



Sardar Biglari Issues Letter to Shareholders of The Steak n Shake Company

2007-10-02

Sardar Biglari, Chairman and CEO of Western Sizzlin Corporation (BULLETIN BOARD: WSZL) and The Lion Fund, L.P., issued the following letter today to the shareholders of The Steak n Shake Company (NYSE:SNS) concurrent with the launch of www.enhancesteaknshake.com:

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 knowledgeable 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, 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

Western Sizzlin Corp., The Lion Fund, L.P., Biglari Capital Corp., Western Acquisitions, LP, Western Investments Inc., Sardar Biglari, and Philip L. Cooley as a group are owners of 7% of the outstanding common stock of The Steak n Shake Company. The group has nominated Mr. Biglari and Dr. Philip L. Cooley - a director of The Lion Fund and Vice Chairman of Western Sizzlin - for election to Steak n Shake's board at the next annual meeting of shareholders to be held in 2008.

Western Sizzlin Corp. is a holding company which owns a number of subsidiaries. Its most important business activity is conducted through Western Sizzlin Franchise Corp., a steak and buffet restaurant chain franchising and operating approximately 125 units. Common stock of the company is listed on OTC Bulletin Board trading symbol WSZL.

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