Dear Shareholders of Biglari Holdings Inc.:

Not only is it appropriate but it is also requisite to review the business objectives and economic principles of Biglari Holdings to ensure that all owners understand the tenor of the company. In building Biglari Holdings, or BH, we want our owners, whom we view as our partners, to be fully conversant with the business. Absolutely crucial is the necessity of our attracting only long-term investors, in accord with our *modus operandi*. Consequently, Phil Cooley, Vice Chairman of BH, and I find it imperative to transmit information we ourselves would want to know if our roles were reversed with you.

Biglari Holdings, a diversified holding company owning controlled and noncontrolled businesses, has been organized to permit maximum flexibility of capital deployment to businesses and investments. BH will persist in its evolution as we assemble an ever-larger number of cash-generating businesses. As the sole capital deployer, who allocates capital with maximum latitude, I review a wide range of options to apportion capital so I can shape Biglari Holdings based on opportunity. As a result, Biglari Holdings represents a quintessential entrepreneurial company. To elucidate what the idea of entrepreneurship means, allow me to share with you the tale of how it all began for this entrepreneur.

The Genesis Story

Our corporate journey began in 1996 when at age 18 I founded my first substantive business, an internet service provider, by raising a whopping $15,000. I was a freshman in college, and I felt time was passing me by to get a real business going. Armed with a pittance of capital, I had to rely on ingenuity to ensure we made it, by doing such things as bartering our connectivity services for other services we vitally needed, e.g., signage, advertising, and business cards. (The ability to make lemonade out of lemons would henceforth prove valuable.) It was also the first time that I had to meet a payroll, when I hired a handful of people who became convinced that we had a bright future. We were determined to persevere, overcoming resistance and thereby growing the enterprise at a healthy clip on a simple motto: I asked customers to choose us based upon faith but retain us based upon performance.

Although the venture generated a decent cash flow, the combination of my becoming increasingly concerned over the competitive dynamics plus the run up in asset values, namely, the Internet bubble, led me to contact a firm that had gone public and was seeking to purchase companies such as mine for *cash*. Thus, three years after the launch, I sold the business to Internet America (with the apt ticker symbol, GEEK). While I was in the process of selling the company, I had also been working on my next undertaking: to continue my entrepreneurial journey of building and operating enterprises.

In 2000, I took the proceeds from the sale to seed the founding of my next venture, Biglari Capital Corp., general partner of The Lion Fund, L.P., a private partnership of a limited number of members. I began building on the foundations of my initial businesses by propelling one profitable venture into another. Over the years, we developed a history of appraising, investing, owning, running, and turning around companies — and in doing so, we were creating wealth for our partners and shareholders. Through a series of multifaceted transactions in public and in private companies — too detailed to be enumerated — Biglari Holdings Inc. was founded, the dynamic vehicle through which all our business activities are carried out.

Currently, Biglari Holdings includes three major wholly-owned subsidiaries: Biglari Capital Corp., Western Sizzlin Corp. and Steak n Shake Operations, Inc. By now our workforce numbers about 22,000 employees, but we still function as we did when we were a start-up.

As a corollary, we have found significant opportunities in underperforming companies, and we are thus willing to engage in turnaround situations. For an entrepreneur, turnarounds are very similar to start-ups — both require sharp decision-making in a chaotic, amorphous, disorderly setting. For instance, the reason we were able to engineer a highly successful, rapid operational turnaround at Steak n Shake during the Great Recession stems from our entrepreneurial approach.

As a businessman, I have utilized capital to invest, create, operate, and build businesses. Whether I am starting a new business under the mantle of Biglari Holdings, seeking the improvement of a controlled operating company or of a noncontrolled one, my pursuit remains entrepreneurial. Being an entrepreneur is not just an outcome but also a way of thinking and behaving creatively, adaptively, and innovatively. The term *entrepreneur* was best explained around 1800 by French economist Jean-Baptiste Say, who is attributed as saying that an entrepreneur is someone who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield."

* * *

Because we intend to construct BH through multiple dimensions, we do so with a long-term economic purpose: to maximize per-share intrinsic value.[1] Our operating and capital deployment decisions are driven by their long-term economic consequences, measured by advancement in per-share intrinsic value.

In meeting our objectives, we search for simple, comprehensible, and predictable businesses whose future economics can be evaluated in order to tilt the profit-to-risk ratio vastly in our favor. BH is in the business of owning other businesses in full and in part. Because our subsidiaries generate cash beyond their needs, we cycle the cash to add to our collection of majority-owned and partially-owned businesses. Our preference is to acquire businesses in their entirety at viable prices. Naturally, we will choose stock ownership when the stock market offers us the opportunity to purchase a minority interest at a discount over transactions involving corporate acquisitions. Over the last two years we have apportioned capital to marketable stocks because select bargains were presented in the stock market.

The combination of cash generated by operating subsidiaries along with my capital allocation work will stoke our corporate performance, which according to our criterion must outdo our benchmark, the S&P 500 Index.

Phil and I evaluate BH's economic performance in many ways. We will present the segments that coincide with our thinking by reviewing BH as composed of two parts: investments and operating businesses.

[1] Intrinsic value is measured by taking all future cash flows into and out of the business and discounting the net figures at an appropriate interest rate.

Investments

As of the end of fiscal 2012, total investments (cash, stocks, and BH's investment in The Lion Fund, L.P.) amounted to $378.6 million, increasing from $252.8 million, for a year-over-year gain of 50%.[2] Total investments were $6.9 million at the end of fiscal 2008. The subsequent increase of $372 million by the end of fiscal 2012 resulted from a series of effective investment and business decisions. The following table displays BH's annual total investments since fiscal 2008:

	Fiscal Year *(In Millions)*				
	2012	**2011**	**2010**	**2009**	**2008**
Cash Equivalents....................	$ 60.4	$ 99.0	$ 47.6	$ 51.4	$ 6.9
Marketable Securities............	269.9	115.3	32.5	3.0	–
The Lion Fund, L.P.	48.3	38.5	38.6	–	–
Total Investments...................	**$ 378.6**	**$ 252.8**	**$ 118.7**	**$ 54.4**	**$ 6.9**

Enjoy the numbers but do not expect an encore. In fiscal 2013, I do not expect a dramatic lift. You should also brace yourself in the short run because we do not mind a rough ride provided that we trigger a higher eventual return. In fact, we *prefer* volatility, for it produces the potential to exploit price oscillations. Our results will invariably be more volatile because our portfolio is quite concentrated.

Our approach to purchasing stocks is to concentrate capital into very few concerns. We focus our attention and capital in an attempt to increase returns yet concomitantly reduce investment risk. Therefore, we limit our appraisals and allocations to businesses we can rationally assess, immersing ourselves in understanding a business rather than attempting to study many shallowly. As a consequence, our range of investments may be narrow, but within it we must be supreme. Analysis that is a mile wide and an inch deep is fool's gold. We purchase stocks for investment not speculation. Our old-fashioned, long-term investment approach is one that suits us.

Over 75 years ago John Maynard Keynes employed a strategy favoring portfolio concentration when he managed a fund of King's College at Cambridge, producing a stellar investment record. In 1938 Keynes succinctly outlined his guiding principles: "1. a careful selection of a few investments having regard to their cheapness in relation to their probable actual and potential *intrinsic* value over a period of years ahead and in relation to alternative investments at the time; 2. a steadfast holding of these in fairly large units through thick and thin…. 3. a *balanced* investment position, i.e. a variety of risks in spite of individual holdings being large…." Such a strategy is simple to understand but seldom practiced. Keynes explained in his seminal book *The General Theory*: "Finally it is the long-term investor, he who most promotes the public interest, who will in practice come in for most criticism…. For

[2] This sum excludes the investments held by the operating subsidiaries engaged in investment management, that is, the funds we invest on behalf of limited partners. For more information on the accounting of The Lion Fund, L.P. ("TLF"), read the 2010 Chairman's Letter under the heading of Accounting Rules Regulating Affiliated Partnerships.

it is in the essence of his behaviour that he should be eccentric, unconventional and rash in the eyes of average opinion…. Worldly wisdom teaches that it is better for reputation to fail conventionally than to succeed unconventionally."

* * *

Securities held at BH are at market value with realized gains/losses influencing reported earnings, sometimes materially. In the long run, all gains — realized and unrealized — are essential to the value of the company. But we do not realize gains or avoid losses in order to report higher earnings. In fact, we encourage you to analyze our business performance *before* interpreting the ramifications of realized gains. At fiscal year end we had a pool of pre-tax unrealized gains of $70.8 million, which if we had realized them we would have greatly enlarged and thereby distorted our reported earnings. Below is a table of our net realized gains since 2010:

	Pre-Tax Gain *(In 000's)*			
	2012	**2011**	**2010**	**Total**
Common Stocks	$ 4,200	$ 7,360	$ 3,802	$ 15,362
Derivatives/Other	–	610	222	832
Total	**$ 4,200**	**$ 7,970**	**$ 4,024**	**$ 16,194**

Capital Structure

BH as a holding company has separate obligations from its subsidiaries. Furthermore, each subsidiary's capital structure risk will vary and will be inversely related to its business risk. As of now, we have no debt at the parent company level. Most of the debt resides in our wholly-owned subsidiary, Steak n Shake.

Toward the end of fiscal 2011, Steak n Shake added $86 million of debt which allowed it to dispatch $83.2 million to BH. Thus, the proceeds went to BH to fund its growth. After a year of Steak n Shake's producing strong cash flows along with even better market conditions, we refinanced its credit facility right at the end of fiscal 2012, thereby reducing the interest rate from 5.3% to 3.7% while gaining additional flexibility. Steak n Shake's refinancing resulted in a fiscal year end of $130 million in debt and $50 million in available revolving credit. However, Steak n Shake's debt is *not* guaranteed by BH. The refinancing gives us more optionality, which we value far more than most people do. We continue to adjust Steak n Shake's capital structure to maintain an appropriate level of debt and debt capacity, while strengthening BH's balance sheet.

Balance sheet management is a source of value at BH and an essential responsibility of mine. Indisputably, we are debt averse and will add debt only if it is in an arrangement that would not place us in a precarious situation under any circumstances. Our views toward capital structure are conservative, and will remain so, even though our returns could be enhanced with additional leverage.

As we craft Biglari Holdings, we aim to do so on a solid foundation.

Earning Power

Although Phil and I believe the evaluation of BH's economic progress should include earnings from both controlled and noncontrolled holdings, accounting conventions dictate otherwise. To share with you our views on how we weigh BH, we think it is first instructive to review with you the requirements under generally accepted accounting principles. In the interest of brevity, we will provide you with an ultra-abridged outline of the accounting rules concerning ownership by one company of the common stock in another. The following are three accounting guidelines, largely driven by ownership interest.

1. Holdings of more than 50% result in consolidation of financial statements. Steak n Shake, owned 100% by Biglari Holdings, is an example. Consequently, we fully record the sales, expenses, profits, assets, liabilities, etc. of Steak n Shake.

2. Holdings between 20% and 50% impact the income statement as a single item by recording the proportional share of the investees' net income. BH currently does not have businesses of significance that fall into this category.

3. Holdings below 20% are not regarded on the income statement except for dividends received. Over the last year we have committed significant capital to this category. We recorded the dividends received as part of our reported earnings. But our pro-rata claim on their retained earnings will not be accounted for on our income statement.

Biglari Holdings' ownership of businesses ranges from less than 1% to 100%. In assessing BH's progress, Phil and I fully credit our earnings of noncontrolled businesses which we add to the earnings of our controlled businesses in order to arrive at a reasonable estimate of "economic" earnings. We would never make a capital deployment decision based on accounting consequences. Rather, we concern ourselves with the economic consequences of our decisions.

Our earning power from noncontrolled holdings is now rather sizable because of an important move to concentrate capital into the stock of Cracker Barrel Old Country Store, Inc. At fiscal year-end we held 4,091,037 shares (140,100 shares through TLF) for an ownership of 17.3% of the company. The open-market purchases cost us $200 million and had a market value of $275 million at fiscal year end. Cracker Barrel has 621 stores and generated sales of $2.5 billion in its 2012 fiscal year. Because of our current 18% ownership of Cracker Barrel, our economic stake is akin to owning 100% of a $450 million chain with 111 stores. However, under accounting rules we do not record our pro-rata share of Cracker Barrel's earnings. Instead, we account for only dividends received. In the coming year, Cracker Barrel is expected to pay us over $8 million in dividends. However, our pro-rata share of retained earnings — unaccounted for on our books — should exceed the dollar amount of the dividends received in the coming year.

When Phil and I factor in our share of undistributed earnings of equity positions, we calculate the figure on an after-tax basis: if retained earnings were paid out as dividends, we would be required to pay taxes. As a corporation, we exclude 70% of all dividends received from taxable income, resulting in an effective tax rate of about 11%.

Operating Businesses

Our subsidiary businesses are rivers of cash. We take the surplus cash and reinvest it where we believe we can generate high risk-adjusted returns. We have no master plan of what businesses we will own or in which industries we will compete. Invariably, we move money around for better utilization, weighing one opportunity against another, as a mechanism to spawn more value. Doing so over time, we will diversify BH into a broad range of differing businesses.

At this time, our operating businesses are involved in restaurant operations (Steak n Shake and Western Sizzlin) and investment management (Biglari Capital Corp., et al.). The following table delineating earnings is presented in a way we believe is most useful to shareholders:

	(In 000's)	
	2012	**2011**
Operating Earnings:		
Restaurant Operations:		
Steak n Shake	$ 45,622	$ 41,247
Western Sizzlin	2,157	2,455
Investment Management:		
Biglari Capital (Incentive Fee)	36	2,510
Other	–	224
Corporate and Other(1)	(13,859)	(3,163)
Operating Earnings Before Interest and Taxes	33,956	43,273
Interest Expense(2)	10,110	2,811
Income Taxes	4,857	10,838
Net Operating Earnings	18,989	29,624
Investment Gains (net of taxes)	2,604	4,941
Total Earnings	$ 21,593	$ 34,565

(1) Includes earnings from consolidated affiliated partnerships
(2) Includes loss on debt extinguishment

In 2012 performance by operating businesses was satisfactory. However, judging by net operating earnings (before realized investment gains) of $19 million versus $29.6 million the prior year, it would appear rather dismal. Nevertheless, we will review the main reasons why the drop in net numbers was unrelated to the underlying business and why we believe intrinsic value actually *increased*.

Corporate expenses jumped significantly largely because of investment-related fees, namely, the performance-based compensation, which runs through the earnings statement, yet unrealized investment gains do not. Unrealized appreciation, after income tax effect, is included as a separate component of shareholders' equity. Per-share book value encompasses both operating earnings/losses as well as unrealized gains/losses. In fiscal 2012, per-share book value grew by 24.8%, a rate greatly enhanced by investment gains. The 2012 pre-tax change in unrealized appreciation was $79.6 million plus $4.2 million in realized gains. Had we not created these gains, corporate expenses would have been lower by $8.4 million. A core principle of the incentive plan is that compensation is based on economic gain.[3] Of course, by growing the value of the business through investments, the operating earnings appear worse, another example of a shortcoming in accounting principles. In general, the higher the unrealized gains, the worse the operating earnings.

Interest expenses increased by $7.3 million, which includes refinancing costs. As previously discussed in the Capital Structure section, the debt is attributable to Steak n Shake. We altered the earnings table this year by breaking out interest on the debt to provide necessary data in order for you to conduct a more robust analytical assessment of the business. The cash Steak n Shake has raised and distributed created value for BH, because it led to higher economic earnings inasmuch as we have gainfully employed the capital. Nevertheless, the interest costs appear on the income statement even though the full economic benefit does not.

Biglari Capital Corp. was not a profit contributor last year. Its profits are unpredictable because that entity derives results from the performance of The Lion Fund, which changes year-over-year. The lack of consistency does not concern us because that is the nature of the business. Volatility also does not concern our loyal partners, many of whom had faith in me in the early days of my founding the venture when we were unknown and unproven.

Restaurant Operations

Restaurants, our core business, are BH's cash engine.

Our two wholly-owned restaurant businesses are Steak n Shake and Western Sizzlin. The business models of each differ. Steak n Shake is primarily involved in operating restaurants with 501 locations, of which 414 are company-operated. However, Western is principally involved in franchising restaurants, with 92 units — all but 5 franchisee run.

Western sent BH about $3.2 million of cash, some of which was from changes in working capital. For BH to receive a proportional amount of cash in the current year, Western's operating performance must improve. The Western team is charged with several initiatives to produce the desired result.

* * *

[3] The incentive plan stipulates that *after* shareholders earn 6% on equity, they would receive 75% of the gain above the hurdle rate, and I would earn 25%. Per-share book value, adjusted to remove noneconomic factors, was chosen as a proxy, albeit usually understated, to track per-share progress in intrinsic value. For more information regarding the plan, read the 2010 Chairman's Letter and the incentive agreement, both available at biglariholdings.com.

Phil and I believe that in fiscal 2012, Steak n Shake's growth in intrinsic value surpassed its growth in earnings. Steak n Shake's earnings before interest and taxes climbed to $45.6 million, up from $41.2 million the prior year. This 10.7% increase was attained despite our investing noteworthy money into our franchising efforts, which lessened profits. We overcame the spending on the emerging side of the business, franchising, by making the traditional side, the stores in our domain, far more productive.

Most publicly-traded restaurant companies spend money to open new stores in an attempt to gain more overall profit. But many fail to achieve an increment in profit to justify the investment. Some even manage to experience a decline in profit in spite of investments in new stores. Unlike most others, Steak n Shake has not retained earnings to open stores, yet has produced an extraordinary upswing in earnings.

The major reason Steak n Shake's unit-level performance has been improving is that unit-level customer traffic has been on the ascendency for the last fifteen consecutive quarters. Customer traffic is a performance metric that measures the number of patrons who walk through units open for more than eighteen months. As I have warned in the past, a single metric to measure results is incomplete and inconclusive. However, the metric accrues validity when it has been accompanied within a constant base of stores in which traffic growth was attained without consequential capital outlays to produce it, covers several years, and results in profit growth. After all, without customers there is no business. On this customer metric, Steak n Shake has been an outperformer, an outlier in the restaurant industry.

Customer Traffic

	Q1	Q2	Q3	Q4	FY
2009	(0.9%)	7.8%	13.4%	20.0%	**10.1%**
2010	23.0%	7.4%	9.6%	8.6%	**10.6%**
2011	3.5%	5.2%	4.8%	5.4%	**4.8%**
2012	5.7%	5.2%	2.2%	1.7%	**3.7%**
Cumulative	33.4%	28.1%	33.1%	39.7%	**32.3%**

Fiscal 2009 was the turnaround year. In less than a year we came out of a financial coma to sprint past competitors, many of whom were fading. Since then we have been on a growth trajectory. On a cumulative basis, we have had a 32% increase in customer traffic, all through the same stores. Stated differently, this increment from fiscal 2008 to 2012 represents, in aggregate, about 70 million more visits by customers.

To achieve such desirable results required an industrious organization, one fanatical about the customer. In 2009 Steak n Shake was reinvigorated, reengineered, and reinvented to infuse a new purpose — both aspirational and audacious — to lead and dominate the premium burger and milkshake segment of the restaurant industry. The company became transformed, and value was extracted through better execution. I am frequently asked what has been the secret to our achievement. The answer is easy: the approximately 22,000 associates whose talents were unleashed, who worked assiduously to ensure that patrons are delighted on each visit, and who are eager to return.

Increasing customer traffic by building new units is not a managerial feat — all it takes is money. The trick and the triumph are to enlarge customer traffic *profitably* and adeptly through existing stores — and leveraging fixed restaurant-level costs — without spending much money.

More customers per store have led to more profit per store. Displayed below are the earnings before interest and taxes on a per unit basis for the last five fiscal years:

	(Dollars in 000's)				
	2012	**2011**	**2010**	**2009**	**2008**
Operating Earnings Before Interest and Taxes..........................	$ 45,622	$ 41,247	$ 38,316	$ 11,473	($ 30,754)
No. of Company-Operated Stores........	414	413	412	412	423
Operating Earnings Per Store	$ 110.2	$ 99.9	$ 93.0	$ 27.8	($ 72.7)

Note Present management assumed control in the fourth quarter, fiscal 2008.

Our formula is extremely simple: Provide the highest quality burgers and shakes at the lowest possible profit per customer from an ever-increasing number of customers. Instead of using a weak peer group as a benchmark, we focus on the customer. The more meaningful we are to customers, the less meaningful the competition becomes. As a corollary, we are obligated to solve our own problems (e.g., increasing healthcare costs) in order to shield our customers from inflation. We view ourselves as fiduciaries of our customers, operating on a basic principle: Great value for customers converts into great results for owners.

To combat rising operating costs, we must conquer inefficiency. We absolutely must operate at a level that is faster and more effective than that of our contemporaries. To deliver the lowest possible prices to our customers, we must have the lowest possible operating costs. We have designed a low-cost operating platform, one built upon thrift. We plan to invest further in our supply chain to advance efficiency as well as capacity to service our stores.

In addition to our conquest of costs, we are investing notable capital to impose rigorous system-wide standards. Although we maneuver with extreme dexterity, we concurrently hold stringent rules pertaining to service and quality.

Steak n Shake: Pursuing Franchising

John D. Rockefeller, Sr. once said, "Don't be afraid to give up the good to go for the great." While opening company-operated stores is financially and operationally sound, a far superior path is franchising. We prefer to leverage the Steak n Shake brand by capitalizing on a franchise-based model, a noncapital-intensive strategy that generates high-return, annuity-like cash flow. We are going for a great return by giving up a good one.

By pursuing a franchising strategy, we are teaming up with partners in our determination to become a global brand. I have always believed that Steak n Shake is a brand that can be ubiquitous. To make it a reality, we have been investing significant money to advance our franchising initiatives. In fiscal 2008, direct franchising costs represented 2% of Steak n Shake's G&A. In fiscal 2012, it reached 14.8%. This year, we are on track to spend even more. But these expenditures signify one of the most efficient uses of our capital because, we believe, they will achieve high rates of return yet concomitantly reduce operating risk. Even though these efforts *dilute* Steak n Shake's near-term earnings, we estimate that we are augmenting the company's intrinsic value. Eventually, franchising will represent a business that will not consume cash but will coin it.

The basic premise is to strengthen operating capabilities to develop a formidable franchise network — cultivating and overseeing skilled entrepreneurs — to adhere to our uniform operating regimen. Over the last year, we have made good progress in recruiting franchise partners. We have signed agreements with franchisees who in the coming years have committed to opening 171 units. A major milestone was announced a couple of months ago: Our first international development agreement was signed in order to establish 40 restaurants throughout the United Arab Emirates. And we are just beginning, for the UAE will be the springboard from which we plan to grow the Steak n Shake brand in many other countries.

To manage international operations systematically, we are in the process of opening an office in Europe. We continue to recruit personnel in areas such as marketing, supply chain, operations, franchise sales, and information technology.

One salient factor in our ability to secure franchise partners has been the creation of new Steak n Shake concepts, along with their unmatched design and superb unit economics. These benefits arose from our new subsidiary, Biglari Design Inc., whose main purpose is to assist our portfolio companies in the development and design of new concepts and aesthetics, along with the fostering of their brands. As innovators, we have an advantage in design, and our expertise shows as it has elevated Steak n Shake's ability to secure partnerships to enhance its brand domestically and abroad.

We are excited about our prospects for franchise growth. Steak n Shake is optimally situated to attain sustainable growth in its niche because of its manifold and inherent advantages. Steak n Shake is a company with great potential, one to which we are deeply dedicated.

Shareholder Communications

Through our direct communications with you, such as the Chairman's Letters, we strive to advance your understanding of the business. At Biglari Holdings, we have no departments set aside for legal, investor relations, or public relations. I myself pen letters to you because we do not believe in outsourcing thinking or writing. I owe it to you to hear directly from me. We do avoid discussion when it pertains to our interests in specific publicly traded companies. Outside of regulatory requirements, we do not bruit about our investment ideas, opting instead for maximum discretion. Yelping, we let others do. My aim in the Chairman's Letter is to impart our business philosophy, explain how the business has performed, and supply the information necessary for you to arrive at your own estimate of the worth of the company. We encourage you to read my Chairman's Letters from prior years to gain more knowledge of the business, which can be easily accessed on our website at biglariholdings.com.

Our culture is shareholder-oriented and entrepreneurial. A critical element of BH's value encompasses my capital allocation work. How capital is redeployed greatly affects the value of your shares. BH is an exceedingly adaptive organization; because so much rests on capital allocation, BH is foremost a jockey stock. Our catechism we know is not for everyone.

For that reason we attempt to be explicit in our communications to ensure that any entering stockholder is fully knowledgeable about the company. An investor would be in error to own BH stock if he or she is not comfortable with our structure, strategy, or style. Those who are in accord with our idiosyncrasies and also have a long time horizon, then what this jockey can guarantee is that we will give all we have to create value over the *long haul*.

We will issue press releases on fiscal 2013's quarterly results after the market closes on January 25, May 17, and August 9. The 2013 annual report will be posted on our website on Saturday, December 7, 2013.

Our annual meeting will be held on Thursday, April 4, 2013 in New York City at the St. Regis Hotel. We will begin at 1:00 pm. The bulk of the meeting, following prior years' practices, will center on answering your questions. Our meetings are highly unusual because they usually last about five and one-half hours. It is a testament to our unconventional format and in the spirit of an owner-oriented culture in which — unlike most shareholder meetings of other public companies — we *want* our owners to be engaged by asking questions on their minds. Phil and I look forward to spend the time necessary to answer your questions. We find the annual meeting to be an effective medium for communication.

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My entrepreneurial odyssey of business creation *ab initio* has rested on a basic principle: to generate cash and then to parlay that cash into more cash-producing businesses. Our ideas may be in accord with those of a different era and quite often contrary to current corporate conventions. Irrespective of our nonconformity, we will do what we believe is right. We allow our long-range results to be the ultimate arbiter of our actions.

We are honored to be stewards of your capital, we value your long-term allegiance, and we anticipate a continuing, prosperous partnership.

Sardar Biglari
Chairman of the Board

December 7, 2012