



Biglari Capital Corp.

Investor Presentation

October 2020

Executive Summary

- Biglari Capital Corp. (BCC) has maintained significant ownership interest in Cracker Barrel (CBRL) for almost a decade.
- We firmly believe that Cracker Barrel is an A+ brand. We have consistently sought to ensure that management and the Board focus on the core brand in order to maximize shareholder value.
- In the past, many of our suggestions have been met with opposition from the Board, only to be adopted subsequently, thereby creating significant value for shareholders.
- The Company has largely failed to execute the 3-year plan it announced in 2017. Failure to execute has resulted in lagging total shareholder return (TSR) relative to relevant peers and benchmark index (the S&P Mid-Cap 400 Restaurants Index), a multi-year trend in negative guest traffic growth, declining store level operating margins, and deteriorating sales-to-investment ratio.
- Additionally, the Board has made poor capital allocation decisions such as investing in Punch Bowl Social that resulted in a \$137 million loss in eight months.
- We are seeking one Board seat for an independent director nominee who brings significant restaurant and capital allocation expertise – necessary skills that are currently lacking from the Board. If elected, our nominee will help to:
 - Bring discipline to the company’s capital allocation;
 - Focus the Board and management on the Cracker Barrel brand;
 - Reject all egregious acquisitions or investments;
 - Disclose to shareholders the returns on capital deployed on new stores opened in the past decade; and
 - Return capital to shareholders through dividends and/or share repurchases.
- The Company has a history of launching personal attacks against Sardar Biglari and Biglari Holdings. Neither Sardar Biglari nor Biglari Holdings is seeking Board representation. Instead, we have nominated an unaffiliated candidate who brings extensive and relevant industry experience. It is time to focus on the message and not the messenger.

Vote FOR Raymond Barbrick on the GOLD card

Our history of shareholder advocacy

	Our Ideas for Value Creation	Cracker Barrel's Response	Ultimate Outcome
Disclosure	<p>"...we are deeply disturbed over your failure to disclose operating segments for both the restaurant and the retail operations of the business..."</p> <p>– CEO Letter, 8/23/2011¹</p>	<p>"The SEC has no issues with it."</p> <p>– Former CEO/Chairman Michael Woodhouse¹</p> <p>"...segment reporting was not raised by the Division of Corporate Finance which means that they are implicitly accepting the disclosures."</p> <p>– Lawrence Hyatt, CFO¹</p>	<p>"Management has not given this disclosure in the past, and we believe it provided the detail in today's release in response to recent pressure from activist shareholder Sardar Biglari."</p> <p>– Key Banc, 9/13/2011²</p>
Licensing	<p>"Licensing will aid in making the brand ubiquitous and top of mind."</p> <p>– Letter to Shareholders, 11/14/2011³</p>	<p>"...licensing of retail and food products sound exotic, they won't produce the immediate 'return on effort'..."</p> <p>– Investor Presentation, 11/29/2011⁴</p>	<p>"Our strategic plan includes...Extending the brand beyond our physical stores to create long term value through e-commerce and licensing."</p> <p>– 10-Q, 5/22/2012⁶</p>
New Store Expansion	<p>"Our plan calls for a moratorium on the expansion of new stores...opening new units when current ones are losing traffic is strategically flawed."</p> <p>– Letter to Shareholders, 11/14/2011³</p>	<p>"We believe our investment in new stores has generated attractive returns for our capital investment."</p> <p>– Investor Presentation, 11/29/2011⁴</p>	<p>"...we previously planned to ramp up new store construction to 5% of our base or approximately 30 new stores annually, we now see that the current new store growth rate of between 12 stores and 15 stores annually is appropriate."</p> <p>– Lawrence Hyatt, CFO, Earnings Call, 4/27/2012⁵</p>
Special Dividends	<p>"...over the last several months we have proposed that the Board pay a significant special dividend."</p> <p>– Letter to Chairman, 10/24/2013⁷</p>	<p>"...it doesn't seem that there is a lot of enthusiasm for the company to lever up to pay a large special dividend."</p> <p>– Lawrence Hyatt, CFO, Earnings Call, 10/1/2013⁵</p>	<p>"...The Board of Directors also declared a special dividend of \$3.00 per share on the Company's common stock."</p> <p>– Earnings Release, 6/2/2015⁸</p>

1. CEO Letter: https://www.sec.gov/Archives/edgar/data/93859/000092189511001653/ex991to13da107428cra_082311.htm
 2. Investor Presentation: https://www.sec.gov/Archives/edgar/data/1067294/000092189515002312/ex991to13da3207428021_102115.pdf
 3. Shareholder Letter: https://www.sec.gov/Archives/edgar/data/93859/000092189511002197/dfan14a07428021_11142011.htm
 4. CBRL Investor Presentation: <https://www.sec.gov/Archives/edgar/data/1067294/000119312511324726/d262420ddefa14a.htm>

5. FactSet Call Transcripts
 6. 10-Q: <https://www.sec.gov/Archives/edgar/data/1067294/000114036112026730/form10q.htm>
 7. Chairman Letter: https://www.sec.gov/Archives/edgar/data/1067294/000092189513002039/ex991to13da2607428021_102413.htm
 8. Earnings Release/Dividend Announcement: <https://www.sec.gov/Archives/edgar/data/1067294/000119312515209917/d935996dex991.htm>

Our advocacy has consistently delivered results

Disclosure

3rd Quarter Disclosure 2011¹


	Third Quarter Ended		Nine Months Ended	
	4/29/11	4/30/10	4/29/11	4/30/10
Units in operation:				
Open at beginning of period	597	593	593	588
Opened during period	4	1	8	6
Open at end of period	601	594	601	594
Total revenue: (In thousands)				
Restaurant	\$ 476,361	\$ 473,293	\$ 1,436,790	\$ 1,414,078
Retail	106,164	104,940	384,703	377,954
Total	\$ 582,525	\$ 578,233	\$ 1,821,493	\$ 1,792,032


4th Quarter Disclosure 2011²

	Fourth Quarter Ended		Twelve Months Ended	
	7/29/11	7/30/10	7/29/11	7/30/10
Units in operation:				
Open at beginning of period	601	594	593	588
Opened during period	3	—	11	6
Closed during period	1	1	1	1
Open at end of period	603	593	603	593
Total revenue: (In thousands)				
Restaurant	\$497,259	\$497,586	\$1,934,049	\$1,911,664
Retail	115,683	114,897	500,386	492,851
Total revenue	\$612,942	\$612,483	\$2,434,435	\$2,404,515
Cost of goods sold: (In thousands)				
Restaurant	\$ 134,171	\$ 126,581	\$ 511,728	\$ 489,781
Retail	59,383	56,827	260,743	256,037
Total cost of goods sold	\$ 193,554	\$ 183,408	\$ 772,471	\$ 745,818

Cracker Barrel begins to report Cost of Goods Sold on a segmented basis providing shareholders with increased transparency

Licensing


October 4, 2013
Cracker Barrel Old Country Store, Inc. Announces Launch of Licensed Products
Seven Licensed Products Shipping to Select Grocery Stores and Mass Merchandisers Next Week
LEBANON, Tenn.--(BUSINESS WIRE)-- Cracker Barrel Old Country Store, Inc. announced today that the first shipments of CB Old Country Store™ licensed products made available through their licensing agreement with John Morrell Food Group, a subsidiary of Smithfield Foods, will begin shipping next week. The products, under the CB Old Country Store™ brand, include maple and smoked bacon, spiral ham and four types of lunch meat: oven roasted turkey, smoked turkey, smoked ham, and honey ham. All are high-quality, delicious products that consumers will be able to purchase as part of their regular shopping experience and enjoy in their own homes.
"Extending our brand beyond our physical locations is an important component of our strategic plan," said Sandra B. Cochran, President and Chief Executive Officer of Cracker Barrel Old Country Store, Inc. "As a leader in consumer meat products, John Morrell Food Group has earned an outstanding reputation for quality and service that is a natural fit with our Pleasing People® mission. We think the combination of strengths that our two companies consistently utilize to deliver high-quality products to our consumers will prove to be a success for our guests, retail shoppers, and our retail trading partners."
"We are delighted to announce that these seven licensed products will arrive in stores later this month," said John Peabry, John Morrell Food Group Executive Vice President of Sales and Marketing. "Now local guests of Cracker Barrel Old Country Store, Inc. can find the types of choices that they enjoy when they dine in the restaurant, right there in the refrigerated section of grocery stores ready to bring home to enjoy."
Cracker Barrel Old Country Store, Inc. does not expect the licensing initiative to have a material impact on its financial results in the 2014 fiscal year.
Cracker Barrel Old Country Store, Inc. and Kraft Foods Group Brands LLC have reached an agreement that allows Cracker Barrel Old Country Store, Inc. to enter the marketplace using the alternative logo, CB Old Country Store™, to label licensed products.
About Cracker Barrel Old Country Store, Inc.
Cracker Barrel Old Country Store, Inc. provides a family home-away-from-home in its old country stores and restaurants. Guests are cared for like family while relaxing and enjoying real home-style food and shopping that's surprisingly unique, genuinely fun and reminiscent of America's country heritage... all at a fair price.
Cracker Barrel Old Country Store, Inc. (Nasdaq:CBRL) was established in 1959 in Lebanon, Tenn. and operates 624 company-owned locations in 42 states. For more information, visit crackerbarrel.com.
About John Morrell Food Group
With over a century and a half of experience, John Morrell Food Group brands have become respected and well known for providing premium quality meat products to families across the United States. With products ranging from lunchmeats and smoked sausage, bacon and pepperoni, the John Morrell Food Group is an important part of consumer's mealtime. The John Morrell Food Group offers expert national and regional brands including Armour®, Eckhardt®, John Morrell®, Curly®, Patrick Cudahy®, Caranelli®, Healthy Orville®, Margherita® Kielbasa® and LuncheonMeats®.
About Smithfield Foods
Smithfield Foods is a \$13 billion global food company and the world's largest pork processor and hog producer. In the United States, the company is also the leader in consumer packaged meat products with popular brands including Smithfield®, Eckhardt®, Farmhand®, Armour®, Cook's®, Clearwater®, John Morrell®, Kielbasa®, Curly®, Caranelli®, Margherita®, and Healthy Orville®. Smithfield Foods is committed to providing great food in a responsible way and maintains robust animal care, community involvement, employee safety, environmental, and food safety and quality programs. For more information, visit smithfieldfoods.com.

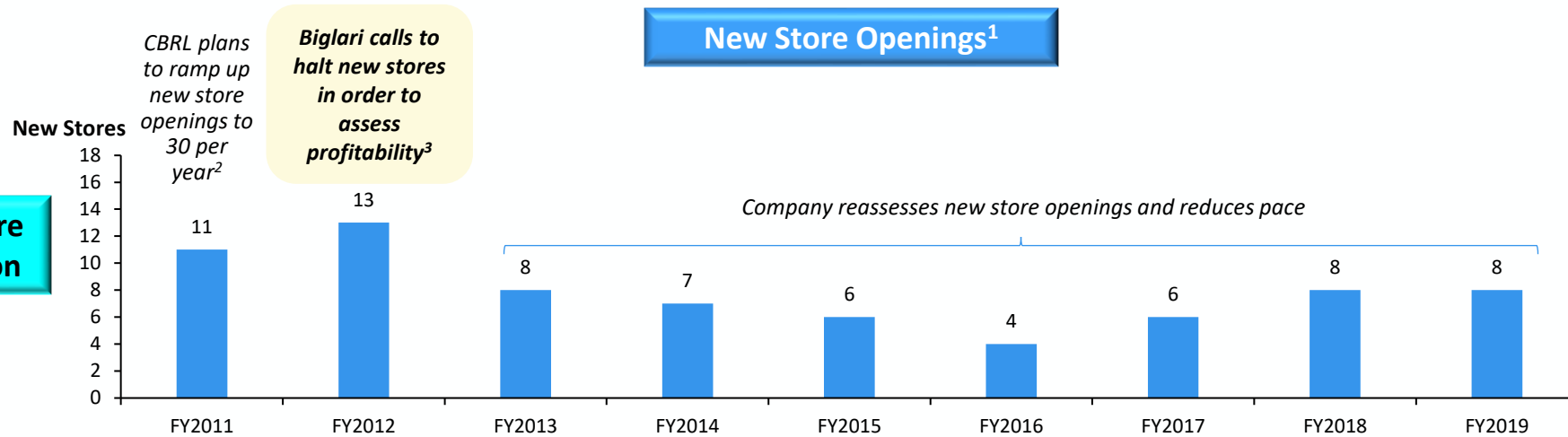

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Cracker Barrel announces launch of licensing partnership with Morrell Food Group in 2013³

1. Earnings Release, 5/24/2011: <https://www.sec.gov/Archives/edgar/data/1067294/000100579411000089/pressrelease.htm>
2. Earnings release, 9/13/2011: <https://www.sec.gov/Archives/edgar/data/1067294/000095012311084163/g28082exv99w1.htm>
3. Press Release, 10/4/2013: <https://investor.crackerbarrel.com/static-files/030eba6c-42d7-4d1c-9759-c2a3ee033e51>

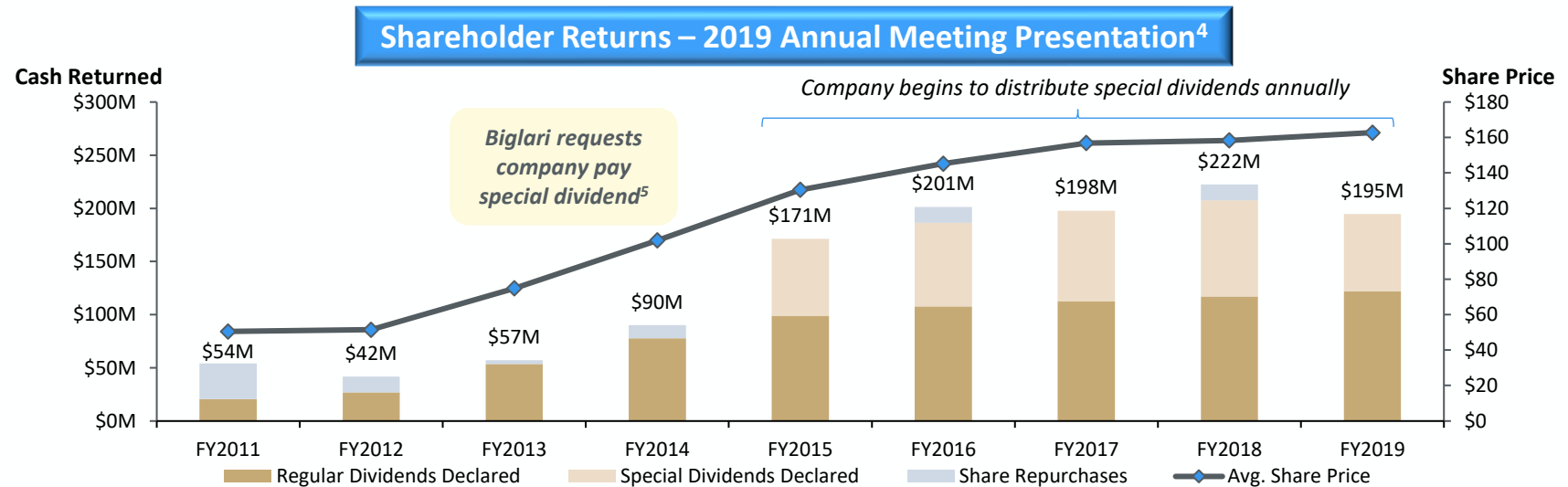
Our advocacy has consistently delivered results (cont.)

New Store Expansion



Cracker Barrel changes course and **slows pace of growth for new store openings in favor of higher return opportunities** for shareholders

Special Dividends



Cracker Barrel returns nearly **\$400 million in capital to shareholders** through special dividends distributed from 2015 - 2019

1. Company filings
 2. FactSet analyst and investor call transcript 4/27/2012
 3. Shareholder Letter, 11/14/2011: https://www.sec.gov/Archives/edgar/data/93859/000092189511002197/dfan14a07428021_11142011.htm
 4. CBRL Investor Presentation, 11/21/2019: <https://investor.crackerbarrel.com/static-files/1ec516a5-3442-4e69-9c8d-d938471c9f58>
 5. Chairman Letter, 10/24/2013: https://www.sec.gov/Archives/edgar/data/1067294/000092189513002039/ex991to13da2607428021_102413.htm

The Board lacks relevant skill-set

- The lack of restaurant expertise on the Board has resulted in failure to improve operating performance and has led to poor capital allocation decisions (\$137 million loss from Punch Bowl Social investment).
- The shift in strategy to include acquisitions and investments has distracted leadership from the core business.
- The Board refreshment process has seemingly excluded candidates with restaurant experience leading us to question the Board, its strategy, and its ability to maximize value for all shareholders.
- There is no one on the Board who has operated any free-standing restaurant brand. Our independent nominee brings extensive C-level restaurant operations and capital allocation experience.
- With increased focus and talent supporting the core brand, we believe that Cracker Barrel will be better positioned for long-term growth and enhanced value creation.

.... our nominee brings needed experience

- We are seeking to **help restore the Board's focus on the core brand and implement improved capital allocation execution with robust financial disclosures.**
- We are recommending that a restaurant Board with limited restaurant experience **add the necessary industry expertise in casual dining capital allocation and operations.**
- We are asking shareholders to **support our single independent nominee** over an incumbent in his eighth year of service to the Board.

Our Nominee



Raymond P. Barbrick

- **Independent and unaffiliated**
- **30 years of C-level restaurant experience** including casual dining brands and QSR
- Previous **public Board and CEO experience with two restaurant conglomerates**
- **Proven track record in restaurant capital allocation**
- Sourced outside of the current Board's network with **no interlocking relationships or potential conflicts of interests**

The Incumbent



Norman E. Johnson











- Former CEO/Chair of CLARCOR
- Board and executive experience in industrial manufacturing and logistics – **no outside restaurant experience**
- Has served on the Cracker Barrel Board since August 2012
- **Board's purported acquisition expert who presided over recent \$137 million value destruction (Punch Bowl Social)**
- **Questionable Recruitment**; a CLARCOR director also served on the Cracker Barrel Board prior to Mr. Johnson's nomination in 2012


Vote FOR Raymond Barbrick on the GOLD card

Total Shareholder Return (TSR) Analysis

Peer Overview: Texas Roadhouse & Darden are best comps

Cracker Barrel's Disclosed Casual Dining Peer Group¹

	Most Comparable Peers									
										
Ticker	CBRL	TXRH	DRI	EAT	BLMN	CAKE	BJRI	DENN	DIN	PLAY
Store Data										
Total Number	698	611	1,866	1,663	1,473	294	209	1,683	3,628	136
% International	None	5%	2%	23%	17%	11%	None	9%	7%	2%
% Franchised	0%	16%	3%	33%	20%	None	None	96%	98%	None
% in California	1%	2%					30%			12%

 Key areas of differentiation

- 1) Cheesecake Factory is excluded from consideration because locations are primarily mall based. Additionally, the company had \$10.7M average unit volume (AUV) in 2019 vs \$4.7M for CBRL, and units are approximately 21,000 sq ft compared to 9,100 sq ft for CBRL which includes 1,900 sq ft for retail.
- 2) BJ's is excluded because it is a brewhouse with significant alcohol sales. Furthermore, the company has a considerably smaller footprint with 30% of stores in California.
- 3) Denny's and Dine Brands are excluded as they are primarily franchisors that endeavor not to operate restaurants.
- 4) Dave & Buster's is excluded as AUV is considerably higher at \$10.5M with a revenue mix of 58% Amusement, 28% Food, and 13% Beverage. Additionally, the restaurant size is significantly larger at 41,000 sq ft.

1. CBRL's Shareholder Letter 10/1/2020: https://www.sec.gov/Archives/edgar/data/1067294/000110465920111110/tm2029239d5_defa14a.htm
Source: FactSet, company filings

Cracker Barrel vs. Texas Roadhouse



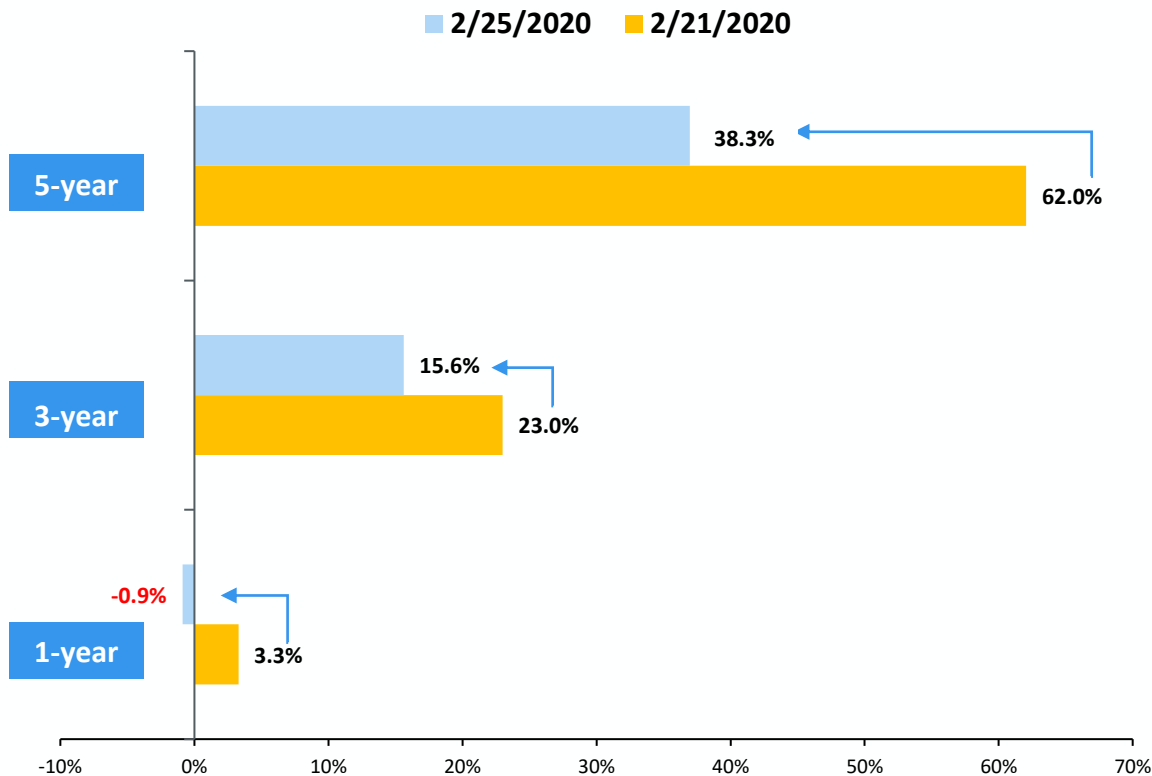
Total stores:	698
# of owned stores:	360
# of leased stores:	338
Store footprint:	7200 square feet (excl. retail space)
# of seats:	180 guests



Total stores:	617
# of owned stores:	521
# of leased stores:	96
Store footprint:	7200-7600 square feet
# of seats:	270-300 guests

Cracker Barrel's distorted TSR calculations

By changing measurement dates Cracker Barrel inflated its TSR



* Cracker Barrel announced 2QFY20 earnings on 2/25/2020. Considering neither the earnings transcript nor the press release mentioned Covid-19, we believe 2/25/2020 is the correct pre-Covid date to measure TSR performance

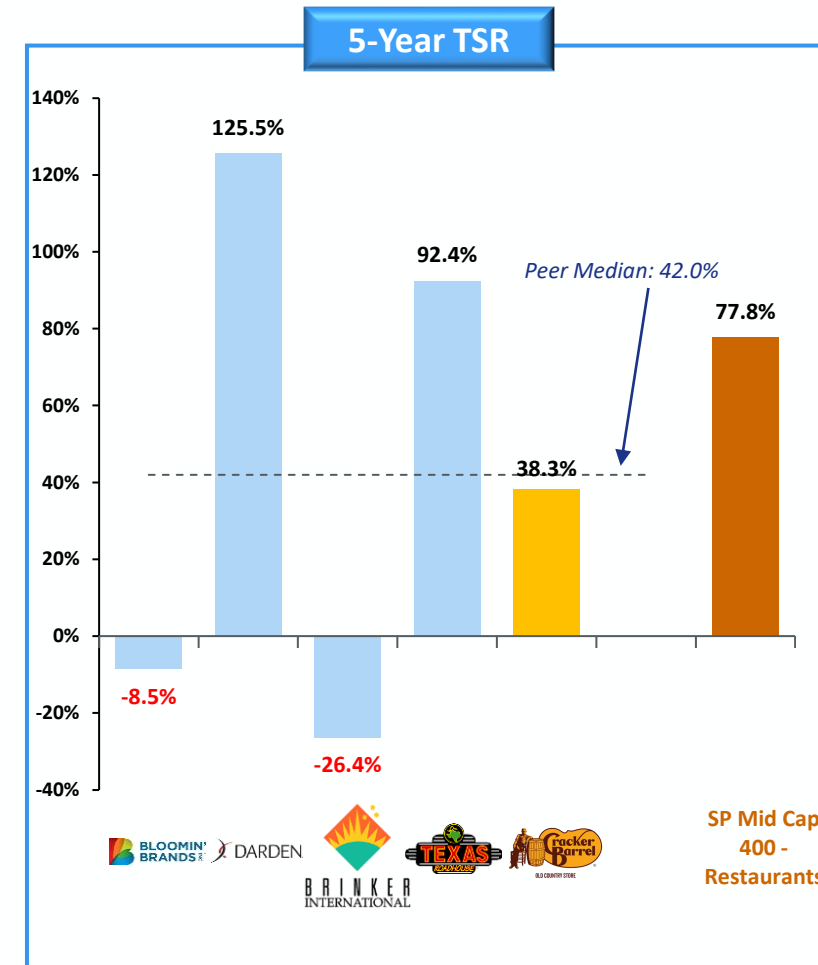
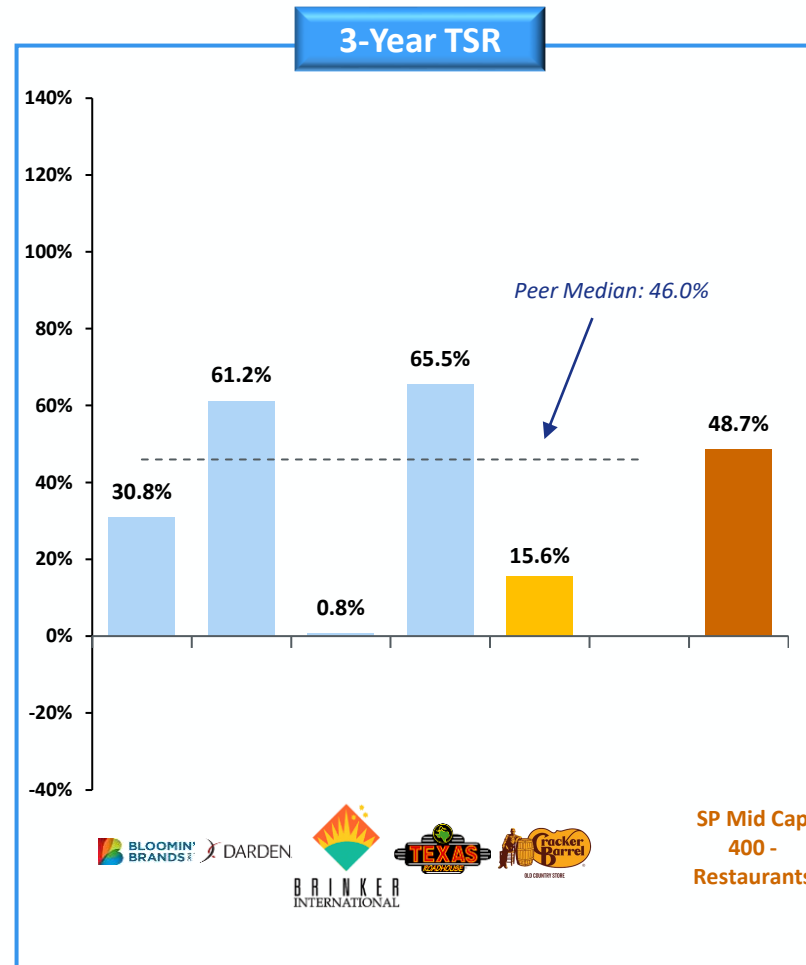
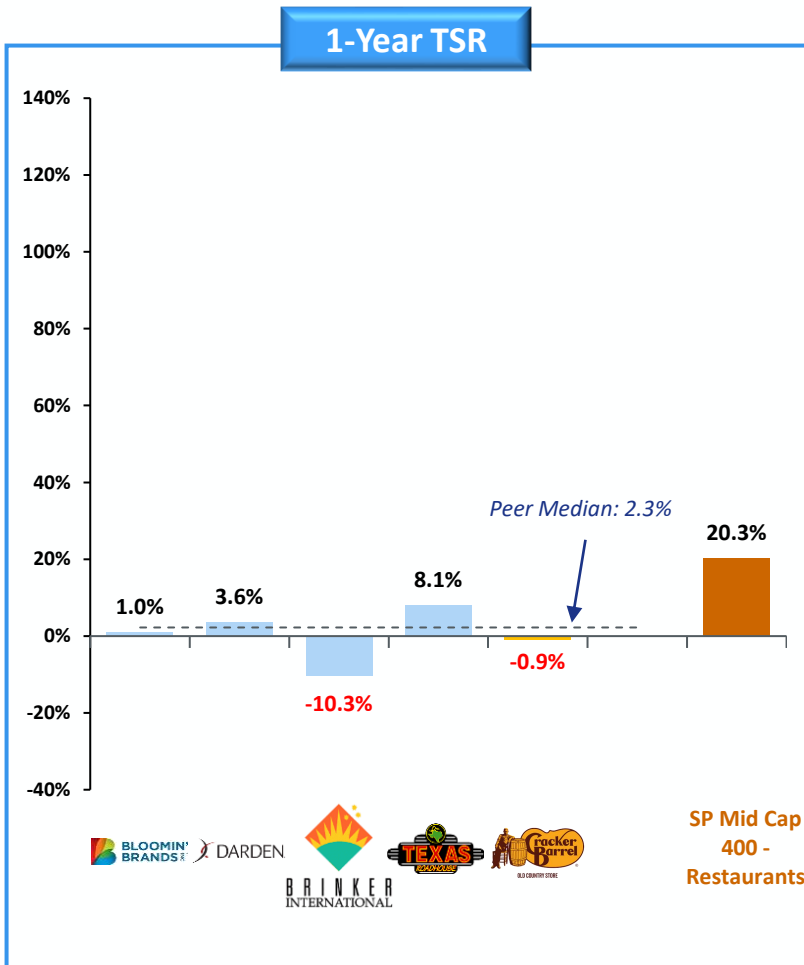
Claim

“We also delivered higher TSR against the median of our family/casual dining peers over the 5-year period prior to the pandemic and have done so year-to-date in calendar 2020 as well”
 – CBRL shareholder letter, 10/1/20



* YTD data as of 10/27/2020

Cracker Barrel has underperformed over 1-, 3-, and 5-years*



* Data for period ending 02/25/2020 – the day of 2QFY20 earnings announcement

The tale of two periods

Claim

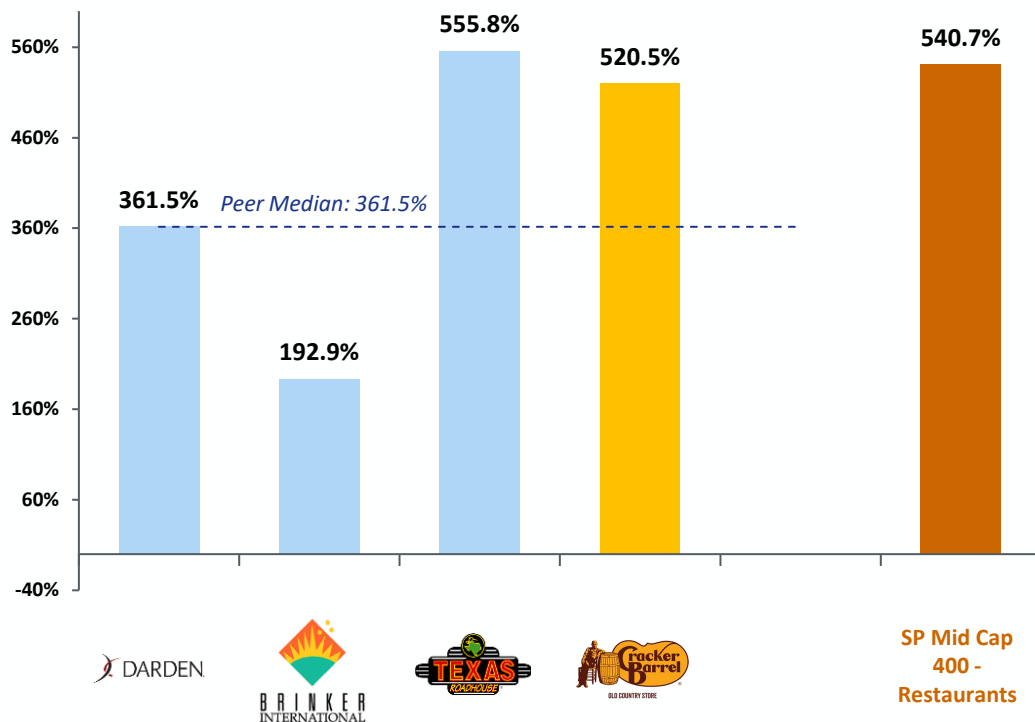
“Prior to the pandemic, Cracker Barrel’s 10-year TSR was 520% ... ”
 – CBRL shareholder letter, 10/1/20

Why did Cracker Barrel use a 10-year period, as neither the CEO nor majority of the directors were on the Board then?

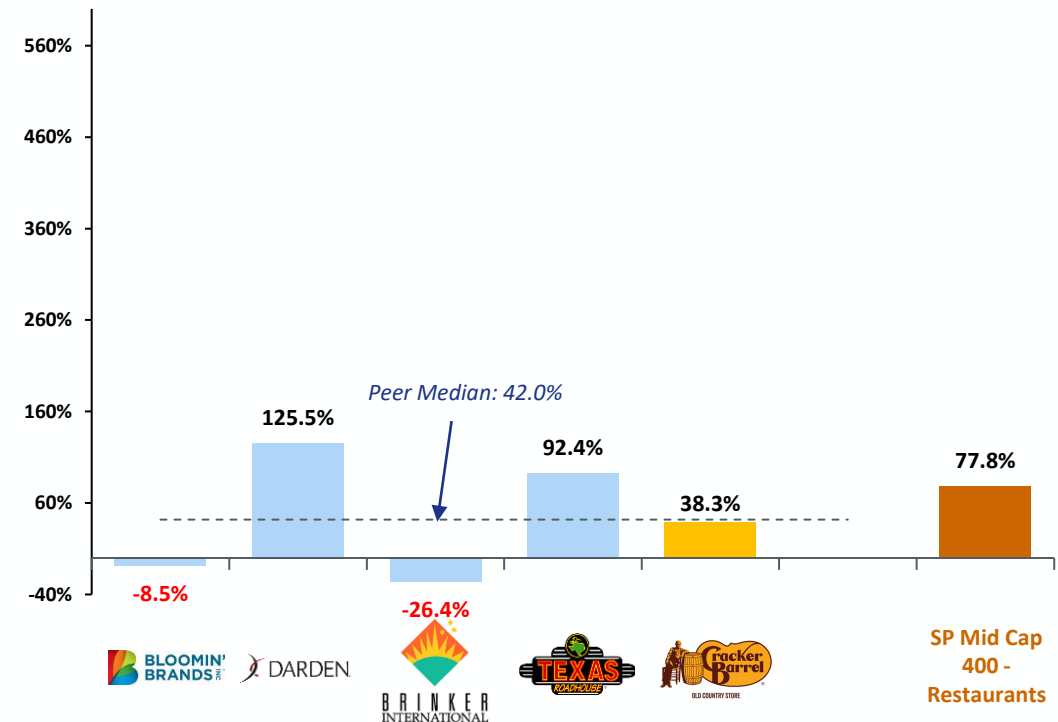
Reality

The 10-Year TSR reflects gains from overperformance which occurred from 2010 to 2015. **In the last 5 years, Cracker Barrel has significantly underperformed many of its strategic peers as well as the relevant index**

10-Year TSR: 2010 – 2020¹



5-Year TSR: 2015 – 2020²






1. 10-year TSR is from 2/21/2010 to 2/21/2020; 10-year TSR for Bloomin Brands not available

2. 2015 – 2020 TSR as if 2/25/2020.

Operating Performance Analysis

Cracker Barrel's failed business strategy

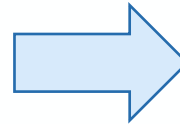
Strategy	Results	Performance	Our View
<p>ENHANCE THE CORE</p> <ul style="list-style-type: none"> ▪ Increase relevance to drive traffic and sales in both the restaurant and retail businesses ▪ Implement geographic pricing tiers to optimize average check ▪ Re-engineer store processes to drive margins 	<ul style="list-style-type: none"> • Negative guest traffic in each of last five years • Stagnant store operating margins 		<ul style="list-style-type: none"> ✓ Enhancing the performance of <u>existing stores</u> is the best path to long-term value creation ✓ Restoring guest traffic volumes to mid 2000 levels would add more than \$600 million in annual revenue and increase pre-tax earnings by more than \$200 million ✓ Enhancing the Core should be the primary focus of the Board rather than unproven and unrelated concepts
<p>EXPAND THE FOOTPRINT</p> <ul style="list-style-type: none"> ▪ Continue to refine proven site selection tools ▪ Introduce efficient "Fusion" prototype ▪ Selectively enter new markets 	<ul style="list-style-type: none"> • New Store Cost increased 80% under current management while average revenue per store remained largely flat • TXRH's revenue per store increased 42% vs 15% for CBRL during 2011-2019 • CBRL's Sales to Investment ratio declined from 1.0x in FY11 to 0.7x in FY19 • Despite investing \$800M on capex and acquisitions since FY15, net income has improved by \$56M only 		<ul style="list-style-type: none"> ? Company does not provide sufficient data to adequately evaluate new store profitability and whether expanding the footprint is accretive to shareholders ? We could support store expansion but remain skeptical as: 1) the Board has refused all previous requests to provide relevant data; and 2) average FY2020 new unit cost of \$7.85M compared to average FY2019 unit revenue of \$4.6M suggests subpar performance
<p>EXTEND THE BRAND</p> <ul style="list-style-type: none"> ▪ Build on initial success of licensing business ▪ Leverage brand strengths into new fast casual concept ▪ Grow retail into an omni-channel business 	<ul style="list-style-type: none"> • Punch Bowl Social (PBS) investment was a disaster; shareholders lost \$137M in just 8 months 		<ul style="list-style-type: none"> ✗ The Cracker Barrel brand is not being Extended; instead, the Board is Extending beyond the brand to pursue unproven and unrelated concepts ✗ Diversification has not enhanced the brand. It has distracted management as well as destroyed value

How Cracker Barrel failed to execute its 2017 Three-Year Plan

Management's Plan¹

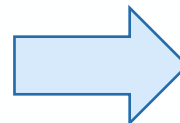
KEY BUSINESS DRIVERS OF OUR THREE-YEAR PLAN

Revenue	Traffic	Off-Premise	0% - 1.5%
		Value Platform	
		Menu Innovation	
		Speed of Service	
	Mix	Specialty Beverage Program	0% - 0.5%
		New Product News	
	Price	Tiered Pricing Strategy	2%
	Retail Sales	Conversion Building	0% - 2%
		Value Merchandise Offerings	
	New Unit Growth	30+ New Units over 3-Years	1% - 2%
Cost Reductions	Prime Cost Management System		\$40M
	- Food		
	- Labor		
	Point of Sale Platform		
		- Tablets	
		- Training	

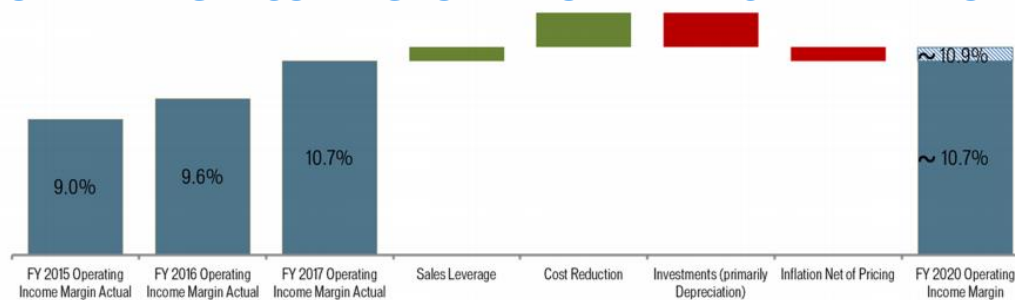


Actual Performance

- ✘ Negative guest traffic growth in FY18, FY19 and 1HFY20
- ✘ Store level operating margins declined from 15.5% in FY17 to 14.2% in FY19
- ✘ Sales to investment ratio declined from 0.9x in FY17 to 0.7x in FY19



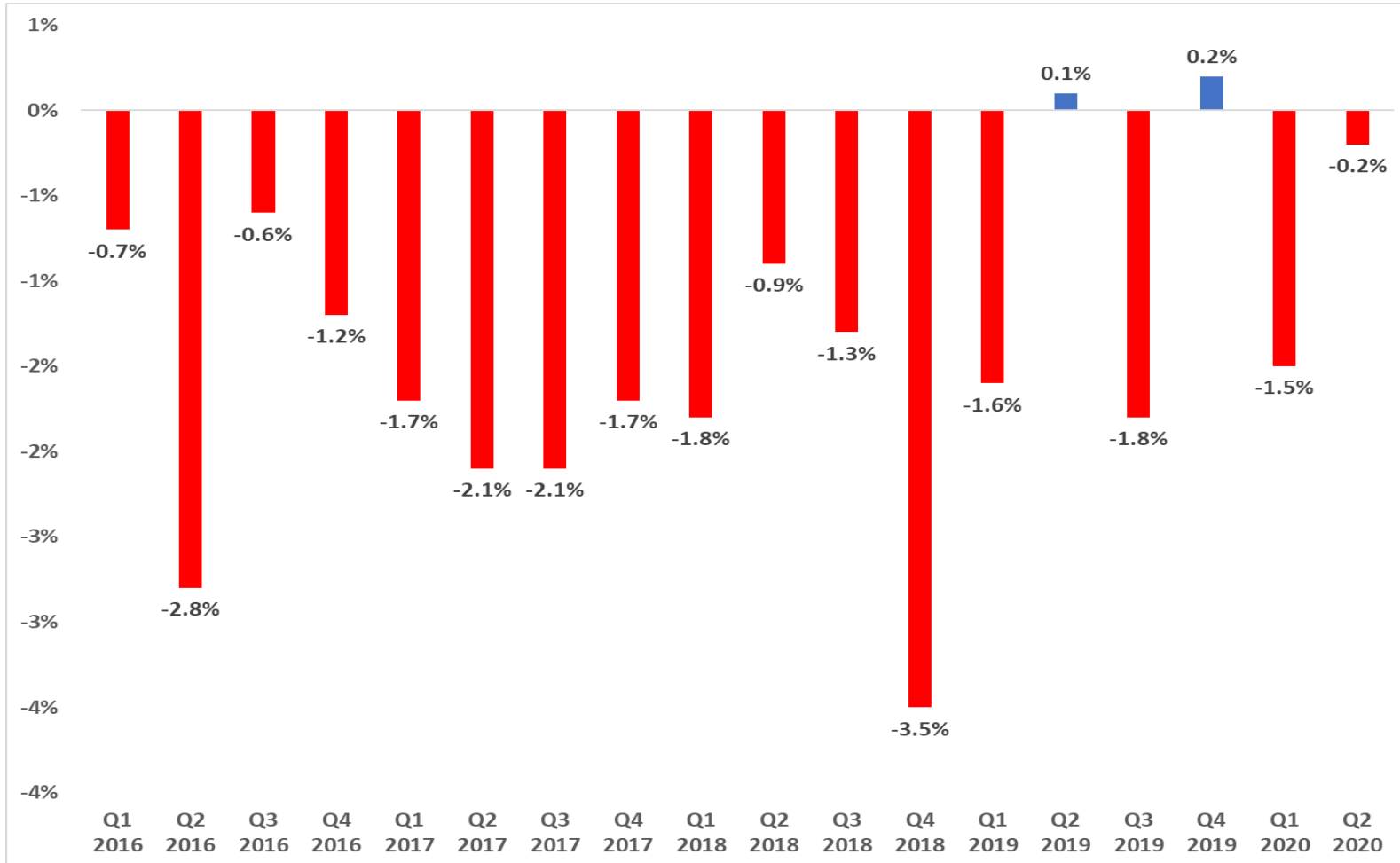
WE EXPECT APPROXIMATELY 5% COMPOUND ANNUAL OPERATING INCOME GROWTH OVER THE 3-YEAR PERIOD



- ✘ Operating Income Margin declined from 10.7% in FY17 to 9.2% in FY19 and LTM 2Q2020

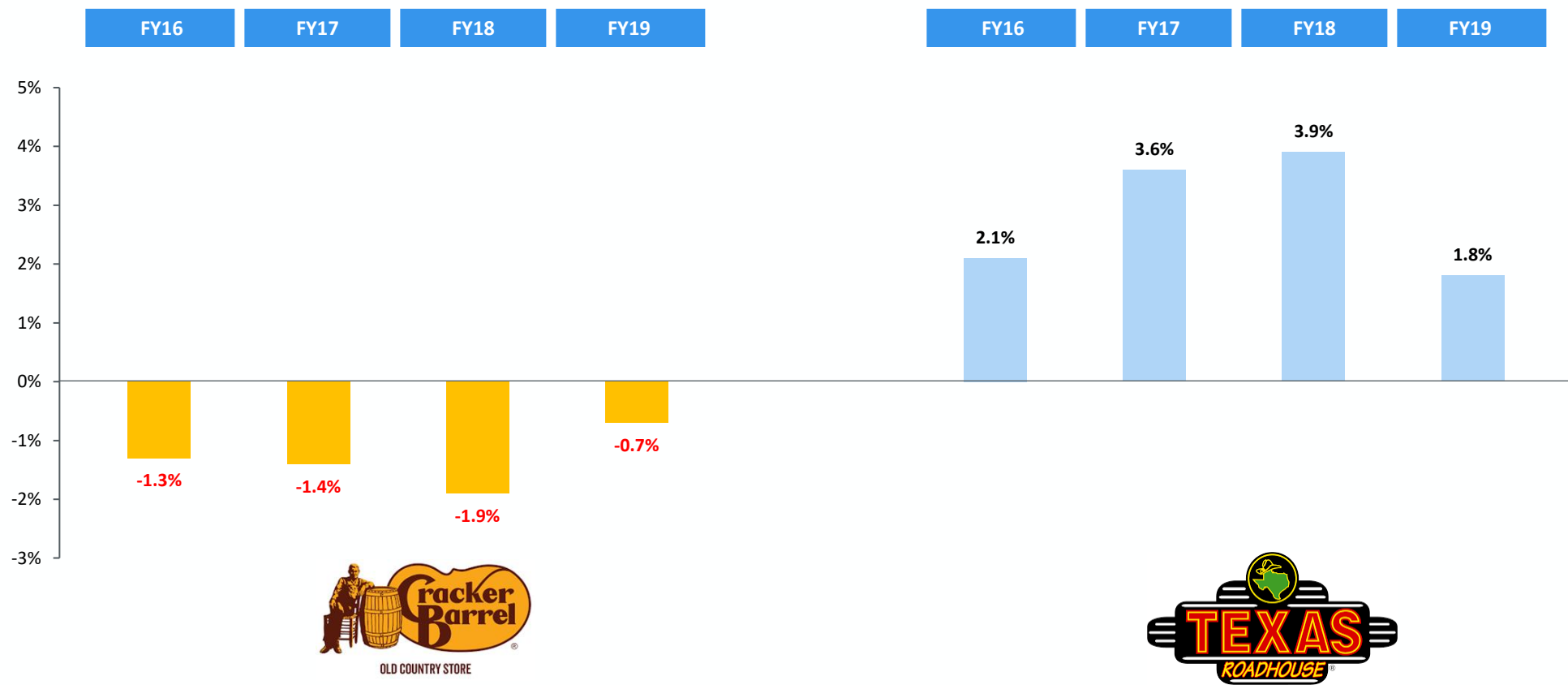
History of guest traffic loss

Quarterly Guest Traffic Declines (% yoy)



Texas Roadhouse gained traffic when Cracker Barrel lost

Cracker Barrel lost comparable guest traffic while its nearest peer generated gains in guest traffic over a similar period¹



1. Guest traffic values based on fiscal year ends for CBRL and TXRH of 7/31 and 12/31 respectively

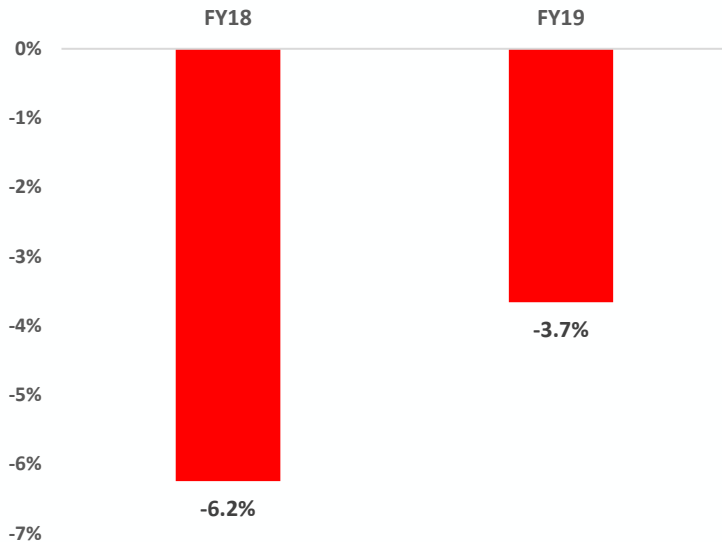
Failure to enhance margins

2017 Plan Target: Operating Income

“We expect approximately 5% compound annual operating income growth over the 3-year period”

Result: Failed

Operating income growth

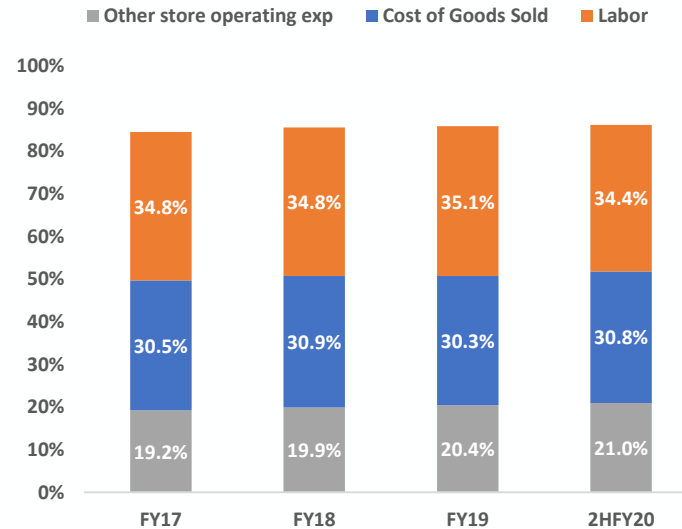


2017 Plan Target: Costs

“We are targeting \$40 million dollars in annual cost reductions to be achieved by FY 2020, primarily within Cost of Goods Sold and Labor”

Result: Failed

% of Revenue

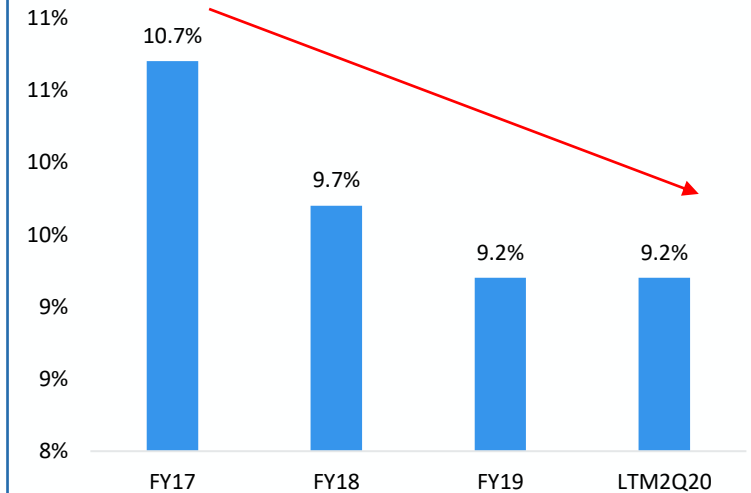


Outcome

Operating income margin has declined by 150 bps since 2017

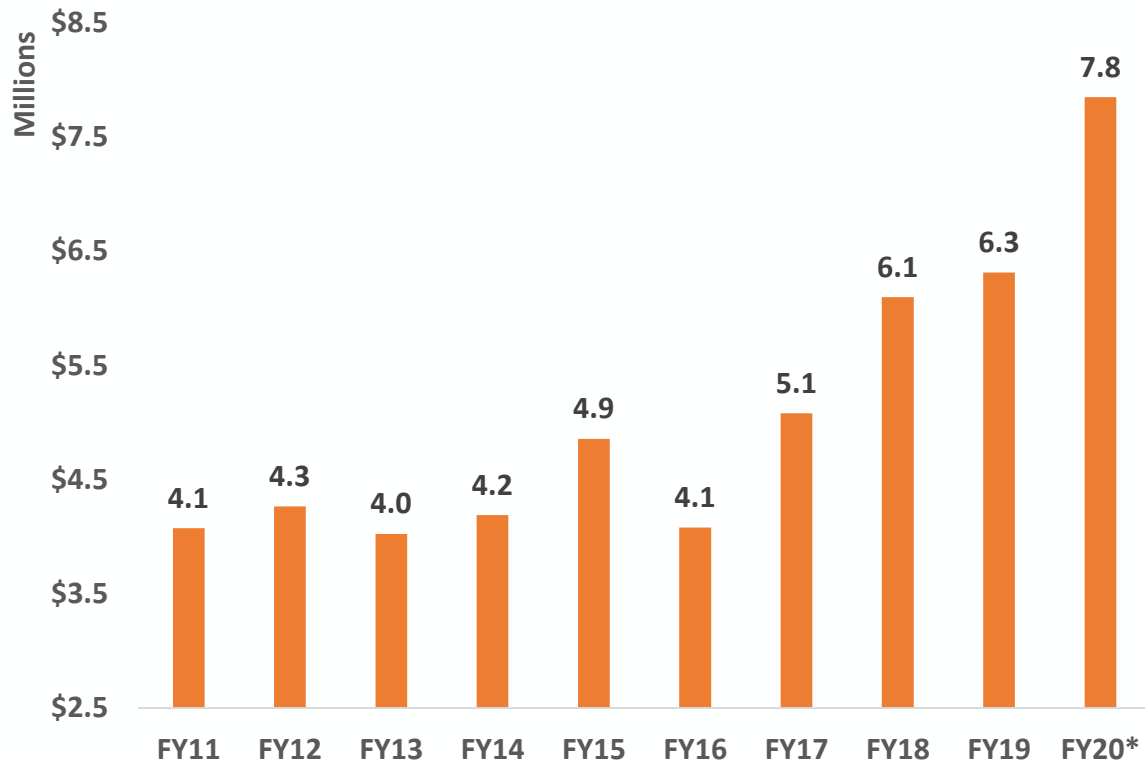
Result: Failed

Operating Income Margin

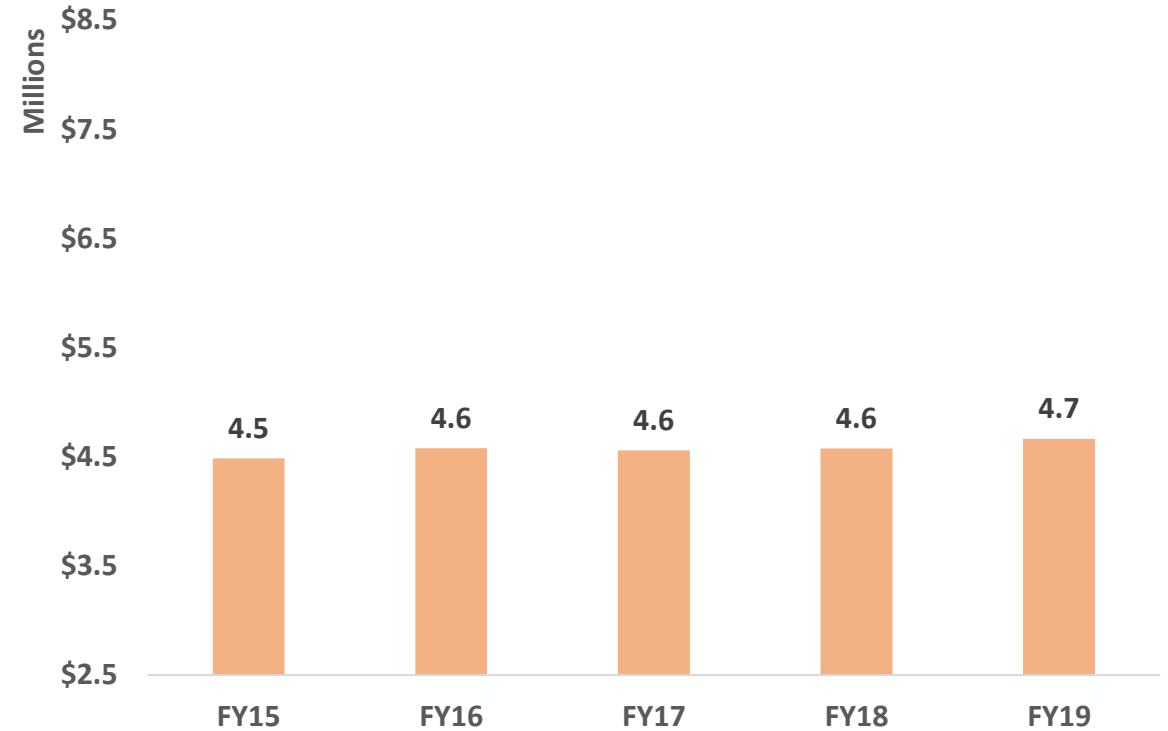


Failure to improve new unit economics

New Store Cost has increased 80% under current management and 59% since FY15



While Average Unit Volume (AUV) has remained largely flat in recent years



*Land cost for company owned stores not disclosed.

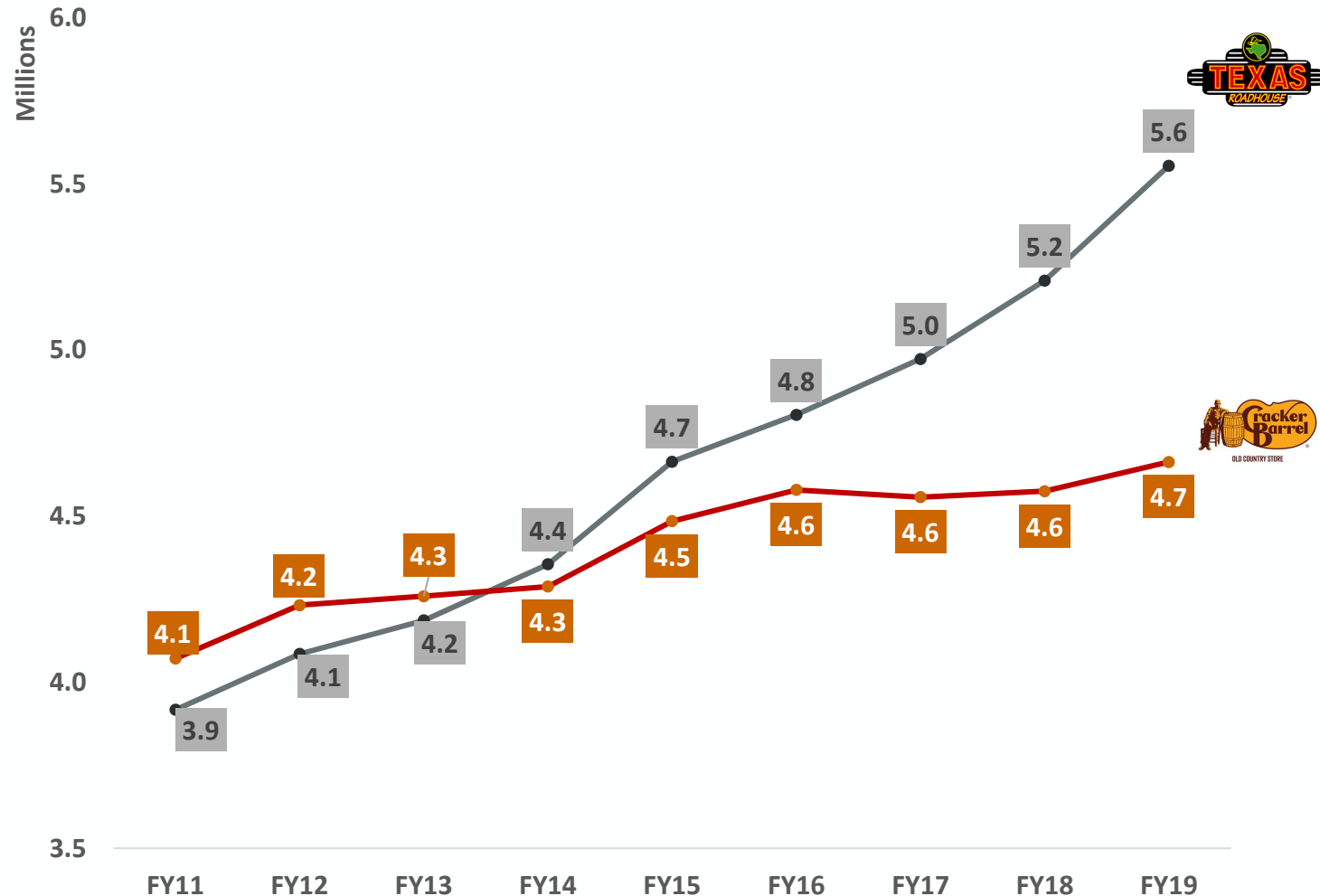
*FY20 new store cost based on Cracker Barrel's 10-k disclosure. Unlike all preceding years, the company did not disclose FY20 new store data. Instead it averaged 2019 and 2020 numbers. But as FY19 data is available, investors can compute the implied FY20 new store costs

No. of stores in California: FY19:4, FY20: 6

New Store Cost = Land cost + Building, site improvement, furniture, equipment and related development cost + Pre-opening cost

EXPAND.

Texas Roadhouse gained traffic and improved AUV

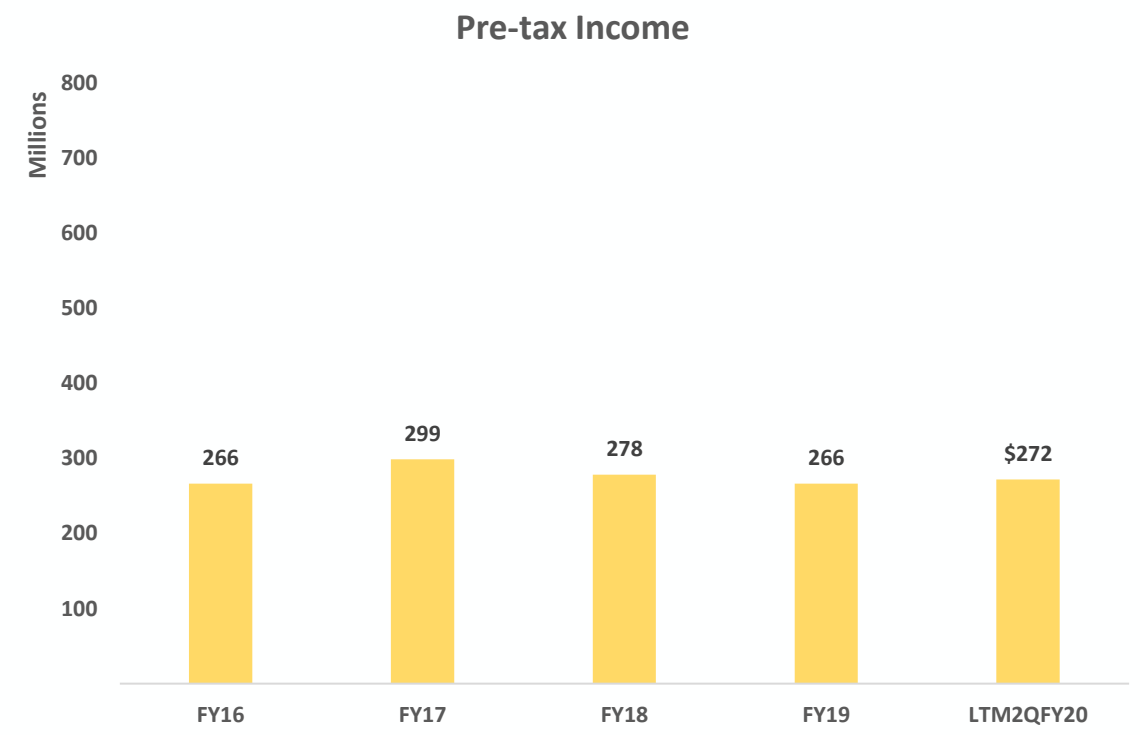
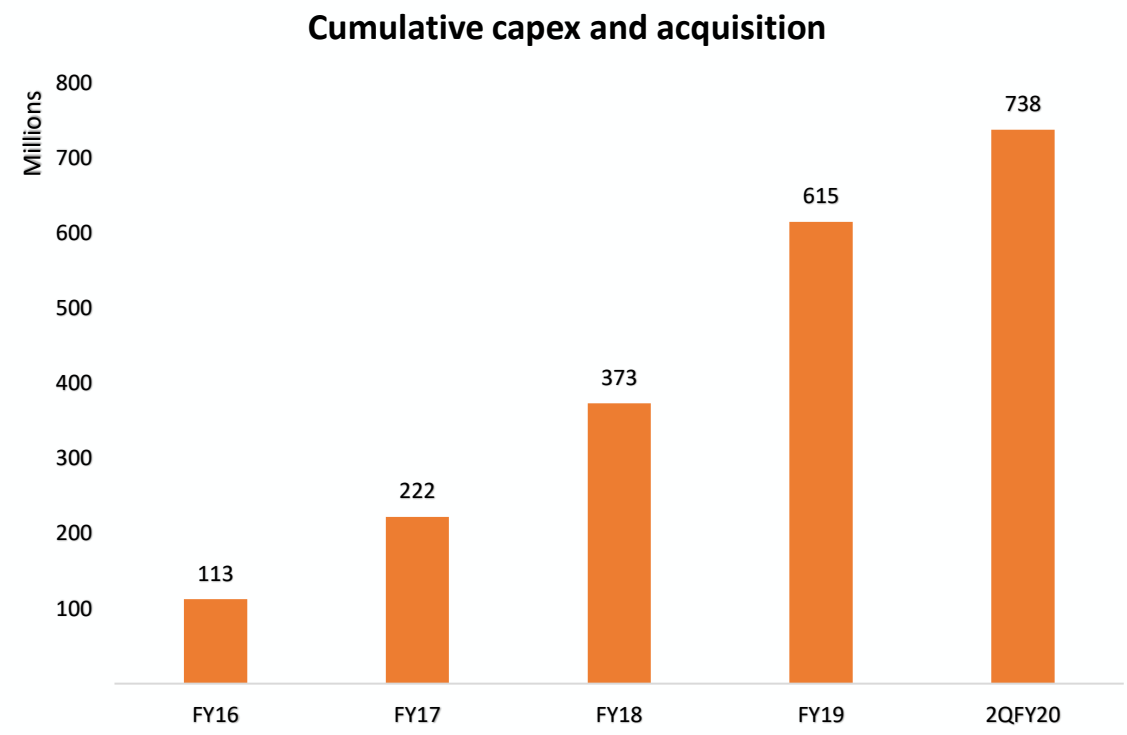


“We finished 2019 with comparable restaurant sales up 4.7% for company restaurants. As a result, our average unit volumes increased to \$5.6 million. A decade earlier, our average unit volumes were \$3.7 million, so over a 10-year period our operators drove nearly \$2 million more per unit on average, which is phenomenal.”

– Kent Taylor
Founder, Chairman, CEO, and President
Texas Roadhouse, Inc.

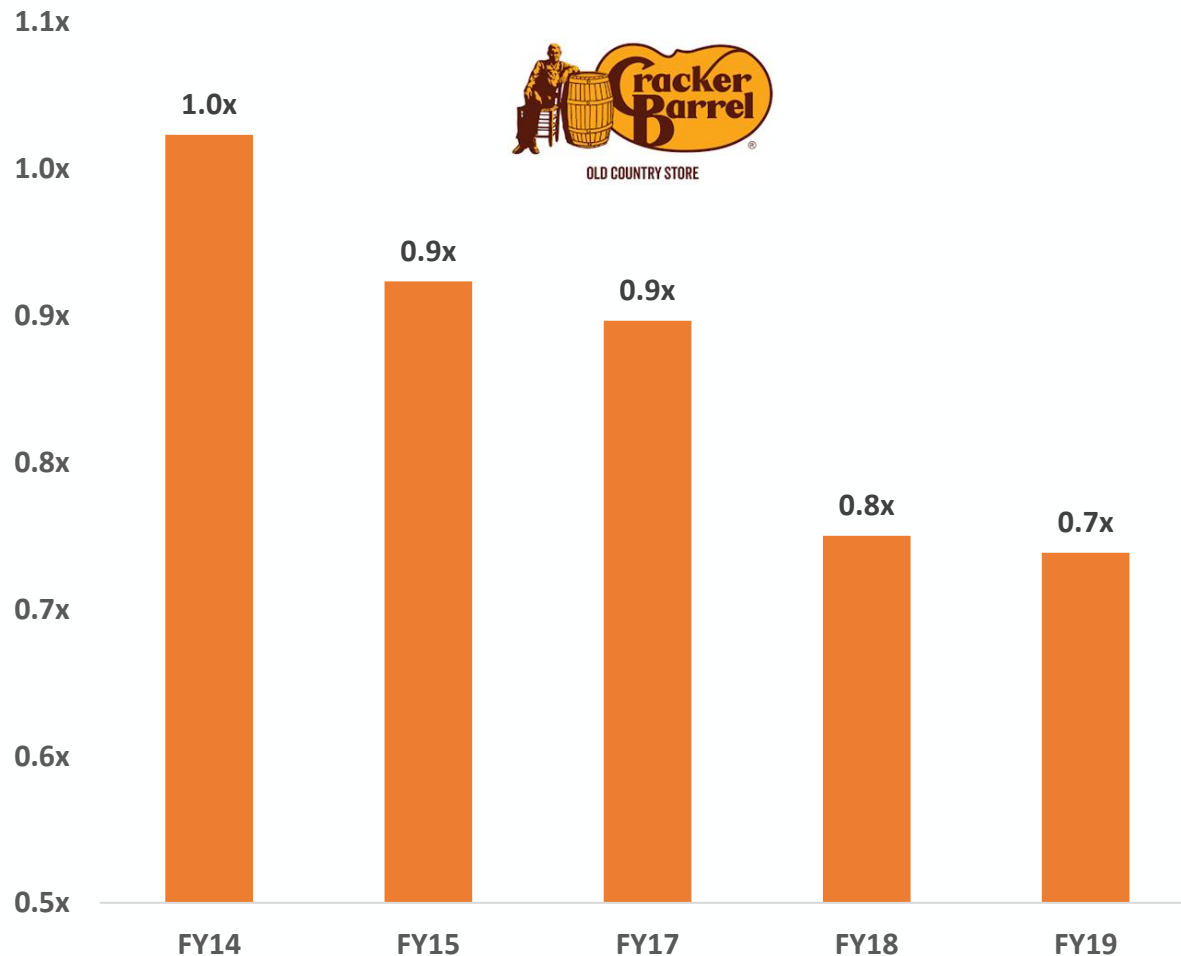
EXPAND.

Failure to benefit from \$700M in capex + acquisitions



Cumulative capex and acquisitions net of proceeds from sale of property and equipment.
FY19 and 2QFY20 includes Notes Receivable in Unconsolidated subsidiary \$33M

Deteriorating Sales to Investment Ratio



New Unit Economics (\$ in Millions)	CBRL	TXRH	Olive Garden
Average Unit Volume	4.6	5.6	5.0
New Store Opening Costs	6.3	5.5	3.5-4.5
Store operating margin	14.2%	16.7%	20.6%
Sales to Investment ratio	0.7x	1.0x	1.3x

Sources: Public filings. 2019 data
<https://investor.crackerbarrel.com/financial-information/annual-report>
 BJ: [https://s2.q4cdn.com/698576155/files/doc_presentations/2019/Analyst-Presentation-\(09-2019\).pdf](https://s2.q4cdn.com/698576155/files/doc_presentations/2019/Analyst-Presentation-(09-2019).pdf)
[Olive Garden and TXRH: 2019 10k](#)
 FY19: Olive Garden: Segment Profit (\$884.0M)/Sales (\$4287.3m)

SEC Filings, 10-k. FY16 data not available



EXTEND.

Punch Bowl Social Experience



Punch Bowl is very different from Cracker Barrel

Punch Bowl offered limited synergistic opportunities due to significant differences in theme, target demographics, menu offerings, and store design

Disclosed Data*		
Brand Maturity	De novo	50+ years of history, founded in 1969
Theme	Bar/party	Home-style country food and old country store design
Unit Count	17	663
Target Service Times	Happy hour into late evenings	Breakfast, lunch and dinner daily
Guest Demographics/Location	Millennials and Gen Z, stores located in urban cities	Families and travelers, 83% of stores are located on interstate highways
Sales Mix	Majority alcohol, 11% other activities	80% restaurant, 20% retail
Average Unit Square Footage	23,000+ square foot prototype	9,100 square foot prototype incl. 1,900 square feet for retail

* As of acquisition transaction date of July 23, 2019

Source: Public filings, FactSet analyst and investor call transcripts, and Punch Bowl Social Investor Fact Sheet: <https://www.sec.gov/Archives/edgar/data/1067294/000119312519199553/d769577dex992.htm>

Punch Bowl was a major undertaking



Start Date

July 18, 2019

Investment

Purchased 58.6% economic interest for approximately \$89 million. Agreed to provide capital of up to \$140 million (inclusive of \$89 million)

Strategic Details

Targeted AUVs of \$7 million to \$8 million and targeted store level EBITDA of 17%

Footprint

At announcement: 17 locations in 12 states; planned to open 11 additional locations by end of 2020

Theme

Food, beverage and entertainment concept - made-from-scratch food, a craft beverage program and social gaming

Status

Exited investment on March 20, 2020. CBRL lost \$137 million in 8 months

The Long-Term Plan

1) Equity: Cash Outlay for 58.6% interest	\$ 89.1 M
2) Debt: Promissory Notes	52.9 M
3) Expansion – 100 Units (83 New Units)	415.0 M ¹
4) Acquisition of Remaining Interest	<u>62.9 M²</u>
Total Required Capital:	\$619.9 M

“Under the terms of the agreement, Cracker Barrel will invest up to approximately \$140 million to acquire its initial non-controlling stake and to provide growth capital for future development, although a portion of this amount is anticipated to be offset by third-party financing, which Punch Bowl Social is presently arranging.” – Cracker Barrel 07/23/2019

Punch Bowl’s failure to arrange third party financing is evidence that investors were not confident about its viability as a proven brand before the pandemic

Source: Public filings and investor call transcripts

1. Based on \$5M unit cost assumption. <https://www.dallasnews.com/food/restaurant-news/2019/11/07/punch-bowl-social-closes-its-25-million-location-in-fort-worth-just-10-weeks-after-opening/>
 2. Based on imputed value of \$89.1M equity investment for 58.6% economic ownership interest cited in 2019 10-K: <https://www.sec.gov/Archives/edgar/data/1067294/000114036119017413/form10k.htm>
 3. FactSet analyst and investor call transcripts

Media questioned the Punch Bowl deal

RESTAURANT
BUSINESS

10 Days That Changed The Restaurant Industry

“...That day, **lenders told Punch Bowl Social it was in default on its loan agreement** and they would foreclose on the chain and its 19 restaurants. Punch Bowl turned to Cracker Barrel, which just 10 months earlier had acquired a majority stake in the food and games chain.

Cracker Barrel opted not to help. It wrote down the value of its investment, saying that it needed whatever cash it had to keep afloat its flagship chain and fast-casual Maple Street Biscuit Co.

In a 10-day period filled with surprises, **the Punch Bowl news would be one of the biggest.**” (3/27/2020)

In Proxy Fight, Cracker Barrel’s Investment In Punch Bowl Social Gets Scrutiny

“**Nothing was quite as surprising as was Cracker Barrel’s decision in 2019 to invest up to \$140 million** into the “eatertainment” concept Punch Bowl Social—**except, perhaps, for its quick decision to walk away from that investment and write off \$133 million back in March.**” (10/12/2020)

DENVER
BUSINESS JOURNAL

Punch Bowl Social Founder Seeks New Partner after Cracker Barrel Breakup

“**That future became murky on March 15 when [Punch Bowl founder]Thompson got a call from Cracker Barrel leaders telling him that the company that made a \$140 million investment in Punch Bowl eight months earlier would not guarantee a first-priority loan it had with its primary lender, CrowdOut Capital LLC...**

CrowdOut leaders informed Thompson — and then put out a statement on March 25 — that they did not plan to foreclose on Punch Bowl’s assets, despite what Cracker Barrel said it assumed in a U.S. Securities and Exchange Commission filing.”(5/27/2020)

1. 10 Days That Changed the Restaurant Industry: <https://www.restaurantbusinessonline.com/operations/10-days-changed-restaurant-industry>
2. Punch Bowl Social Founder Seeks New Partner: <https://www.bizjournals.com/denver/news/2020/03/27/punch-bowl-social-founder-seeks-new-partner.html>
3. In Proxy Fight, Cracker Barrel’s Investment in Punch Bowl Social Gets Scrutiny: <https://www.restaurantbusinessonline.com/financing/proxy-fight-cracker-barrels-investment-punch-bowl-social-gets-scrutiny>

.... analysts also questioned the Punch Bowl deal

Jake Rowland Bartlett, SunTrust Robinson:

“And then I also had questions about the implications of the Punch Bowl Social investment on your capital allocation strategy. And just you ended the quarter at a much lower cash level than you typically would have. Do you expect to take up your debt levels throughout the year?...”

Robert Mashall Derrington, Telsey Advisory Group

“And I'm curious, are you comfortable with the unit economics of the brand? And the reason I ask that question is, I guess for the 17 units that were opened currently, I think the factsheet calls for an average above 23,000 square feet, which I guess at the estimated sales per store that implies only a sales per foot of roughly about \$330 per foot compared to Cracker Barrel, which is well over \$500. So I'm just curious your perspective on this.”

QUICK
THOUGHTS
July 23, 2019

Cracker Barrel Old Country
Store, Inc. (CBRL)

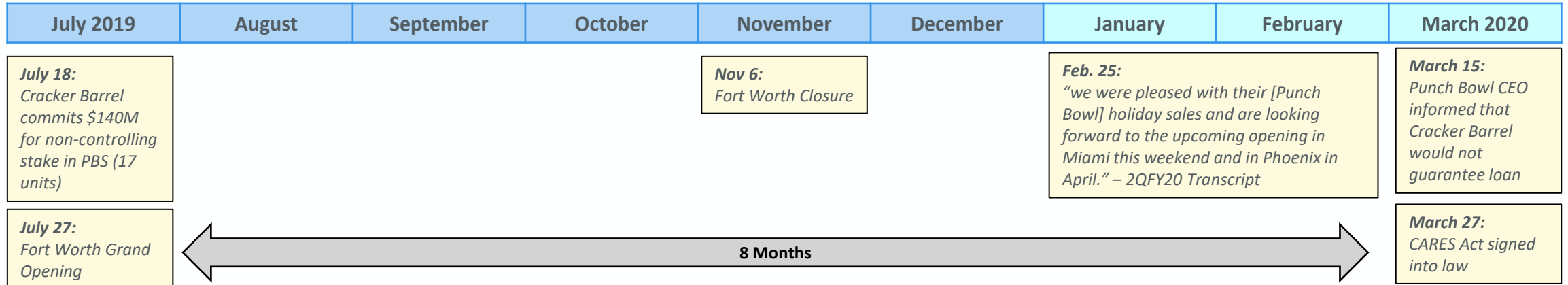


Also, long-term synergies (aside from purchasing power) are not obvious, given CBRL's and Punch Bowl Social's different geographies (urban vs. rural) and consumer bases (71% under 40 years old at Punch Bowl Social).

CBRL has long sought a growth vehicle, opening "Holler & Dash" in March, 2016 and expanding to 7 units by March, 2018 before stopping (or pausing?) growth.

Aside from the benefits of Punch Bowl Social as an investment, we see limited opportunities for operating synergies, aside from purchasing power, given limited customer and geographic (urban vs. rural) overlap.

The Punch Bowl debacle and unresolved issues



Strategy

- Punch Bowl was a strategic blunder, a money losing venture capital investment that third party investors did not believe in financing.
- When the Fort Worth location closed in November of 2019, just 78 days after its grand opening in July (and well before the onset of COVID-19), management referenced a selection site issue as the primary cause without disclosing any additional findings.
- The Board should disclose to shareholders its capital allocation strategy, principles, and return criteria.
- The Board has not disclosed how it has supplemented its due diligence processes for the evaluation of future opportunities.

Transparency

- With the loss already disclosed, the Board still refuses to provide additional segmented financial details to shareholders around this particular transaction.
- The Board still does not provide segmented data around new stores for fair evaluation of ROI for new store openings.

"So, you know, we're disappointed that Fort Worth wasn't successful. In this particular case, we believe it was a site selection issue more than a small box issue. And we're partnering with the team at Punch Bowl to understand better all of the situation and to improve that process, but as Jill said it's a young brand. There's going to be learnings." – 11/26/2019

Source: FactSet Call Transcripts

Cracker Barrel's new plan

Cost Savings

Business model improvements designed to generate approximately \$50 million in annual, sustainable savings

CBRL failed to achieve guest traffic, cost reduction and margin improvements goals set in 2017

Strategic Initiatives

Strategic initiatives: expansion of digital and technological capabilities, menu innovation, off-premises business, the national rollout of beer and wine, and the growth of Maple Street Biscuit Company concept.

No one at the Board has restaurant operational expertise to ask the relevant questions about strategic initiatives

Board Changes

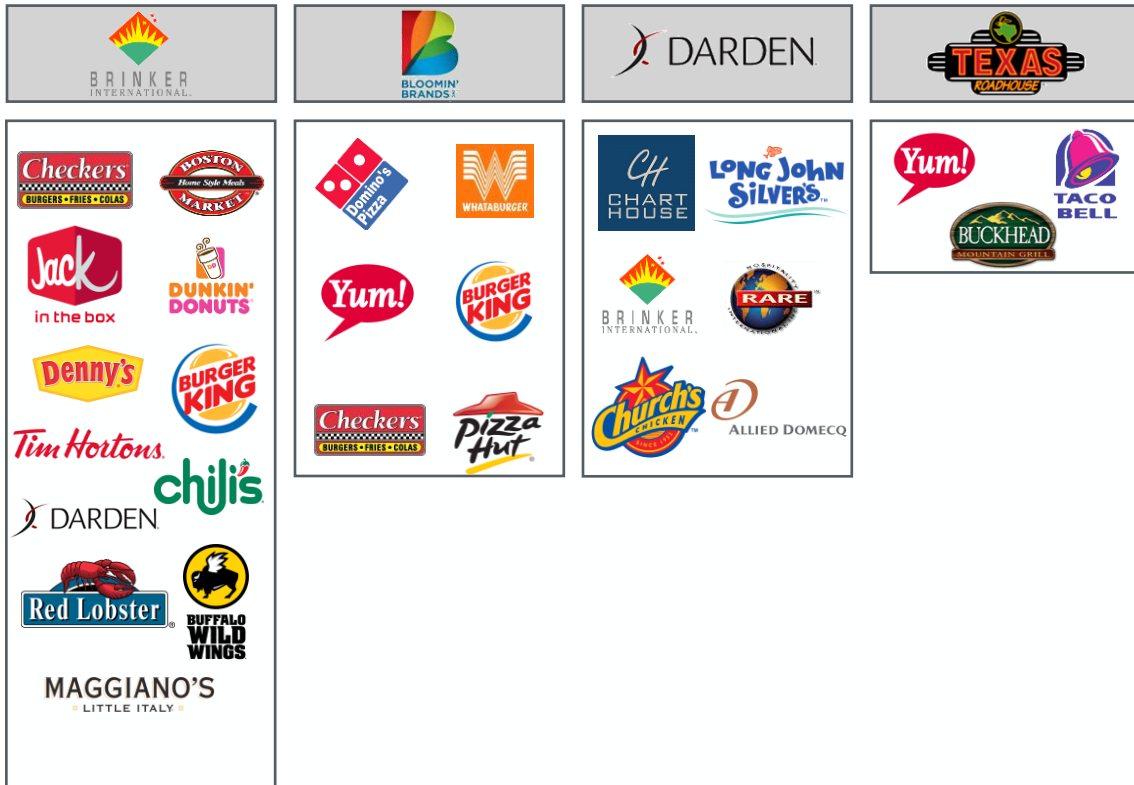
Long-term commitment to Board succession and refreshment (attracted two directors, Gilbert Dávila and Gisel Ruiz, to the Board)

Neither Mr. Davila nor Ms. Ruiz has any relevant industry experience and appear to have been appointed to the Board due to pre-existing relationships with other directors

Board and Governance

Cracker Barrel Board has limited industry experience

Restaurant Experience on Peer Company Boards



Restaurant Experience on Cracker Barrel's Board



Thomas H. Barr's

Recent Experience

"Since February 2016, Mr. Barr has served as President of Sono Bello, a leader in elective cosmetic surgery, with over 50 locations nationwide."

"Led Coffee innovation and product strategy globally and was GM [General Manager] for +\$1B US category."
[Linkedin Profile](#)

- × How is experience managing cosmetic surgery locations relevant?
- × How does Starbucks coffee innovation and product strategy experience translate into restaurant operating experience?



William W. McCarten

Recent Experience

"Since 2004, Mr. McCarten has served as Chairman of the Board of directors of DiamondRock Hospitality Company (NYSE: DRH)."

"Mr. McCarten serves as a member of the Board of directors of Marriott Vacations Worldwide Corporation (NYSE: VAC)"

CEO, HMSHost: Jan 1992 to Dec. 2000 - [Linkedin Profile](#)

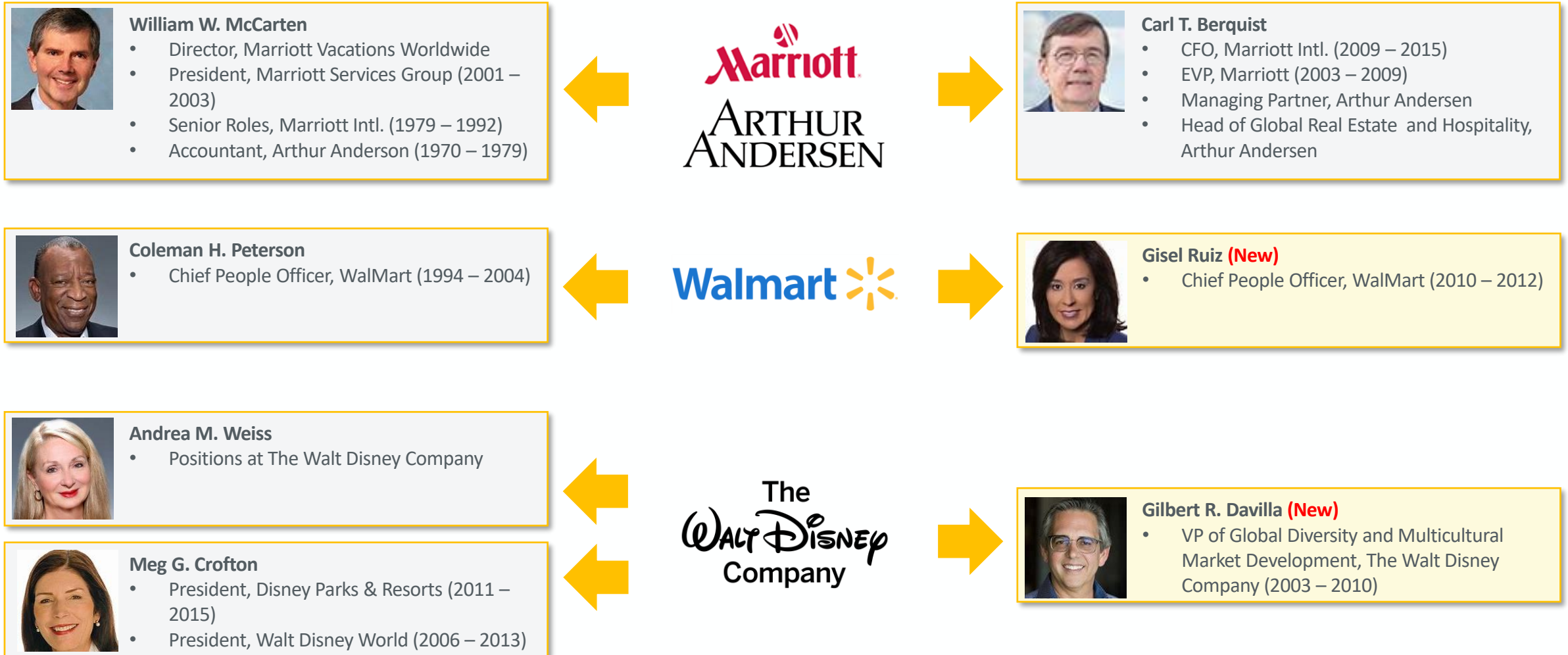
- × How is 20-year old HMSHost experience relevant?
- × As DRH is a lodging-focused REIT and VAC is a global vacation company that offers vacation ownership, how are either experiences relevant to casual dining business?

Mr. Barbrick brings additive and complimentary experience

	Nominee/Director	Age	CBRL Board Tenure	Notable Experience	Restaurant Experience	Capital Allocation	Prior Public Board Exp.
Our Nominee	 Raymond P. Barbrick	67	New	 	✓	✓	✓
	 Gilbert R. Davila	57	New		✗	✗	✗
	 Gisel Ruiz	50	New	 	✗	✗	✓
	 Thomas H. Barr	52	8		✗	✗	✗
	 Carl T. Berquist	69	1	 	✗	✓	✓
	 Meg G. Crofton	66	3		✗	✗	✓
	 Norman E. Johnson	72	8		✗	✓	✓
	 William W. McCarten	71	9	  	✗	✓	✓
	 Coleman H. Peterson	72	9		✗	✗	✓
	 Andrea M. Weiss	65	17		✗	✗	✓

* Source 2020 Proxy: https://www.sec.gov/Archives/edgar/data/1067294/000110465920110680/tm2029239-3_defc14a.htm

Cracker Barrel's Board is filled with overlapping experience: Do shareholders really benefit from directors with similar backgrounds?



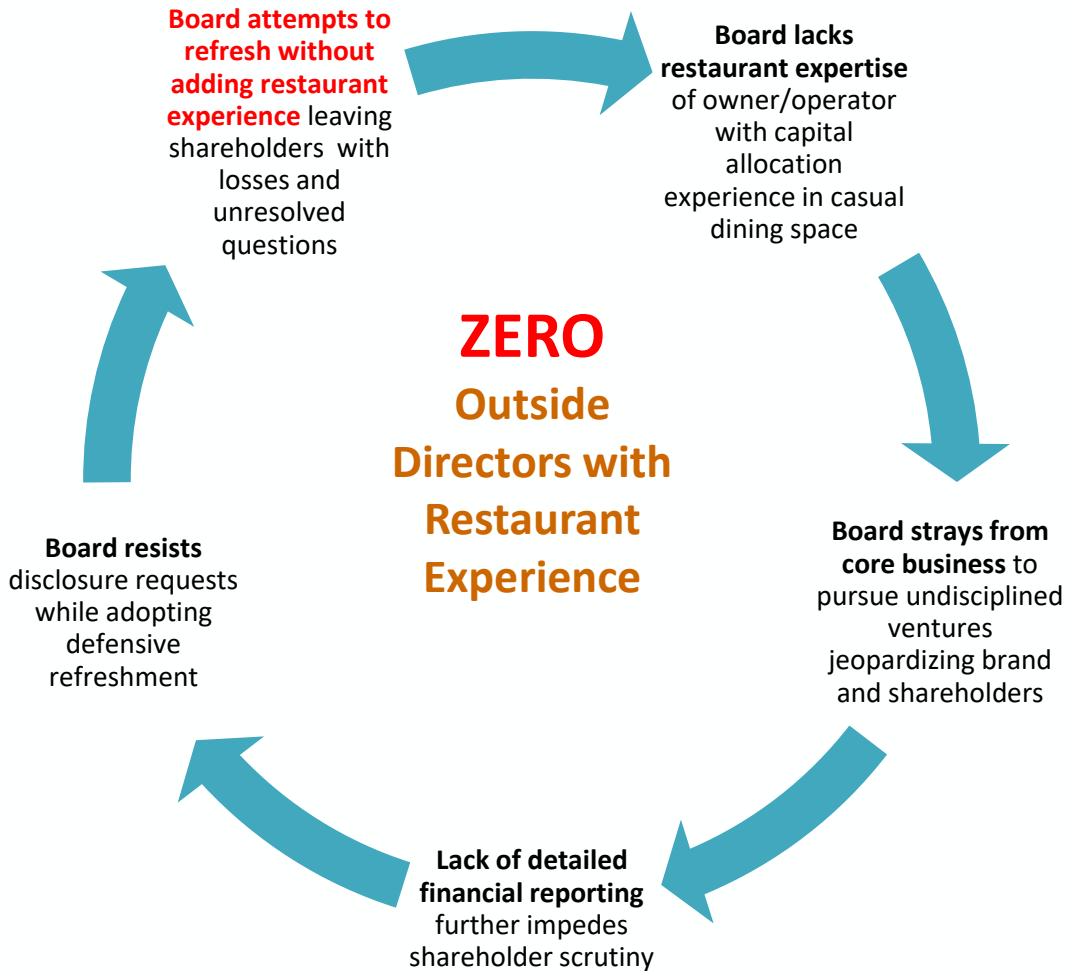
Reciprocal Board recruitment?

Prior to joining the CBRL Board, Norman Johnson was the CEO/Chair of CLARCOR, an industrials company. James Bradford served on the CLARCOR Board and joined the Cracker Barrel Board in 2011.



Was Norman Johnson, with a background primarily in industrials and lacking any restaurant expertise, elected to the CBRL Board as a result of a rigorous nomination process or simply due to his relationship with James Bradford?

The Board's refreshment efforts have failed to add needed skills



Despite losing \$137M in eight months, the **Board continues to refresh itself without adding restaurant experience and expertise in casual dining**

Newly Appointed Directors – Last 5 Years				
	Director	Joined	Representative Industries	Roles & Expertise
	Meg G. Crofton	2017	Media and Entertainment, Parks and Resorts	Parks and Resorts Management
	Carl T. Berquist	2019	Hospitality, Real Estate, Audit/ Accounting	CFO, Enterprise Risk Management
	Gilbert R. Davilla (New)	2020	Media and Entertainment, Consumer Retail	Multicultural Marketing, Diversity and Inclusion
	Gisel Ruiz (New)	2020	Retail (US and International)	COO, Chief People Officer, Director

* Source 2020 Proxy: https://www.sec.gov/Archives/edgar/data/1067294/000110465920110680/tm2029239-3_defc14a.htm

Cracker Barrel nominee has no restaurant experience



Norman E. Johnson

Age: 72

Board Tenure: 8 years

Background: Manufacturing, logistics

Experience and Expertise

- March 2000 – July 2010: President, Chairman and CEO of CLARCOR Inc. (“CLARCOR”), a NYSE-traded diverse filtration company
- 2006 – 2020: Director of Schneider National, Inc. (NYSE: SNDR) (“Schneider”) a provider of truckload, intermodal, and logistics solutions and operator
- 2012 – 2017: Director of CIRCOR International, Inc. (NYSE: CIR) (“CIRCOR”), a manufacturer of valves and other highly engineered products and sub-systems
- Leadership Experience: former President, Chairman and CEO of CLARCOR; former Chair of the Corporate Governance Committee and Compensation Committees of Schneider, and former director CIRCOR
- Other Skills: intimate knowledge of integration and distribution networks as well as acquisition and growth strategies.

- ✘ No relevant industry experience
- ✘ Recent proxy statement has “no industry experience” listed, restaurant or otherwise
- ✘ During his Board tenure, helped destroy \$137M of shareholder value through failed Punch Bowl Social acquisition
- ✘ Responsible in part for neglect of the core business evidenced by declining guest traffic, rising store opening costs, and stagnant store level revenue
- ✘ “intimate knowledge of integration and distribution networks as well as acquisition and growth strategies” – has ultimately failed shareholders

Our Nominee: Raymond Barbrick

Mr. Barbrick brings extensive restaurant industry and related capital allocation experience



Current Experience

- President, co-CEO & COO of the Briad Group – an owner operator of one of the largest Wendy’s franchises in North America. Briad also owns and operates Hilton and Marriott Hotels and a shopping center in Clifton NJ*.
- Revenue: \$500MM and EBITDA: \$75MM in 2018

Previous Experience

Avado Brands: President and CEO (2004-2008)

- Recruited by a private equity firm to lead the company out of Chapter 11. The company successfully emerged from bankruptcy in May of 2005. Avado was a publicly traded company taken private upon emerging from Chapter 11.
- Reversed a 9-year sales and traffic decline in the Hops brand as well as a 7-year decline in the Don Pablo’s brand

Bertucci’s Restaurants: President and COO (2001-2004)

- Led turnaround of Bertucci’s. Doubled EBITDA in three years. Company had public bonds and was subject to SOX Act.
- Conducted quarterly analyst calls with the CEO.

Board Experience

Bertucci’s, Taco Bueno, Avado, Friday’s Independent Franchise Association (IFA), Friday’s Marketing Committee (FMAC), Friday’s Presidents Council, Chili’s Marketing Committee, and ON The Border franchise council.



*Prior to March 2020, Briad was also a Friday’s franchisee, at one point Briad was the largest Friday’s operator. The company also owned its own brand, Zinburger.



Conclusion

- For the duration of our investment in Cracker Barrel, we have advocated for measures that would enhance the brand and deliver value to shareholders.
- We believe change is warranted due to:
 - Lagging TSR relative to closest peers and benchmark index (the S&P Mid-Cap 400 Restaurants Index) on a 1-, 3-, and 5-year basis;
 - Failure to execute on the three-year strategic roadmap announced in 2017;
 - A multi-year trend in negative guest traffic growth;
 - Declining store level operating margins;
 - Deteriorating sales-to-investment ratio; and
 - Strategic shift in acquisition strategy to unproven concept (Punch Bowl Social).
- If elected, our nominee will help to:
 - Bring discipline to the company's capital allocation;
 - Focus the Board and management on the Cracker Barrel brand;
 - Reject all egregious acquisitions or investments;
 - Disclose to shareholders the returns on capital deployed on new stores opened in the past decade; and
 - Return capital to shareholders through dividends and/or share repurchases.
- The Punch Bowl Social endeavor that netted shareholders a \$137 million loss in 8 months is inexcusable as every aspect of the failed partnership raised significant concerns and questions that the Board still refuses to address and/or provide adequate financial disclosure to explain.
- Our independent nominee, Mr. Barbrick, brings 30+ years of investor and operator experience managing multiple casual dining brands. Our goal is to enhance CBRL's Board by adding the necessary industry experience, which it currently lacks.

Vote FOR Rick Barbrick on the GOLD card

Appendix

‘Diversification’ History and On-the-Job “Learning”

		
Start Date	July 2016	October 11, 2019
Investment	New concept launch/organic	Acquired for \$36M cash
Strategic Details	(Not Disclosed)	Targeted AUVs of \$1.0+ million and targeted store-level EBITDA of 17%+ of net sales; plans to fold Holler & Dash units into Maple Street locations
Footprint	At announcement: 2 locations, both leased properties in Alabama, 7 stores opened since launch across 5 states	28 company-owned and 5 franchised across 7 states
Theme	Fast casual breakfast and lunch	Breakfast and lunch-focused fast casual
Status	Converted 6 units into Maple Street Biscuit Company following Oct 2019 acquisition	Ongoing, current

Management Commentary

“...[the Holler & Dash] **opening plan is more driven by us trying to open enough to get the learnings**...before we've opened more than we wish we had.” – 9/14/2016

“...from the beginning, **our plans were to open a group of alpha stores**,...to validate our assumptions **and to get learnings around the business model**...” – 9/18/2018

“...**once we feel like we've got a real solid understanding of that** [H&D's new unit plans after no 2019 growth], **we'll give you an update** on what we plan to do going forward.” – 6/14/2019

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