

The Steak n Shake Company Reports Fiscal Fourth Quarter 2007 Results

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Same store sales for Company-owned stores declined 3.9%

The Steak n Shake Company (NYSE:SNS) today announced its revenues and earnings for the fourth quarter 2007 ended September 26, 2007.

Highlights of the fiscal fourth quarter include:

Total revenues of \$151.1 million compared to \$152.0 million in 2006

Diluted earnings per share of \$0.05 after \$0.02 per share charge for non-operating expenses

Same store sales for Company-owned stores declined 3.9%

Highlights for fiscal 2007 include:

Total revenues increased 2.4% to \$654.1 million

Same store sales for Company-owned stores declined 3.8%

Completed the opening of 16 new Company owned and six new franchise restaurants

Fiscal Fourth Quarter 2007 Results

Total revenues for the 2007 fiscal fourth quarter were \$151.1 million compared to \$152.0 in the same quarter last year. During the fourth quarter, same store sales declined by 3.9% as guest traffic was impacted by store level execution and the continuing challenges facing consumers related to various housing issues and rising consumer costs.

Net earnings for the 2007 fiscal fourth quarter were \$1.5 million, or \$0.05 per diluted share, compared to \$7.5 million, or \$0.27 per diluted share in the prior year. During the 2007 fiscal fourth quarter a \$1.1 million pre-tax charge (\$0.7 million, or \$0.02 per share net of tax) was recorded for non-operating expenses related to evolution of the organization. In addition, earnings for the quarter were also impacted by higher commodity costs and minimum wage increases, partially offset by a favorable effective tax rate.

Fiscal 2007 Full Year Results

For the fiscal year 2007, total revenues increased 2.4% to \$654.1 million compared to \$638.8 million in the prior year. Same store sales decreased 3.8% for Company-owned units during fiscal 2007. Diluted earnings per share were \$0.42 versus \$1.00 in the prior year. Net earnings were \$11.8 million, including \$1.9 million of pre tax, non-operating expenses related to evolution of the organization and a \$5.4 million pre tax, non-cash impairment charge related primarily to 14 underperforming restaurants. Diluted earnings per share includes a \$0.04 per share impact of non-operating expenses and \$0.12 per share of non-cash impairment charges.

Alan Gilman, Acting Chief Executive Officer and Chairman commented, "Fiscal 2007 was a very challenging year for the Steak n Shake Company related primarily to issues of store level brand execution, compounded by a difficult on-going consumer environment. We are clearly disappointed with the operating results and are working with a sense of urgency to address these business challenges. As we begin fiscal 2008, the management team is focused on simplifying business initiatives, intensifying the focus on field leadership and store level execution, as well as critically reviewing the Company's cost structure"

"The Company expects a difficult cost environment in fiscal 2008, including rapidly rising commodity costs, especially dairy, as well as the incremental annual impact of minimum wage increases. We are attempting to aggressively manage through this cost environment with prudent price increases, labor management efficiencies and supply chain cost savings initiatives. In addition, during the fourth quarter we took actions that will lower net general & administrative expenses for fiscal 2008 by approximately \$8.1 million, reflecting our initiatives focused on store level execution."

Mr. Gilman concluded, "Despite the current challenging operating environment, we remain confident about the future of this great brand as we intensify our focus on improving store level execution and its role in delighting our loyal customers. While this important work takes time, it is fundamental to the future success of Steak n Shake."

Fiscal 2008 Guidance

The Company is issuing 2008 full year fiscal diluted earnings per share guidance ranging from \$0.32 to \$0.42. This guidance is based on annual same store sales of down 1.0% to 5.0%, given the continued difficult operating environment and the resulting impact on same stores sales performance. The Company expects that same store sales will improve throughout the year with the first quarter reflecting the current challenging business environment and the impact of an incremental coupon value event in fiscal 2007 that was not repeated in the current year, partially offset by a November fiscal 2008 price increase.

The Company anticipates opening approximately nine Company-owned and six franchised stores during fiscal 2008. The Company will also rebuild two older units and remodel four to six units utilizing an updated restaurant design which adds the historic winged logo to the building exterior. The updated design will be used for new unit construction beginning in fiscal 2009. As of September 26, 2007, there were 491 Steak n Shake restaurants operating in 21 states, including 435 Company-owned restaurants and 56 franchised units.

As previously announced during August, the Company appointed a Special Committee of independent directors to examine all potential strategic opportunities to increase shareholder value. The Special Committee continues to work with Merrill Lynch & Co. which was retained as its financial advisor. The work of this Committee is on-going and any future decisions that may arise from this work will be shared at the appropriate time.

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