

STEAK & SHAKE CO  
Form DFAN14A  
October 01, 2007

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

**SCHEDULE 14A  
(RULE 14a-101)**

Information Required In Proxy Statement

Schedule 14a Information

Proxy Statement Pursuant To Section 14(a) Of The Securities Exchange Act Of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

**THE STEAK N SHAKE COMPANY**  
(Name of Registrant as Specified in Its Charter)

**THE LION FUND L.P.  
BIGLARI CAPITAL CORP.  
WESTERN SIZZLIN CORP.  
WESTERN ACQUISITIONS L.P.  
WESTERN INVESTMENTS INC.  
SARDAR BIGLARI  
PHILIP L. COOLEY**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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(1) Title of each class of securities to which transaction applies:

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

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

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The Lion Fund L.P. (“Lion Fund”) and Western Sizzlin Corp. (“Western Sizzlin”), together with the other participants named herein, are filing materials contained in this Schedule 14A with the Securities and Exchange Commission (“SEC”) in connection with the anticipated solicitation of proxies for the election of two nominees as directors at the next annual meeting of stockholders (the “Annual Meeting”) of The Steak N Shake Company. Lion Fund and Western Sizzlin have not yet filed a proxy statement with the SEC with regard to the Annual Meeting.

Item 1: The following materials were posted to <http://www.enhancesteakshake.com>:

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**THE LION FUND, L.P.**

9311 SAN PEDRO AVENUE, SUITE 1440  
SAN ANTONIO, TEXAS 78216

TELEPHONE (210) 344-3400

FAX (210) 344-3411

SARDAR BIGLARI, CHAIRMAN

October 1, 2007

Dear Fellow Shareholders:

The group I represent, composed of The Lion Fund, L.P. and Western Sizzlin Corp. together with certain of their affiliates, is one of the largest stockholders of The Steak n Shake Company. As owners of 7% of the corporation, we naturally are deeply concerned about its mismanagement by the present board of directors. Under the current board's watch, shareholder value has been significantly diminished. Time has long since passed to add new board members who aspire to create value for all shareholders — and to do so with a sense of urgency. Our aim was to join the board without the distraction of a potentially contentious and expensive proxy fight. However, our efforts to discuss representation with the board have been fruitless. We are therefore appealing to you the shareholders, the true owners of Steak n Shake, to assert your dissatisfaction.

In our opinion, the optimal avenue to achieve good corporate governance and enhance long-term value is to place shareholders with substantial holdings on the board to ensure the proper coalescence of interests between the board and shareholders. We own more stock than all the directors and officers of the company combined and thus justifiably look askance at the troublesome turn Steak n Shake's top leadership has persisted in taking. We believe a board of directors should participate in the future of its company by making considerable financial commitments on the same basis as other shareholders do, not simply through stock options or other stock grants.

We are disturbed by the present direction of The Steak n Shake Company as exemplified by its failed vision, failed strategy, failed execution, and failed board. The amalgam of poor corporate governance, lack of strategic direction, and deteriorating operating and financial performance has led to dismal shareholder returns. To illustrate the mismanagement, corporate general and administrative ("G&A") costs over the last five years have escalated from approximately \$98,000 per company-owned store to roughly \$125,000 per unit. Just returning to past G&A levels — on a per unit basis — would save the company around \$12 million annually. Clearly, the board has exhibited a lack of discipline about expenses and capital allocation, thereby damaging shareholder value. Yet G&A overspending is only one symptom of the firm's myriad problems that must be confronted and corrected.

Needless to say, we are disenchanted by both the recent and long-term performance of the company. We are not alone; other shareholders have expressed to us a similar degree of disappointment. Consequently, we believe that *now* is a critical period for the company, so critical it warrants change of board leadership.

Towards that end, our group has nominated Dr. Philip L. Cooley — Lion Fund director and Western Sizzlin's Vice Chairman — and me for election to Steak n Shake's board at the next annual shareholders' meeting to be held in 2008. We have chosen a pro-active approach because we see opportunities to create tremendous value. We are convinced the company has not yet attained its full potential. But to reach that potential requires forward-looking leadership. Phil and I have the experience to serve knowledgeably and impartially. Because we are tenacious by nature, we would commit ourselves for the long term and would work tirelessly to ensure that the board explores all paths to maximize

shareholder value.

Over the coming months we will be communicating with you regarding details of our ideas to improve Steak n Shake. Our recently launched web site, [www.enhancesteaknshake.com](http://www.enhancesteaknshake.com), will be the primary channel over which we will impart information on vital matters. I will also be writing you directly. Our principle is to tell you the facts that we would want to know if our roles were reversed. We encourage shareholders to visit our web site regularly and to share their thoughts with us about Steak n Shake.

We look forward to serving *your* best interests.

Sincerely,

/s/ Sardar Biglari

Sardar Biglari



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9311 San Pedro Avenue, Suite 1440  
San Antonio, Texas 78216  
Tel: (210) 344-3400  
Email: [info@enhancesteaknshake.com](mailto:info@enhancesteaknshake.com)

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