) of Joint Venture

Equity in income (loss) of joint venture increased \$318,000 versus the prior year's comparable period, due to losses incurred in 2006 of \$161,000 associated with the cost of opening the restaurant on December 14, 2006. (See Note 19 of the Notes to Western Sizzlin's audited consolidated financial statements beginning on page E-9 of this proxy statement/prospectus).

104

TABLE OF CONTENTS

Income (Loss) from Investment Activities

Investment activities include net realized gains on sales of marketable securities of \$2 million and net unrealized losses on marketable securities held by limited partnership, Western Acquisitions, L.P., of \$2.8 million. Expenses associated with investment activities were \$348,000 and \$105,000 for the years ended December 31, 2007 and 2006, respectively. (See Note 6 of the Notes to Western Sizzlin's audited consolidated financial statements beginning on page F-9 of this proxy statement/prospectus).

The increase in expenses for 2007 versus the prior year's comparable period is attributable to expenses associated with Steak n Shake proxy during 2007. There were no management fees charged or collected by the limited partnership in 2007. Future management fees will depend on portfolio performance and the extent of outside investors.

Other Income (Expense)

Other income (expense) increased from (\$7,000) in 2006 to \$12,000 in 2007. Interest expense decreased \$53,000 (33.4%) comparing 2007 to 2006. The decrease is due to a lower average principal outstanding balance. Loss on early extinguishment of long-term debt of \$92,535 associated with payoff of certain loans was recorded in 2006. Interest income increased \$37,000 comparing 2007 to 2006. Included in 2006 is termination fee income of \$163,000 associated with a negotiated settlement of certain franchise agreements.

Income Tax Expense

Income tax expense is directly affected by levels of pretax income and changes in valuation allowances on deferred tax assets. Western Sizzlin's effective tax rate was (7.62%) and 40.4% for the years ended December 31, 2007 and 2006, respectively. (See Note 10 of the Notes to Western Sizzlin's audited consolidated financial statements beginning on page F-9 of this proxy statement/prospectus).

Three and Nine Months Ended September 30, 2009

Net income attributable to Western Sizzlin Corporation for the three and nine months ended September 30, 2009 was \$3,578,462 and \$7,802,986 compared to net income (loss) attributable to Western Sizzlin Corporation of \$2,588,269 and (\$2,267,918) for the three and nine months ended September 30, 2008. The significant improvement was primarily attributable to targeted reduced expenses in restaurant and franchise operations and improvements in the performance of investment operations. Income from investment operations that impacted net income (loss) attributable to Western Sizzlin Corporation, excluding income (losses) attributable to noncontrolling interests, for the three and nine months ended September 30, 2009 was \$5,673,058 and \$9,525,198 compared to net income (loss) from investment operations of \$3,557,933 and (\$3,873,716) for the three and nine months ended September 30, 2008. This improvement in results of investment operations was largely due to recoveries in marketable securities over the prior period.

TABLE OF CONTENTS

The following table sets forth for the periods presented the percentage relationship to total revenues of certain items included in the consolidated statements of income and certain restaurant data for the periods presented:

	Three Months Ended September 30, 2009		Nine Months Ended September 30, 2009	
	2009	2008	2009	2008
Revenues:				
Company-operated restaurants	79.9 %	77.4 %	78.9 %	76.3 %
Franchise operations	20.1	22.6	21.1	23.7
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses restaurant and franchise operations:				
Company-operated restaurants food, beverage and labor costs	58.3	58.7	57.8	56.3
Restaurant occupancy and other	14.5	14.2	13.6	13.4
Franchise operations direct support	5.1	7.0	5.5	7.0
Subleased restaurant property expenses		8.2		3.2
Corporate expenses	8.6	16.4	9.5	12.5
Depreciation and amortization expense	2.2	5.8	2.2	6.0
Corporate litigation fees and expenses	.1	.1	.3	1.2
Total costs and expenses restaurant and franchise operations	88.8	110.4	88.9	99.6
Equity in income of joint venture	1.9	1.0	1.7	1.2
Income (loss) from restaurant and franchise operations	13.1	(9.4)	12.8	1.6
Investment advisory fee income	2.4	2.8	2.2	.9
Net unrealized gains (losses) on marketable securities held by limited partnerships	130.7	73.8	70.0	(24.1)
Net realized gains (losses) on sales of marketable securities	14.0	.6	8.8	(.1)
Amortization expense investment activities	(.8)		(.7)	
Expense of investment operations	(5.1)	3.9	(3.7)	(6.0)
Purchase obligation adjustment	(6.0)		(1.9)	
Income (loss) from investment operations	135.3	81.1	74.7	(29.3)
Other income (expense):				
Interest expense	(.3)	(.4)	(.4)	(.5)
Interest income	.8	1.1	.8	.6
Other, net			.2	
Total other income (expense), net	.5	.7	.6	.1
Income (loss) before income tax (benefit)	148.9	72.4	88.1	(27.6)
Income tax expense (benefit):				
Current	.3		.3	
Deferred	16.0	(1.8)	8.1	(1.3)
Total income tax expense (benefit)	16.3	(1.8)	8.4	(1.3)
Net income (loss)	132.6	74.2	79.7	(26.3)
(Income) losses attributable to redeemable noncontrolling interests	(47.2)	(7.9)	(18.6)	4.6
Net income (loss) attributable to Western Sizzlin Corporation	85.4	66.3	61.1	(21.8)
Restaurant Data				
Number of Company-Operated Restaurants:				
Beginning of period	5	5	5	5

Edgar Filing: STEAK & SHAKE CO - Form S-4

Opened		1		1
Closed				
Franchised				
End of period	5	6	5	6
Number of U.S. Franchised Restaurants:				
Beginning of period	99	111	104	116
Opened				
Closed	(3)	(5)	(8)	(10)
End of period	96	106	96	106
Number of Joint Venture Restaurants:				
Beginning of period	1	1	1	1
Opened				
Closed				
End of period	1	1	1	1

106

TABLE OF CONTENTS

Revenues

Total revenues decreased 5.4% to \$4.19 million for the three months ended September 30, 2009 from \$4.43 million for the three months ended September 30, 2008. Total revenues decreased 3.2% to \$12.76 million for the nine months ended September 30, 2009 from \$13.17 million for the nine months ended September 30, 2008. The decreases in total revenues were due to the decreases in franchise revenues over the same periods, which were partially offset by increases in Company-operated restaurant revenues for the nine months ended, as further described below.

Company-operated restaurant revenues decreased 2.3% to \$3.35 million for the three months ended September 30, 2009 as compared to \$3.43 million for the three months ended September 30, 2008. Company-operated restaurant revenues increased 0.14% to \$10.06 million for the nine months ended September 30, 2009 as compared to \$10.05 million for the nine months ended September 30, 2008.

Franchise revenues decreased 15.6% to \$844,000 for the three months ended September 30, 2009 as compared to \$1.00 million for the three months ended September 30, 2008. Franchise revenues decreased 13.5% to \$2.70 million for the nine months ended September 30, 2009 as compared to \$3.12 million for the nine months ended September 30, 2008. The overall decrease in franchise revenues is attributable to fewer franchised units in the system during the relevant periods in 2009 as compared to the relevant periods in 2008. Same store sales at franchise operations for the three and nine months ended September 30, 2009, experienced overall decreases of 5.22% and 4.17%, respectively, compared to the same periods in 2008.

Costs and Expenses restaurant and franchise operations

Costs of company-operated restaurants, consisting primarily of food, beverage, and labor costs decreased \$164,000 (6.5%) to \$2.44 million for the three months ended September 30, 2009 from \$2.61 million for the three months ended September 30, 2008. These costs for the three month period as a percentage of Company-operated restaurants revenue were 72.8% and 76.1% for the three months ended September 30, 2009 and 2008, respectively. Costs of Company-operated restaurants decreased \$34,000 (.4%) to \$7.38 million for the nine months ended September 30, 2009 from \$7.41 million for the nine months ended September 30, 2008. These costs for the nine month period as a percentage of Company-operated restaurants revenue were 73.3% and 73.7% for the nine months ended September 30, 2009 and 2008, respectively. These costs have decreased due to cost savings on commodities purchases.

Restaurant occupancy and other, which include utilities, insurance, maintenance, rent and other such costs of the company-operated restaurants, decreased by \$22,000 (3.5%) for the three months ended September 30, 2009 versus the prior year's comparable period. These costs for the three month period decreased as a percentage of Company-operated restaurant revenues from 18.3% in 2008 to 18.1% in 2009. Restaurant occupancy and other decreased by \$23,000 (1.3%) for the nine months ended September 30, 2009 compared to the same period in 2008. These costs for the nine month period decreased slightly as a percentage of Company-operated restaurant revenues from 17.5% in 2008 to 17.3% in 2009.

Cost of franchise operations direct support expense decreased by \$98,000 and \$227,000 for the three and nine months ended September 30, 2009 versus the prior years' comparable periods. The decreases were largely attributable to targeted expense reductions for 2009.

Subleased properties include net costs associated with subleasing former Company-operated restaurants and maintenance of vacant premises. There were no such expenses for the three and nine months ended September 30, 2009 and were \$362,766 and \$427,257 for the three and nine months ended September 30, 2008. Subleasing arrangements expired at the end of 2008.

Unallocated corporate expenses consist of certain expenses not allocated to any business segment. These expenses include legal, accounting, stockholder relations, personnel not directly related to a segment, information systems, and other headquarter s activities. These expenses decreased by \$365,000 and \$431,000 for the three and nine month periods ended September 30, 2009 versus the prior year s comparable periods. The decreases are a result of managing expenses at the corporate level and targeted expense reductions for 2009.

TABLE OF CONTENTS

Depreciation and amortization expense decreased \$165,000 and \$500,000 for the three and nine months period ended September 30, 2009 versus the prior year's comparable periods. The variance is largely attributable to franchise royalty contracts being fully amortized as of December 31, 2008.

Corporate litigation fees increased by \$1,200 for the three months ended September 30, 2009 versus the prior year's comparable period and decreased \$127,000 for the nine months ended September 30, 2009 versus the prior year's comparable period. These expenses relate to legal fees associated with the trial and appeal of the lawsuit involving Western Sizzlin in Little Rock, Arkansas. (See Note 12 of the Notes to Western Sizzlin's unaudited interim consolidated financial statements beginning on page F-40 of this proxy statement/prospectus).

Equity in income of Joint Venture

Equity in income of joint venture increased \$37,000 for the three months ended September 30, 2009, versus the prior year's comparable period and increased \$69,000 for the nine months ended September 30, 2009, versus the prior year's comparable period due to increased performance of the restaurant during the relevant periods in 2009. (See Note 13 of the Notes to Western Sizzlin's unaudited interim consolidated financial statements beginning on page F-40 of this proxy statement/prospectus).

Income (Loss) from Investment Operations

Investment operations include investment advisory fee income of \$102,000 and \$287,000 for the three and nine months ended September 30, 2009, respectively, and \$124,000 for the three and nine months ended September 30, 2008. Net realized gains (losses) on sales of marketable securities were \$588,000 and \$1,123,000 for the three and nine months ended September 30, 2009, respectively, and \$24,000 and (\$16,000) for the three and nine months ended September 30, 2008. Net unrealized gains (losses) on marketable securities held by the limited partnerships, Western Acquisitions, L.P. and Mustang Capital Advisors, L.P., were \$5.5 million and \$8.9 million for the three and nine months ended September 30, 2009 and \$3.3 million and (\$3.2 million) for the three and nine months ended September 30, 2008. Amortization expense associated with investment activities of \$34,000 and \$95,000 were recorded in the three and nine months ended September 30, 2009, respectively, and \$0 for the comparable periods in 2008. Purchase obligation adjustments of (\$253,000) and (\$246,000) were recorded in the three and months ended September 30, 2009, respectively and \$0 for the comparable periods in 2008. Reimbursement (expenses) associated with investment activities were (\$212,000) and (\$476,000) for the three and nine months ended September 30, 2009, respectively, and \$174,000 and (\$795,000) for the three and nine months ended September 30, 2008. The decrease in expenses for the relevant periods in 2009 versus the prior year's comparable period is attributable to expenses in 2008 associated with the Steak n Shake proxy contest, the ITEX tender offer, and other investment related activities. There was no management fees charged or collected from outside investors by Western Acquisitions LP in first nine months of 2009 or 2008.

Other Income (Expense)

Interest expense decreased \$1,700 and decreased \$25,000 for the three and nine months ended September 30, 2009 over the comparable period in 2008. Interest income fluctuates according to the levels of available cash balances.

Other, net for the three and nine months ended September 30, 2009 was comparable to the same periods in 2008.

Income tax expense is directly affected by the levels of pretax income and the valuation allowance established on deferred tax assets. Western Sizzlin's effective tax rate was 11.0% and (2.4%) for the three months ended September 30, 2009 and 2008, respectively and 9.5% and (4.6%) for the nine months ended September 30, 2009 and 2008,

respectively. The provisions for deferred income taxes for the three and nine month periods ended September 30, 2009 includes provision decreases for the valuation allowance of \$1,048,000 and \$2,327,000, respectively, which decreased Western Sizzlin's effective tax rate for the periods.

TABLE OF CONTENTS

Liquidity and Capital Resources

Cash and Cash Equivalents

As of December 31, 2008, Western Sizzlin had \$331,000 of cash and cash equivalents as compared to \$727,000 as of December 31, 2007. The decrease in cash and cash equivalents was largely attributable to additional investments and related expenses of marketable securities in 2008.

As of September 30, 2009, Western Sizzlin had \$1.5 million of cash and cash equivalents compared to \$745,000 as of September 30, 2008.

Investment of Available Capital

Western Sizzlin's cash flows from restaurant and franchise activities have exceeded its working capital, financing and capital investment needs of its restaurant and franchise operations, and management expects that Western Sizzlin's cash flows will continue to exceed its operating cash needs for the foreseeable future. Western Sizzlin regularly evaluates how best to use available capital to increase stockholder value. Western Sizzlin may pursue investments in the form of acquisitions, joint ventures and partnerships where Western Sizzlin believes attractive returns can be obtained. Further, Western Sizzlin may determine under certain market conditions that available capital is best utilized to fund investments that it believes offers Western Sizzlin attractive return opportunities, whether or not related to its ongoing business activities.

As discussed in Note 3 of the Notes to Western Sizzlin's unaudited interim consolidated financial statements beginning on page F-40 of this proxy statement/prospectus, Western Sizzlin's Board of Directors has delegated authority to direct investment of Western Sizzlin's surplus cash to its Chairman, Sardar Biglari, subject to Board reporting requirements and various limitations that have been or may be from time to time adopted by the Board of Directors. These investments may include significant and highly concentrated direct investments with respect to the equity securities of public companies. Any such investments will involve risks, and stockholders should recognize that Western Sizzlin's balance sheet may change depending on the performance of investments. Furthermore, such investments could be subject to volatility that may affect both the recorded value of the investments as well as Western Sizzlin's periodic earnings.

Operating Activities and Cash Flows

Western Sizzlin generated (used) approximately \$(1.3) million, \$(9.5) million, and \$1.8 million in operating cash flows for the years ended December 31, 2008, 2007 and 2006, respectively. Western Sizzlin's primary source of operating cash flows is the operating profits generated from Company restaurant and franchise operations.

Adjustments to reconcile net income (loss) to net cash provided by restaurant and franchise activities were approximately \$977,000, \$2.6 million and \$1.5 million for the years ended December 31, 2008, 2007 and 2006, respectively. Adjustments to reconcile net income (loss) to net cash provided by (used in) investment activities were approximately \$4 million for year ended December 31, 2008, \$(11.9) for the year ended December 31, 2007, with no such activity in 2006.

Western Sizzlin provided approximately \$585,000 and used \$30,000 in operating cash flows for the nine months ended September 30, 2009 and 2008, respectively, including the purchase of marketable securities of \$10.8 million and \$5.9 million in the nine months ended September 30, 2009 and 2008, respectively. Proceeds from sales of marketable securities were \$8.3 million and \$4.3 million for the nine months ended September 30, 2009 and 2008,

respectively. Net unrealized gains (losses) on marketable securities were \$8.9 million and (\$3.2 million) for the nine months ended September 30, 2009 and 2008, respectively. Net realized gains (losses) were \$1.1 million and (\$16,000) for the nine months ended September 30, 2009 and 2008, respectively. Western Sizzlin's primary source of operating cash flows is the operating profits generated from Company's restaurant and franchise operations. Adjustments to reconcile net income (loss) to net cash provided by restaurant and franchise activities were approximately \$1.1 million and \$1.3 million for the nine months ended September 30, 2009 and 2008, respectively. Adjustments to reconcile net income (loss) to net cash provided by (used in) investment activities were approximately (\$10.7 million) and \$2.1 million for the nine months ended September 30, 2009 and 2008, respectively.

Investing Activities

Western Sizzlin's investing activities on its statements of cash flows primarily represent cash received and paid related to its operating properties. Prior to 2007, Western Sizzlin considered purchases and sales of

TABLE OF CONTENTS

marketable securities to be investing activities; however, during 2007 with the expanded investment activities of Western Sizzlin, and more specifically the organization of Western Acquisitions L.P. and the investment of minority interests, Western Sizzlin began to consider such activities to be operating activities of Western Sizzlin. This presentation is consistent with the guidance in the AICPA's Audit and Accounting Guide, Investment Companies.

During the year ended December 31, 2008, Western Sizzlin spent approximately \$34,000 on capital expenditures on Company restaurants compared to \$35,000 and \$492,000 during the equivalent period in the year ended December 31, 2007 and 2006, respectively. Capital expenditures for 2006 included the remodel of two Company-operated stores in Northern Virginia. A total of \$803,000 has been spent on these two remodels since 2005. Also during 2007, land was purchased for investment purposes for \$3.7 million. Offsetting uses of cash for investing activities were proceeds from fire casualties of \$785,000 for the year ended December 31, 2006. Also included in investing activities for 2006 are proceeds of \$300,000 from the sale of land in Lawrenceville, Georgia.

During the nine months ended September 30, 2009 and 2008, Western Sizzlin spent \$4,600 and \$23,000 on capital expenditures on Company restaurants. For the nine months ended September 30, 2008, amounts included purchases of marketable securities of \$803,000 and purchase of Mustang Capital Advisors, LP of \$380,000.

Financing Activities

Western Sizzlin made payments of long-term debt of \$119,000, \$163,000 and \$1.5 million for the years ended December 31, 2008, 2007 and 2006, respectively. During 2008, there were proceeds from issuance of long-term debt of \$2.6 million offset by payment of \$2 million on line of credit borrowings. Also during 2008, \$165,000 was received from exercise of stock options, \$540,000 from capital contributions from minority interests in limited partnership, offset by \$91,000 on purchases of treasury stock. Proceeds of \$2 million were received from a line of credit in 2007. Also during 2007 and 2006, financing activities included cash received from rights offerings of \$7.6 million and \$4.2 million, respectively, offset by costs of the rights offerings of \$97,000 and \$123,000, respectively, and cash received from exercise of stock options of \$85,000 and \$28,000, respectively.

Western Sizzlin made scheduled payments on long-term debt of \$345,000 and \$93,000 for the nine months ended September 30, 2009 and 2008, respectively. For the nine months ended September 30, 2009, net proceeds of \$100,000 were received from borrowings on the line of credit. Proceeds of \$2 million were received from the issuance of a note payable for nine months ended September 30, 2008. Net capital contributions of \$812,000 and \$540,000 were received from capital contributions from noncontrolling interests in limited partnerships for the nine months ended September 30, 2009 and 2008, respectively. Cash received from exercise of stock options were \$61,000 and \$165,000 for the nine months ended September 30, 2009 and 2008, respectively.

Certain notes payable require prepayment premiums in certain circumstances. In addition, certain notes payable contain certain restrictive covenants including debt coverage ratios, periodic reporting requirements and maintenance of operations at certain Company-operated restaurants that collateralize the notes payable. At September 30, 2009, Western Sizzlin was in compliance with all covenants on the notes payable.

Liquidity

Western Sizzlin's primary sources of liquidity are cash generated from operations and, if needed, borrowings under its existing line of credit. Subsequent to year end, in January 2009, Western Sizzlin borrowed \$350,000 from the line of credit for working capital purposes. Western Sizzlin continually review available financing alternatives. In addition, Western Sizzlin may consider, on an opportunistic basis, strategic decisions to create value and improve operational performance.

Edgar Filing: STEAK & SHAKE CO - Form S-4

Total capital expenditures for 2009 are presently expected to approximate \$50,000, and will be primarily used for necessary replacement of certain restaurant equipment.

Western Sizzlin believes that cash flows generated by operations will be adequate to fund its restaurant and franchise operations and required debt repayments for at least the next twelve months. In addition,

110

TABLE OF CONTENTS

Western Sizzlin have taken aggressive action during the first quarter of 2009 to further reduce general and administrative expenses to augment its cash flows.

The money market investments of \$3.7 million are funds held by Mustang Capital Advisors, LP for investment purposes, and are not available for use in operations. (See Note 10 of the Notes to Western Sizzlin's audited consolidated financial statements beginning on page F-2 of this proxy statement/prospectus).

Investment in Unconsolidated Joint Venture

Western Sizzlin is a partner in a 50/50 joint venture with a franchisee, for a restaurant in Harrisonburg, Virginia.

During October 2005, the joint venture entered into a loan agreement for \$3.05 million and Western Sizzlin guaranteed 50% of the loan obligation. Western Sizzlin estimated the fair value of the guarantee to be approximately \$30,000 and recorded the amount in other long-term liabilities and in investments in unconsolidated joint venture on the accompanying balance sheets at December 31, 2008 and 2007. The term of the guarantee extends through July 1, 2026 and Western Sizzlin would be required to perform under the guarantee should the joint venture not be able to meet its scheduled principal and interest payments. Pursuant to the joint venture agreement, a cash contribution of \$300,000 from each 50/50 partner was also made at the closing of this financing. Western Sizzlin is accounting for the investment using the equity method and Western Sizzlin's share of the net income (loss) for the joint venture of \$199,699, \$157,515 and (\$160,902) for the years ended December 31, 2008, 2007 and 2006, respectively, is included in equity in earnings of unconsolidated joint venture. The restaurant opened for business on December 14, 2006.

Financial Data

The following is selected financial information for the joint venture at December 31, 2008 and 2007:

	Year Ended December 31, 2008 (Unaudited)	Year Ended December 31, 2007 (Unaudited)
Statement of Operations Data:		
Total revenues	\$ 4,890,392	\$ 4,960,695
Cost of food	2,007,969	2,110,602
Payroll expense	1,445,213	1,502,077
Marketing and smallware expense	189,741	204,374
General and administrative	456,926	404,106
Depreciation and amortization	203,341	200,869
Interest	212,646	223,574
Other income (expense)	(24,842)	62
Net Income (loss)	399,398	315,031
Balance Sheet Data:		
Cash	\$ 257,490	\$ 332,740
Current receivables	2,378	7,557
Prepaid expenses	11,364	3,171
Inventory	18,035	16,384
Land, leasehold improvements, and construction in progress, net	3,566,081	3,750,051
Loan costs, net	10,420	11,946

Edgar Filing: STEAK & SHAKE CO - Form S-4

Total assets	3,865,970	4,122,050
Loan payable	2,951,460	3,138,580
Accounts payable and accrued expenses	365,120	433,479
Members' equity	549,389	549,991

111

TABLE OF CONTENTS

Contractual Obligations

The table below sets forth a summary of contractual obligations that will impact future liquidity as of September 30, 2009:

- Reflects future interest payments through scheduled maturity dates based upon average borrowing rates,
- (1) outstanding debt balances and scheduled principal payments on long-term debt. Interest on Western Sizzlin's variable rate debt is based on the interest rate in effect at September 30, 2009.
 - (2) Reflects recognized liabilities for uncertain tax positions under the provision FIN 48. (See Note 7 of the Notes to Western Sizzlin's unaudited interim consolidated financial statements beginning on page F-40 of this proxy statement/prospectus).
 - (3) Reflects the cash portion of Western Sizzlin's purchase obligation to purchase the ownership percentage of the minority interest holder of Mustang Capital Advisors, LP.

Bank Line of Credit

At December 31, 2008 there were no amounts outstanding on a \$2 million line of credit with a bank. The line is payable on demand, subject to annual renewal by the bank with an automatic renewal at May 31, 2009, interest rate of prime minus 0.5% (with a floor of 4%) and collateralized by accounts receivable and the assignment of franchise royalty contracts. Subsequent to year end, Western Sizzlin borrowed \$350,000 from the line of credit for working capital purposes. The average amount of outstanding borrowings during 2008 and 2007 approximated \$182,000 and \$83,000, respectively.

Operating Leases

Gross operating lease commitments for the periods above aggregate to approximately \$3.2 million.

Revenue Recognition

Revenue at Company-operated restaurants is recognized as customers pay for products at the time of sale. Franchise operations revenue consists of royalties and franchise fees. Royalties are recognized in the month earned at estimated realizable amounts. Franchise fees are recognized when the related services have been performed, which is generally upon opening of the store, and do not include significant contingencies. Other revenues consist of sales of seasonings and marinades to franchisees and are recognized when the products are shipped to the franchisee. In the future, Western Sizzlin may earn management fees based on a percentage of assets managed and held by Western Acquisitions, LP and on the performance of assets under management, but no such fees were earned in 2007 and 2008. Investment advisory fee income was earned in 2008 through the acquisition of controlling interests in Mustang Capital Advisors, LP and its general partner, Mustang Capital Management, LLC.

Critical Accounting Estimates

The discussion and analysis of financial condition and results of operations is based on Western Sizzlin's consolidated financial statements and accompanying notes that have been prepared in accordance with United States generally accepted accounting principles. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of

revenues and expenses during the reporting period. Actual results could differ from those estimates.

TABLE OF CONTENTS

Application of the critical accounting policies discussed below requires significant judgments by management. Often as a result of the need to make estimates of matters that are inherently uncertain. If actual results were to differ materially from the estimates made, the reported results could be materially affected. Western Sizzlin is not currently aware of any reasonably likely events or circumstance that would result in materially different results. Western Sizzlin's senior management has reviewed the critical accounting policies and estimates and the Management's Discussion and Analysis regarding them with the Audit and Finance Committee of the Board of Directors.

The following are areas requiring significant judgments and estimates due to uncertainties as of the reporting date: trade accounts and notes receivable and the allowance for doubtful accounts, investments, determination of useful lives and the evaluation of any impairment of long-lived assets (including franchise royalty contracts, investment management contracts, and limited partnership agreements, goodwill and property and equipment), commitments and contingencies, and income taxes.

Trade Accounts and Notes Receivable and the Allowance for Doubtful Accounts

Western Sizzlin collects royalties, and in some cases rent, from franchisees. Western Sizzlin views trade accounts and notes receivable and the related allowance for doubtful accounts as a critical accounting estimate since the allowance for doubtful accounts is based on judgments and estimates concerning the likelihood that individual franchisees will pay the amounts included as receivables from them. In determining the amount of allowance for doubtful accounts to be recorded for individual franchisees, Western Sizzlin considers the age of the receivable, the financial stability of the franchisee, discussions that may have occurred with the franchisee and a judgment as to the overall collectability of the receivable from the franchisee. In addition, Western Sizzlin establishes an allowance for all other receivables for which no specific allowances are deemed necessary. If average sales or the financial health of franchisees were to deteriorate, Western Sizzlin might have to increase the allowance for doubtful accounts.

Investments

Marketable equity securities held by Western Sizzlin Corporation are held for an indefinite period and thus are classified as available-for-sale. Available-for-sale securities are recorded at fair value in Investments in Marketable Securities on the consolidated balance sheet, with the change in fair value during the period excluded from earnings and recorded net of tax as a component of other comprehensive income (loss). Fair value is determined through the use of quoted market values on national exchanges. On a quarterly basis, Western Sizzlin performs an assessment to determine whether there have been any events or economic circumstances to indicate that a marketable equity security with an unrealized loss has suffered other-than-temporary impairment, pursuant to FASB ASC 320-10-65 (formerly FSP FAS 115-2 and FAS 124-2).

Western Acquisitions, LP and Mustang Capital Advisors, LP are, for GAAP purposes, investment companies under the AICPA Audit and Accounting Guide Investment Companies. Western Sizzlin has retained the specialized accounting for Western Acquisitions, LP and Mustang Capital Advisors, LP pursuant to FASB ASC 810-10-25 (formerly EITF Issue No. 85-12, Retention of Specialized Accounting for Investments in Consolidation). As such, marketable equity securities held by Western Acquisitions, LP and Mustang Capital Advisors, LP are recorded at fair value in Investments in Marketable Securities held by limited partnerships, with unrealized gains and losses resulting from the change in fair value reflected in the Statement of Operations. Fair value is primarily determined through the use of quoted market values on national exchanges.

Long-lived Assets, Franchise Royalty Contracts and Goodwill

Western Sizzlin views the determination of the carrying value of long-lived assets, franchise royalty contracts, goodwill, investment management contracts and limited partnership agreements as critical accounting estimates since it must evaluate the estimated economic useful life in order to properly depreciate or amortize the long-lived assets, franchise royalty contracts, and investment management contracts and limited partnership agreements and because it must consider if the value of any of the long-lived assets have been impaired, requiring adjustments to the carrying value. Goodwill is not subject to amortization but is subject to at least an annual impairment test to determine if the carrying amount exceeds its fair value.

Economic useful life is the duration of time the asset is expected to be productively employed, which may be less than its physical life. The estimated economic useful lives of long-lived assets are monitored to determine if they continue to be appropriate in light of changes in business circumstances.

113

TABLE OF CONTENTS

Western Sizzlin must also consider whether long-lived assets (including property and equipment and intangible assets) have been impaired to the extent that Western Sizzlin must recognize a loss on such impairment, including goodwill impairment. Western Sizzlin evaluates its long-lived assets for impairment at the restaurant, franchise and investment company levels on an annual basis or whenever changes or events indicate that the carrying value may not be recoverable. Western Sizzlin assesses impairment of each level of assets based on the operating cash flows of the restaurant, franchise and investment operations and its plans for each restaurant unit, franchisee contract, or investment. Generally, all restaurant units with negative cash flows from operations for the most recent twelve months at each quarter end are included in Western Sizzlin's assessment. In performing its assessment, Western Sizzlin must make assumptions regarding estimated future cash flows, including estimated proceeds from similar asset sales, and other factors to determine both the recoverability and the estimated fair value of the respective assets. If the long-lived assets of a restaurant are not recoverable based upon estimated future, undiscounted cash flows, Western Sizzlin writes the assets down to their fair value. If these estimates or their related assumptions change in the future, Western Sizzlin may be required to record additional impairment charges.

Western Sizzlin evaluates goodwill for impairment on an annual basis during the fourth quarter of each year, or more frequently if an event occurs that triggers an interim impairment test. Western Sizzlin determines the fair values of its reporting units using the discounted cash flow method. This method uses projections of cash flows from each of the reporting units. Several of the key assumptions in estimating future cash flows include periods of operations, projections of operating profits, and weighted average cost of capital. These assumptions are derived from Western Sizzlin's internal budgets and consideration of available market data. The factors which contribute the greatest variability in its estimates of fair values are the weighted average cost of capital and estimates of future operating profits.

Purchase Obligation

In connection with its acquisition of a controlling interest in Mustang Capital Advisors, LP and Mustang Capital Management, LLC, Western Sizzlin is obligated to purchase the minority interest holder's ownership percentage upon the occurrence of certain events. The purchase obligation will ultimately be settled in cash and shares of Western Sizzlin's common stock. Western Sizzlin is accounting for this purchase obligation pursuant to FASB ASC 480-10 (formerly Statement of Financial Accounting Standards No. 150 (As Amended) - Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity). The resulting liability is reported in other long-term liabilities on the accompanying financial statements.

Commitments and Contingencies

Western Sizzlin views accounting for contingencies as a critical accounting estimate since loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources require judgment as to any probable liabilities incurred. Actual results could differ from the expected results determined based on such estimates.

Income Taxes

Western Sizzlin records valuation allowances against deferred tax assets, when necessary, in accordance with FASB ASC 740 (formerly SFAS No. 109, Accounting for Income Taxes). Realization of deferred tax assets is dependent on future taxable earnings and is therefore uncertain. Western Sizzlin assesses the likelihood that deferred tax assets in each of the jurisdictions in which it operates will be recovered from future taxable income. Deferred tax assets do not include future tax benefits that Western Sizzlin deems likely not to be realized.

In July 2006, the FASB issued FASB ASC 740-10 (formerly FASB Interpretation Number 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109). FASB ASC 740-10 prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken in a tax return. Western Sizzlin must determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets the more-likely-than-not recognition threshold, the position is measured to determine the amount of benefit to recognize in the financial statements. FASB ASC 740-10 applies to all tax positions related to income taxes subject to FASB ASC 740.

TABLE OF CONTENTS

Other

Impact of Inflation

The impact of inflation on the costs of food and beverage products, labor and real estate can affect Western Sizzlin's operations. Management believes Western Sizzlin has historically been able to pass on increased costs through certain selected menu price increases and has offset increased costs by increased productivity and purchasing efficiencies, but there can be no assurance that Western Sizzlin will be able to do so in the future. Management anticipates that the average cost of restaurant real estate leases and construction costs could increase in the future which could affect Western Sizzlin's ability to expand. In addition, mandated health care or additional increases in the federal or state minimum wages could significantly increase Western Sizzlin's costs of doing business.

Comparison of Stockholders and Debenture Holders Rights

This section of the proxy statement/prospectus describes the material differences between the rights of holders of Western Sizzlin common stock and the debentures to be issued in the merger. Upon completion of the merger, each outstanding share of Western Sizzlin common stock (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be converted into the right to receive a pro rata portion of the debentures, at which time holders of Western Sizzlin common stock will become Steak n Shake debenture holders and their rights as security holders will be governed by the debentures and the indenture.

While we believe that the description covers the material differences between the shares of Western Sizzlin common stock and the debentures, this summary does not purport to be a complete description of the differences and may not contain all of the information that is important to you. Copies of the governing instruments are available, without charge, to any person, including any beneficial owner to whom this proxy statement/prospectus is delivered, by following the instructions listed under "Other Matters Where You Can Find More Information." You should carefully read this entire proxy statement/prospectus and the other documents that are referred to herein for a more complete understanding of the differences between being a holder of shares of Western Sizzlin common stock and the debentures.

Provision Applicable to Holders of Western Sizzlin Common Stock Governing Documents

Holders of shares of Western Sizzlin common stock have their rights set forth in the Restated Certificate of Incorporation of Western Sizzlin, as amended, the bylaws of Western Sizzlin, as amended and Delaware law.

Dividends and Interest

Provision Applicable to Holders of the Debentures

Holders of the debentures will have the rights set forth in the debentures and the indenture between Steak n Shake and Wells Fargo Bank, National Association, as trustee, which we refer to herein as the indenture, New York law and the Trust Indenture Act of 1939, as amended. A copy of the indenture and the form of debenture is attached to this proxy statement/prospectus as Annex F.

Edgar Filing: STEAK & SHAKE CO - Form S-4

115

Market Price and Dividend Information

115	116
117	118
119	120
121	122
123	124
125	126
127	128
129	130
131	132
133	134
135	136
137	138
139	140
141	142
143	144
145	146
147	148
149	150
151	152
153	154
155	156
157	158
159	160
161	162
163	164
165	166
167	168
169	170
171	172
173	174
175	176
177	178
179	180
181	182
183	184
185	186
187	188
189	190
191	192
193	194
195	196
197	198
199	200
201	202
203	204
205	206
207	208
209	210
211	212
213	214
215	216
217	218
219	220
221	222
223	224
225	226
227	228
229	230
231	232
233	234
235	236
237	238
239	240
241	242
243	244
245	246
247	248
249	250
251	252
253	254
255	256
257	258
259	260
261	262
263	264
265	266
267	268
269	270
271	272
273	274
275	276
277	278
279	280
281	282
283	284
285	286
287	288
289	290
291	292
293	294
295	296
297	298
299	300
301	302
303	304
305	306
307	308
309	310
311	312
313	314
315	316
317	318
319	320
321	322
323	324
325	326
327	328
329	330
331	332
333	334
335	336
337	338
339	340
341	342
343	344
345	346
347	348
349	350
351	352
353	354
355	356
357	358
359	360
361	362
363	364
365	366
367	368
369	370
371	372
373	374
375	376
377	378
379	380
381	382
383	384
385	386
387	388
389	390
391	392
393	394
395	396
397	398
399	400
401	402
403	404
405	406
407	408
409	410
411	412
413	414
415	416
417	418
419	420
421	422
423	424
425	426
427	428
429	430
431	432
433	434
435	436
437	438
439	440
441	442
443	444
445	446
447	448
449	450
451	452
453	454
455	456
457	458
459	460
461	462
463	464
465	466
467	468
469	470
471	472
473	474
475	476
477	478
479	480
481	482
483	484
485	486
487	488
489	490
491	492
493	494
495	496
497	498
499	500

TABLE OF CONTENTS

Provision Applicable to Holders of Western Sizzlin Common Stock Ranking

Provision Applicable to Holders of the Debentures

Western Sizzlin's common shares ranks junior to all of its other securities and indebtedness with respect to dividend rights and rights upon Western Sizzlin liquidation, dissolution and winding up.

The debentures will rank senior to Steak n Shake's common stock with respect to rights upon Steak n Shake's liquidation, dissolution or winding up. The debentures will constitute direct and unsecured obligations of Steak n Shake and are subordinated in right of payment to all of its senior debt, as that term is defined in the indenture and described in the section of the proxy statement/prospectus entitled "Description of Debentures - Subordination of Debentures."

Conversion Rights

Western Sizzlin's common stock is not convertible into any other security.

The debentures will not be convertible into Steak n Shake's common stock or any other security.

Voting Rights

Holders of Western Sizzlin's common stock are entitled to one vote per share on all matters to be voted on by Western Sizzlin's stockholders.

Generally, holders of the debentures will not have any voting rights with respect to Steak n Shake, but do have the right to vote on modifications to certain documents governing the debentures.

Redemption

Western Sizzlin has no obligation or right to redeem its common stock.

Steak n Shake may, at its option, redeem the debentures, in whole or in part, without premium or penalty, on or after the date that is the first anniversary of the date of issuance thereof at a redemption price equal to 100% of the principal amount of the debentures to be redeemed, plus any accrued and unpaid interest to the date of redemption. Holders of the debentures will not have the right to require Steak n Shake to repurchase the debentures prior to maturity. The debentures are not subject to any sinking fund.

Listing

Western Sizzlin's common stock is quoted on the NASDAQ Capital Market under the symbol WEST

Steak n Shake applied on November 10, 2009 to list the debentures on the New York Stock Exchange upon issuance; however, because the debentures will be issued without underwriting in a direct issue limited to stockholders of Western Sizzlin in a principal amount limited to \$22,959,000, no assurance can be made that any active trading market will develop for the debentures.

Transactions in Western Sizzlin Common Stock

Purchases by Steak n Shake or Merger Sub

Neither Steak n Shake nor Merger Sub has purchased any shares of Western Sizzlin common stock or exercised options to purchase shares of Western Sizzlin common stock in the past two years.

Purchases by Western Sizzlin

Western Sizzlin has not purchased any shares of its common stock in the past two years.

TABLE OF CONTENTS**Purchases by Sardar Biglari**

The following tables set forth the amount of Western Sizzlin common stock purchased, the range of prices paid and the average purchase price for each quarter that Mr. Biglari purchased shares of Western Sizzlin common stock during the past two years.

FISCAL YEAR ENDED DECEMBER 31, 2007:

Quarter	Total Number of Shares Purchased	Range of Prices Paid	Average Purchase Price
Fourth Quarter 2007	320,287 ⁽¹⁾	\$ 8.50	\$ 8.50

FISCAL YEAR ENDED DECEMBER 31, 2008:

Quarter	Total Number of Shares Purchased	Range of Prices Paid	Average Purchase Price
Second Quarter 2008	56,584 ⁽¹⁾	\$ 6.86 to \$6.95	\$ 6.88

(1) This number of beneficially owned shares was purchased and is owned by The Lion Fund, L.P. in which Mr. Biglari has sole voting and dispositive power through his control of the general partner, Biglari Capital Corp.

Purchases by Phillip Cooley

The following tables set forth the amount of Western Sizzlin common stock purchased, the range of prices paid and the average purchase price for each quarter that Mr. Cooley purchased shares of Western Sizzlin common stock during the past two years.

FISCAL YEAR ENDED DECEMBER 31, 2007:

Quarter	Total Number of Shares Purchased	Range of Prices Paid	Average Purchase Price
Fourth Quarter 2007	4,186	\$ 8.50	\$ 8.50

FISCAL YEAR ENDING DECEMBER 31, 2009:

Quarter	Total Number of Shares Purchased	Range of Prices Paid	Average Purchase Price
Fourth Quarter 2009	2,000	\$ 7.15 to \$7.56	\$ 7.46

Purchases within the Last 60 Days

None of Western Sizzlin, Steak n Shake or Merger Sub have purchased any Western Sizzlin common stock in the past two years and no executive officer or director of Western Sizzlin, Steak n Shake or Merger Sub has purchased any Western Sizzlin common stock in the past 60 days, except:

Edgar Filing: STEAK & SHAKE CO - Form S-4

On October 26, 2009, Mr. Cooley acquired 2,000 shares of Western Sizzlin common stock upon the exercise of stock options granted by Western Sizzlin with an exercise price of \$7.15 who respect to 1,000 of the shares and \$7.76 with respect to the remaining 1,000 shares.

On October 27, 2009, Mr. Dash acquired 2,000 shares of Western Sizzlin common stock upon the exercise of stock options granted by Western Sizzlin with an exercise price of \$7.15 who respect to 1,000 of the shares and \$7.76 with respect to the remaining 1,000 shares.

117

TABLE OF CONTENTS**Security Ownership of Certain Beneficial Owners And Management****Western Sizzlin**

The following table sets forth certain information regarding the ownership of Western Sizzlin's common stock as of November , 2009 by: (1) each person known to Western Sizzlin to own beneficially more than 5% of the outstanding common stock of Western Sizzlin; (2) each of Western Sizzlin's directors and named executive officers; and (3) all of the directors and executive officers as a group. As used in this table, "beneficially owned" means the sole or shared power to vote or dispose of, or to direct the voting or disposition of the shares, or the right to acquire such power within 60 days after November , 2009 with respect to any shares. Unless otherwise indicated, the address for these individuals is 401 Albemarle Ave. SE Roanoke, Virginia 24013.

Name and Address of Person ⁽¹⁾	Number of Shares ⁽¹⁾	Percent of Class
Sardar Biglari President and Chief Executive Officer, Chairman of the Board 9311 San Pedro Avenue, Suite 1440 San Antonio, TX 78216	934,215 ⁽¹⁾	32.8 %
Robyn B. Mabe Vice President, Chief Financial Officer, Secretary/Treasurer Robert R. Moore President and Chief Executive Officer of Wholly-Owned Subsidiaries Western Sizzlin Stores, Inc. and Western Sizzlin Franchise Corporation	1,500	*
James C. Verney Former President and CEO of Wholly-Owned Subsidiaries Western Sizzlin Stores, Inc. and Western Sizzlin Franchise Corporation	13,606 ⁽²⁾	*
Titus W. Greene Director	30,550	1.1 %

2109 Windermere Lane
Shelby, NC 28150

Jonathan Dash
Director
183 Rodeo Drive
Beverly Hills, CA 90212