

STEAK & SHAKE CO
Form S-4/A
December 28, 2009

**As filed with the Securities and Exchange Commission
on December 24, 2009**

Registration No. 333-163192

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

**AMENDMENT NO. 1
TO
FORM S-4**

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

THE STEAK N SHAKE COMPANY

(Exact Name of Registrant as Specified in Its Charter)

Indiana
(State or Other Jurisdiction of
Incorporation or Organization)

5812
(Primary Standard Industrial
Classification Code Number)

37-0684070
(I.R.S. Employer
Identification No.)

**The Steak n Shake Company
36 South Pennsylvania Street, Suite 500
Indianapolis, Indiana 46204
(317) 633-4100**

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(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after
this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding
company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act,
check the following box.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following
box and list the Securities Act registration statement number of the earlier effective registration statement for the same

Duane E. Geiger Interim Chief Financial Officer The Steak n Shake Company 36 South Pennsylvania Street, Suite 500

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offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company
If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

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The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information contained herein is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED , 2009

**PROPOSED MERGER PROXY
STATEMENT/PROSPECTUS**

Dear Western Sizzlin Stockholder:

The Steak n Shake Company (Steak n Shake) proposes to purchase Western Sizzlin Corporation (Western Sizzlin). This purchase would be accomplished pursuant to an Agreement and Plan of Merger, dated as of October 22, 2009, which we refer to herein as the merger agreement. The parties to the merger agreement are Steak n Shake, Western Sizzlin, and Grill Acquisition Corporation, a wholly-owned subsidiary of Steak n Shake (Merger Sub). The merger agreement provides that Merger Sub will be merged with and into Western Sizzlin, with Western Sizzlin continuing as the surviving entity and all outstanding shares of Western Sizzlin being converted into the right to receive the purchase price for their shares that is described below. If the merger is completed, Western Sizzlin will cease to be a publicly traded company and will become a wholly-owned subsidiary of Steak n Shake.

Pursuant to the merger agreement, on October 22, 2009, Western Sizzlin declared a special dividend payable to Western Sizzlin s stockholders in the form of 1,322,806 shares of Steak n Shake common stock that were beneficially owned by an investment subsidiary of Western Sizzlin. Each stockholder of Western Sizzlin of record as of November 2, 2009 was entitled to receive this dividend, which was distributed on November 6, 2009. The dividend was paid at the rate of approximately 0.465 shares of Steak n Shake common stock for each share of Western Sizzlin common stock outstanding as of November 2, 2009 (fractional share interests were settled by a cash payment). All references to numbers of shares of Steak n Shake common stock in this paragraph are not retroactively adjusted to give effect to the 1-for-20 reverse split effected by Steak n Shake on December 18, 2009.

Under the terms of the merger agreement, the merger consideration payable by Steak n Shake to Western Sizzlin stockholders will be in the form of a new issue of 14% redeemable subordinated debentures due 2015 to be issued by Steak n Shake, which we refer to herein as the debentures, in an aggregate principal amount of \$22,959,000. Subject to stockholder approval and satisfaction or waiver of the other conditions specified in the merger agreement, as described in the attached proxy statement/prospectus, at the effective time of the merger, each outstanding share of common stock of Western Sizzlin (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin s stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be converted into the right to receive a pro rata portion of the debentures (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2010), with cash to be paid in lieu of fractional debenture interests.

The debentures will be unsecured debt obligations of Steak n Shake that are subordinated in right of payment (subject to certain limitations) to all of its other present and future senior debts and obligations. The debentures will bear interest at 14% per annum from the date of issuance (which will be the same date as the effective date of the merger), payable semiannually in cash, with principal and any accrued but unpaid interest to be paid in cash at maturity on the date that is the fifth anniversary of the date of issuance. Steak n Shake may, at its option, redeem the debentures, in whole or in part, without premium or penalty, on or after the date that is the first anniversary of the date of issuance thereof at a redemption price equal to 100% of the principal amount of the debentures to be redeemed, plus any accrued and unpaid interest to the date of redemption. The indenture governing the debentures contains covenants that restrict Steak n Shake's ability to declare or pay dividends on its common stock or incur additional indebtedness under certain circumstances. Steak n Shake applied on December , 2009 to list the debentures on the New York Stock Exchange upon issuance; however, because the debentures will be issued without underwriting in a direct issue limited to stockholders of Western Sizzlin in a principal amount limited to \$22,959,000, no assurance can be made that any active trading market will develop for the debentures.

The market price of Western Sizzlin common stock will fluctuate before the stockholder meeting. You should obtain current stock price quotations for Western Sizzlin's common stock. Western Sizzlin's common stock is quoted on the NASDAQ Capital Market under the symbol WEST. On , 2010, the last trading day before the distribution of the attached proxy statement/prospectus, the closing price of Western Sizzlin's common stock was \$ per share.

We cannot complete the merger unless Western Sizzlin's stockholders adopt the merger agreement and approve the merger, which we refer to herein as the merger proposal. Western Sizzlin will hold a special meeting of its stockholders to vote on the merger proposal at , on , 2010, at , a.m., , time. Your vote is important. Regardless of whether you plan to attend the special meeting, please take the time to vote your shares in accordance with the instructions contained in the attached proxy statement/prospectus. Failing to vote will have the same effect as voting AGAINST the merger proposal. You will also have an opportunity to vote to approve the postponement or adjournment of the special meeting, if necessary or appropriate in

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the judgment of the Chairman, to solicit additional proxies in favor of the approval of the merger proposal, referred to herein as the adjournment proposal.

Steak n Shake and Western Sizzlin are affiliated with each other by certain common directors, certain common executive officers, and certain common shareholders. In addition, at the time of approval of the merger agreement, Western Sizzlin beneficially owned more than five percent of the outstanding common stock of Steak n Shake. In recognition of this affiliation and these close relationships, the merger agreement was negotiated between special committees of the boards of directors of Steak n Shake and of Western Sizzlin, each of which was comprised entirely of directors who had no relationships with the other party. For a discussion of the special factors that apply to the merger in light of the close relationships of the parties to the merger and their affiliates and associates, and the conflicts of interest that may be deemed to result from those relationships, see **Special Factors** beginning on page 14 of the attached proxy statement/prospectus.

The special committee of Western Sizzlin's board of directors, and, acting in part upon the recommendation of Western Sizzlin's special committee, the Western Sizzlin board of directors, have recommended that Western Sizzlin stockholders vote FOR the merger proposal and FOR the adjournment proposal.

The attached proxy statement/prospectus describes the special meeting, the merger proposal, the adjournment proposal, the debentures to be issued in the merger, and other related matters. **Please carefully read this entire proxy statement/prospectus, including Risk Factors beginning on page 73 and Special Factors beginning on page 14, for a discussion of the risks relating to the merger proposal and the debentures and the special factors arising from the affiliation of Steak n Shake with Western Sizzlin.** You also can obtain information about Western Sizzlin and Steak n Shake from documents that each of us has filed with the Securities and Exchange Commission.

The date of the attached proxy statement/prospectus is , 2010, and it is first being mailed to Western Sizzlin stockholders on or about , 2010.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR THE MERGER OR PASSED UPON THE FAIRNESS OF THE MERGER OR UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THE ATTACHED PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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WESTERN SIZZLIN CORPORATION
401 Albemarle Ave SE
Roanoke, Virginia 24013

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To the Stockholders of Western Sizzlin Corporation:

Notice is hereby given that a Special Meeting of Stockholders of Western Sizzlin Corporation, a Delaware corporation (Western Sizzlin), will be held on , 2010 at a.m., time, at .

Only holders of shares of Western Sizzlin s common stock, par value \$0.01 per share, of record at the close of business on , 2010, may vote at this meeting or at any adjournments or postponements thereof that may take place. At the meeting, stockholders will be asked:

To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 22, 2009 (as it may be amended from time to time, the merger agreement), among The Steak n Shake Company (Steak n Shake), Grill Acquisition Corporation, a wholly-owned subsidiary of Steak n Shake (Merger Sub), and Western Sizzlin, a copy of which is attached as Annex A to the proxy statement/prospectus attached to this notice, and approve the merger of Merger Sub with and into Western Sizzlin (the merger), as a result of which Western Sizzlin will be the surviving corporation in the merger and will be a wholly owned subsidiary of Steak n Shake; pursuant to the merger agreement, each share of Western Sizzlin s common stock (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be cancelled and converted into the right to receive a pro rata portion of a new issue of 14% redeemable subordinated debentures due 2015 to be issued by Steak n Shake (the debentures) in the aggregate principal amount of \$22,959,000 (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2010), with cash to be paid in lieu of fractional debenture interests; and

To approve the adjournment or postponement of the meeting, if necessary or appropriate in the judgment of the Chairman, to solicit additional proxies if there are an insufficient number of votes at the meeting to approve the proposal described above.

The attached proxy statement/prospectus provides you with detailed information about the special meeting, the merger agreement and the merger. You are urged to read the entire document carefully. You may also obtain more information about Western Sizzlin from documents it has filed with the Securities and Exchange Commission.

A special committee of Western Sizzlin s board of directors comprised entirely of three of Western Sizzlin s directors who have no relationship to Steak n Shake (the Western Sizzlin special committee) was established to evaluate the proposed merger with Steak n Shake, negotiate the price and terms of the merger, and explore alternatives to the merger. After reviewing and considering the terms and conditions of the merger agreement, on October 22, 2009, the Western Sizzlin special committee and, acting in part upon the recommendation of the Western Sizzlin special committee, the Western Sizzlin board of directors unanimously resolved that the terms of the merger agreement and the merger are fair to, advisable and in the best interest of Western Sizzlin and its stockholders and recommended that Western Sizzlin s stockholders adopt the merger agreement and approve the merger. In arriving at their recommendation of the merger agreement and the merger, the Western Sizzlin special committee and the Western

Sizzlin board of directors carefully considered a number of factors which are described in the attached proxy statement/prospectus.

Each of the Western Sizzlin special committee and the Western Sizzlin board of directors have recommended that Western Sizzlin stockholders vote FOR the proposal to adopt the merger agreement and approve the merger and FOR the proposal to adjourn or postpone the meeting, if necessary or appropriate in the judgment of the Chairman, to permit further solicitation of proxies for the adoption of the merger agreement and the approval of the merger.

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When you consider the recommendation of the Western Sizzlin special committee and the Western Sizzlin board of directors to adopt the merger agreement and approve the merger, you should be aware that certain of Western Sizzlin's directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as stockholders generally and that may present actual or apparent conflicts of interests. Three directors of Western Sizzlin, Sardar Biglari, Philip L. Cooley and Jonathan Dash, along with John K. H. Linnartz, the managing member of Mustang Capital Management, LLC, in which Western Sizzlin owns a 51% interest, exercise voting control over an aggregate of 1,243,319 shares of Western Sizzlin's common stock, or approximately 43.8% of its currently outstanding common stock, based upon filings made by such persons with the Securities and Exchange Commission to date, and, at the time the merger agreement was executed, were members of a group, within the meaning of Section 13(d)(3) of the Exchange Act, along with Western Sizzlin, that beneficially owned an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009). Additionally, Mr. Biglari, Western Sizzlin's Chairman and Chief Executive Officer, is also the Chairman and Chief Executive Officer of Steak n Shake and Mr. Cooley, Vice Chairman of Western Sizzlin's board of directors, is also a director and Vice Chairman of the board of directors of Steak n Shake. These and other conflicting interests are described under the section of the attached proxy statement/prospectus entitled "Special Factors - Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger."

Western Sizzlin's stockholders will have the right to demand appraisal of their shares of Western Sizzlin common stock and obtain payment in cash for the fair value of such shares, but only if they submit a written demand for an appraisal before the vote is taken on the merger agreement and comply with the applicable provisions of Delaware law. A copy of the Delaware statutory provisions relating to appraisal rights is attached as Annex D to the attached proxy statement/prospectus and a summary of those provisions can be found in the section of the attached proxy statement/prospectus entitled "Appraisal Rights."

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YOUR VOTE IS IMPORTANT

We cannot complete the merger unless Western Sizzlin's stockholders adopt the merger agreement and approve the merger. Regardless of the number of shares you own, your vote is very important. The affirmative vote of the holders of at least a majority of all of the outstanding shares of Western Sizzlin common stock entitled to vote is required to adopt the merger agreement and approve the merger. If you fail to vote on the merger agreement and the merger, the effect will be the same as a vote **AGAINST** the adoption of the merger agreement and the approval of the merger.

WE HOPE YOU WILL BE ABLE TO ATTEND THE MEETING, BUT WHETHER OR NOT YOU PLAN TO ATTEND, PLEASE SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE BY: (1) MARKING, SIGNING AND RETURNING THE ENCLOSED PROXY CARD IN THE POSTAGE PAID ENVELOPE PROVIDED; (2) CALLING THE TOLL-FREE NUMBER LISTED ON THE PROXY CARD; OR (3) VIA THE INTERNET AS INSTRUCTED ON THE PROXY CARD.

Voting by proxy will not prevent you from voting your shares in person in the manner described in the attached proxy statement/prospectus if you subsequently choose to attend the special meeting. You may revoke your proxy at any time before the meeting. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished to you by the record holder. If you hold your shares in street name through a bank, broker or custodian, you must obtain a legal proxy from such custodian in order to vote in person at the meeting. You should not send in your certificates representing shares of Western Sizzlin's common stock until you receive written instructions to do so.

The Western Sizzlin board of directors has chosen the close of business on , 2010 as the record date that will determine the stockholders who are entitled to receive notice of, and to vote at, the Western Sizzlin special meeting or at any adjournment or postponement of the meeting. A list of the names of Western Sizzlin stockholders of record will be available at the meeting and for 10 days prior to the meeting for any purpose germane to the meeting during regular business hours at the offices of Western Sizzlin; 401 Albemarle Ave SE, Roanoke, Virginia 24013.

BY ORDER OF THE BOARD OF DIRECTORS,

Sardar Biglari
Chairman and Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Western Sizzlin's Stockholders to be Held on , 2010: We are furnishing proxy materials on the Internet in addition to mailing paper copies of the materials to each stockholder of record. This Notice of Special Meeting and the attached Proxy Statement/Prospectus are available for viewing, printing and downloading at: www.

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ADDITIONAL INFORMATION

The attached proxy statement/prospectus incorporates important business and financial information about Steak n Shake from other documents that are not included in or delivered with the proxy statement/prospectus. If you are a Western Sizzlin stockholder of record as of the record date, you will not receive copies of the documents incorporated by reference herein, unless you request such documents from Western Sizzlin and Steak n Shake, as described below. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into the proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

The Steak n Shake Company
36 South Pennsylvania Street, Suite 500
Indianapolis, Indiana 46204
Attention: Duane Geiger
Telephone: (317) 633-4100

Western Sizzlin Corporation
401 Albemarle Ave SE
Roanoke, Virginia 24013
Attention: Robyn B. Mabe
Telephone: (540) 345-3195

In addition, if you have questions about the merger or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or the documents incorporated by reference into the proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Morrow & Co., LLC, Western Sizzlin's proxy solicitor, at the address and telephone number listed below. You will not be charged for any of these documents that you request.

Morrow & Co., LLC
470 West Avenue 3rd Floor
Stamford, CT 06902

Banks and Brokerage Firms, please call (203) 658-9400

Stockholders, please call (800) 607-0088

In order to receive timely delivery of the documents in advance of the special meeting of Western Sizzlin stockholders, you must request the information no later than , 2010.

For more information, see Other Matters Where You Can Find More Information beginning on page 149.

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SUMMARY

The following summary, together with the section of the proxy statement/prospectus entitled "Questions and Answers About the Special Meeting and the Merger," highlight selected information contained in this proxy statement/prospectus. It may not contain all of the information that might be important in your consideration of the merger agreement and the proposed merger. We encourage you to read carefully this proxy statement/prospectus and the documents we have incorporated by reference into this proxy statement/prospectus in their entirety before voting. See "Other Matters" Where You Can Find More Information.

In this proxy statement/prospectus, the term "Western Sizzlin" refers to Western Sizzlin Corporation, the term "Steak n Shake" refers to The Steak n Shake Company, the term "Merger Sub" refers to Grill Acquisition Corporation, a wholly-owned subsidiary of Steak n Shake, the term "merger agreement" refers to that certain Agreement and Plan of Merger, dated as of October 22, 2009, as it may be amended from time to time, among Steak n Shake, Merger Sub, and Western Sizzlin, a copy of which is attached as Annex A to the proxy statement/prospectus, the term "merger" refers to the merger of Merger Sub with and into Western Sizzlin pursuant to the Merger Agreement, and the term "debentures" refers to the new issue of 14% redeemable subordinated debentures to be issued by Steak n Shake in the merger. Where appropriate, we have set forth a section and page reference directing you to a more complete description of the topics described in this summary.

Information about the Companies

The Steak n Shake Company (Page 85)

Steak n Shake, an Indiana corporation, is a holding company. Its primary restaurant operation is conducted through Steak n Shake Operations Inc. The Steak n Shake restaurant chain, founded in 1934, is a classic American brand serving premium burgers and milk shakes through its chain of 485 restaurants.

Steak n Shake's common stock, par value \$0.50 per share, is listed on the New York Stock Exchange under the symbol SNS. The principal executive offices of Steak n Shake are located at 36 South Pennsylvania Street, Suite 500, Indianapolis, Indiana 46204, and its telephone number is (317) 633-4100.

Additional information about Steak n Shake is included in documents incorporated by reference into this proxy statement/prospectus. See "Other Matters" Where You Can Find More Information. See also "Recent Developments."

Western Sizzlin Corporation (Page 85)

Western Sizzlin, a Delaware corporation, is a holding company owning subsidiaries engaged in number of diverse business activities. Western Sizzlin's primary business activities are conducted through Western Sizzlin Franchise Corporation and Western Sizzlin Stores, Inc., which franchise and operate 101 restaurants in 19 states. Western Sizzlin currently operates and/or franchises the following brands: Western Sizzlin, Western Sizzlin Wood Grill, Great American Steak & Buffet, and Quincy Steakhouses.

Western Sizzlin's common stock, par value \$0.01 per share, is listed on the NASDAQ Capital Market under the symbol WEST. The principal executive offices of Western Sizzlin are located at 401 Albemarle Ave SE, Roanoke, Virginia 24013, and its telephone number is (540) 345-3195.

Additional information about Western Sizzlin is included in this proxy statement/prospectus, including under Other Important Information Regarding Western Sizzlin, Steak n Shake and the Merger Summary of Western Sizzlin s Business, Other Important Information Regarding Western Sizzlin, Steak n Shake and the Merger Management s Discussion and Analysis of Financial Condition and Results of Operations of Western Sizzlin and Recent Developments. See also Other Matters Where You Can Find More Information.

Merger Sub (Page 85)

Grill Acquisition Corporation, which we sometimes refer to as Merger Sub, is a Delaware corporation and a direct wholly-owned subsidiary of Steak n Shake. Merger Sub was formed solely for the purpose of consummating the merger. Merger Sub has not carried on any activities to date, except for activities incidental

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to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. The principal executive offices of Merger Sub are located at 36 South Pennsylvania Street, Suite 500, Indianapolis, Indiana 46204, and its telephone number is (317) 633-4100.

The Merger

Western Sizzlin's stockholders are being asked to consider and vote on a proposal to adopt the merger agreement entered into on October 22, 2009, among Steak n Shake, Western Sizzlin and Merger Sub. Subject to the terms and conditions of the merger agreement, Merger Sub will be merged with and into Western Sizzlin, with Western Sizzlin continuing as the surviving corporation. As a result of the merger, if completed, Steak n Shake will own all of Western Sizzlin's common stock, you will no longer have an equity interest in Western Sizzlin's future earnings or growth, Western Sizzlin will cease to be a publicly traded company, and Western Sizzlin may no longer be required to file periodic reports with the Securities and Exchange Commission which we refer to as the SEC.

Merger Consideration and Special Dividend (Page 88)

Subject to stockholder approval and satisfaction or waiver of the other conditions specified in the merger agreement, at the effective time of the merger, each outstanding share of common stock of Western Sizzlin (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will be converted into the right to receive a pro rata portion of a new issue of 14% redeemable subordinated debentures due 2015 to be issued by Steak n Shake, which we refer to herein as the debentures, in the aggregate principal amount of \$22,959,000 (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2010) with cash to be paid in lieu of fractional debenture interests.

Pursuant to the terms of the merger agreement, on October 22, 2009 Western Sizzlin declared a special dividend payable to Western Sizzlin's stockholders in the form of 1,322,806 shares of Steak n Shake common stock that was beneficially owned by an investment subsidiary of Western Sizzlin. Each stockholder of Western Sizzlin of record as of November 2, 2009 was entitled to receive this dividend which was distributed on November 6, 2009. The dividend was paid at the rate of approximately 0.465 shares of Steak n Shake common stock for each share of the Western Sizzlin common stock outstanding as of November 2, 2009 (fractional share interests were settled by a cash payment). All references to numbers of shares of Steak n Shake common stock in this paragraph are not retroactively adjusted to give effect to the 1-for-20 reverse split effected by Steak n Shake on December 18, 2009.

Expected Timing of the Merger (Page 14)

Steak n Shake and Western Sizzlin currently expect to complete the merger in the first calendar quarter of 2010, subject to receipt of Western Sizzlin stockholder approval and the satisfaction or waiver of other closing conditions. However, no assurance can be given as to when, or if, the merger will occur.

Appraisal Rights (Page 140)

Under Delaware law, stockholders of Western Sizzlin have dissenters' rights or rights to an appraisal of the value of their shares in connection with the merger. Please see Appraisal Rights.

No Steak n Shake Shareholder Approval (Page 14)

Steak n Shake shareholders are not required to adopt the merger agreement or approve the merger or the issuance of debentures in connection with the merger.

Board of Directors of Steak n Shake and Western Sizzlin Following Completion of the Merger (Page 132)

There are no changes to the composition of the Steak n Shake board of directors currently contemplated in connection with the merger. The directors of Merger Sub immediately prior to the effective time of the merger and such others as Steak n Shake shall have designated, if any, will be the directors of Western Sizzlin from and after the effective time of the merger. Information about the current Steak n Shake directors and executive officers can be found under Other Important Information Regarding Western Sizzlin, Steak n Shake and the Merger Steak n Shake Management.

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Anticipated Accounting Treatment (Page 61)

The merger will be accounted for under the acquisition method of accounting. Under the acquisition method, the purchase price will be allocated to identifiable assets and assumed liabilities based on their fair values. Any excess will be accounted for as goodwill. Intangible assets with definite lives will be amortized over their estimated useful lives. Goodwill and intangible assets determined to have indefinite lives will not be amortized, but will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management of Steak n Shake determines that the value of goodwill or intangible assets has become impaired, an impairment charge will be recorded in the fiscal quarter in which such determination is made. Also, costs related to the merger will be expensed during the period in which they are incurred.

Material United States Federal Income Tax Consequences (Page 144)

The exchange of Western Sizzlin common stock for debentures (and/or cash in lieu of fractional interests in debentures) in the merger will be a taxable transaction for United States federal income tax purposes for those holders of Western Sizzlin common stock who are United States citizens or otherwise described as U.S. holders by the discussion of tax consequences included elsewhere in this document. Generally, and subject to certain exceptions, a U.S. holder whose Western Sizzlin common stock is converted into the right to receive debentures and/or cash in the merger will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between (x) the sum of (1) fair market value of the debentures received by such holder in the merger, and (2) the amount of cash received by such holder in the merger, and (y) the U.S. holder's adjusted tax basis in such Western Sizzlin common stock. For holders of Western Sizzlin common stock other than U.S. holders, the exchange of Western Sizzlin common stock for debentures (and/or cash in lieu of fractional interests in debentures) in the merger by a non-U.S. holder generally will not be subject to U.S. federal income tax unless the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. holder); or the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the exchange and certain other conditions are met. See Material U.S. Federal Income Tax Consequences for a summary of the material U.S. federal income tax consequences of the merger and of the material U.S. federal income tax consequences to non-U.S. holders of holding and disposing of debentures received pursuant to the merger. Because individual circumstances may differ, each stockholder should consult the stockholder's tax advisor regarding the applicability of the rules discussed in this proxy statement/prospectus to the stockholder and the particular tax effects to the stockholder of the merger and the holding or disposing of debentures in light of such stockholder's particular circumstances, the application of state, local and foreign tax laws, and, if applicable, the tax consequences of the transactions described in this proxy statement/prospectus relating to equity compensation and benefit plans.

Recommendation of the Western Sizzlin Special Committee and Board of Directors (Pages 28 and 34)

A special committee of Western Sizzlin's board of directors comprised entirely of three of Western Sizzlin's independent directors, which we sometimes refer to herein as the Western Sizzlin special committee, was established to evaluate the proposed merger with Steak n Shake, negotiate the price and terms of the merger, and explore alternatives to the merger. After reviewing and considering the terms and conditions of the merger agreement, on October 22, 2009, the Western Sizzlin special committee and, acting in part upon the recommendation of the Western Sizzlin special committee, the Western Sizzlin board of directors unanimously resolved that the terms of the merger agreement and the merger are fair to, advisable and in the best interest of Western Sizzlin and its stockholders and recommended that Western Sizzlin stockholders adopt the merger agreement and approve the merger. In arriving at

their recommendation of the merger agreement and the merger, the Western Sizzlin special committee and the Western Sizzlin board of directors carefully considered a number of factors which are described in this proxy statement/prospectus. **Each of the Western Sizzlin special committee and the Western Sizzlin board of directors recommend that Western Sizzlin stockholders vote FOR the proposal to adopt the merger agreement and approve the merger and FOR the proposal to adjourn the meeting, if necessary or appropriate in the judgment of the Chairman, to permit further solicitation of proxies for the adoption of the merger agreement and approval of the merger.**

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When you consider the recommendation of the Western Sizzlin special committee and the Western Sizzlin board of directors to approve the merger agreement and the merger, you should be aware that certain of Western Sizzlin's directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as stockholders generally and that may present actual or apparent conflicts of interests. Three directors of Western Sizzlin, Sardar Biglari, Philip L. Cooley and Jonathan Dash, along with John K. H. Linnartz, the managing member of Mustang Capital Management, LLC, in which Western Sizzlin owns a 51% interest, exercise voting control over an aggregate of 1,243,319 shares of Western Sizzlin's common stock, or approximately 43.8% of its currently outstanding common stock, based upon filings made by such persons with the SEC to date, and, at the time the merger agreement was executed, were members of a group, within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, which we refer to herein as the Exchange Act. The group, along with Western Sizzlin, beneficially owned at the time the merger agreement was executed, an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009). Additionally, Mr. Biglari, Western Sizzlin's Chairman, President and Chief Executive Officer, is also the Chairman, President and Chief Executive Officer of Steak n Shake and Mr. Cooley, Vice Chairman of Western Sizzlin's board of directors, is also Vice Chairman of the board of directors of Steak n Shake. These and other conflicting interests are described below in Special Factors Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger.

Western Sizzlin's Reasons for the Merger (Pages 28 and 34)

In the course of reaching its decisions, and making its recommendation, in respect of the merger, the Western Sizzlin special committee consulted its legal and financial advisors and considered a wide range of factors in its deliberations.

In the course of reaching its decision in respect of the merger, the Western Sizzlin board of directors considered, among other things, the unanimous recommendation of the Western Sizzlin special committee. Each of the Western Sizzlin special committee and the Western Sizzlin board of directors authorized and approved the merger based on the totality of the information presented to it and considered by it. See Special Factors Recommendation of the Western Sizzlin Special Committee; Reasons for, and Effects and Fairness of, the Merger and Special Factors Approval of the Western Sizzlin Board of Directors; Reasons for, and Effects and Fairness of, the Merger, which are not intended to be exhaustive.

Opinion of the Financial Advisor of the Western Sizzlin Special Committee (Page 35)

On October 22, 2009, B. Riley & Co., LLC, which we refer to herein as B. Riley, rendered its oral opinion to the Western Sizzlin special committee, which was subsequently confirmed in writing, that, as of the date of the opinion and based upon and subject to the factors and assumptions set forth in the opinion, the merger consideration to be received by Western Sizzlin's stockholders (other than Steak n Shake, Merger Sub or Western Sizzlin, or Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) in the merger, after giving effect to the pro rata distribution of the 1,322,806 shares of Steak n Shake common stock that were beneficially owned by an investment subsidiary of Western Sizzlin, in the aggregate, is fair to Western Sizzlin's stockholders from a financial standpoint. The full text of the written opinion of B. Riley, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is included as Annex B to this proxy statement/prospectus and is incorporated herein by reference. We encourage you to read B. Riley's opinion, and the section entitled Special Factors Opinion of the Financial Advisor of the Western Sizzlin Special Committee below, carefully and in their entirety. B. Riley provided its opinion to the Western Sizzlin special committee in connection with their consideration of the merger. B. Riley's opinion is not a recommendation as

to how any holder of Western Sizzlin common stock should vote with respect to the merger agreement, the merger or any other matter. Pursuant to the terms of the engagement letter with Western Sizzlin's special committee, B. Riley was paid a \$50,000 initial retainer for its financial advisory services and was paid a fee of \$150,000 for rendering its Opinion on October 22, 2009. If the merger is completed, B. Riley will be paid an additional amount equal to approximately \$100,000 for its financial advisory services.

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Steak n Shake s Reasons for the Merger (Pages 47 and 50)

On October 21, 2009, a special committee of the Steak n Shake board of directors (composed entirely of three directors with no relationship to Western Sizzlin), and the Steak n Shake board of directors (acting in part upon the recommendation of the Steak n Shake special committee), unanimously approved the merger agreement. In the course of reaching its decision, and making its recommendations, in respect of the merger, the Steak n Shake special committee consulted its legal, financial and other advisors and considered a wide range of factors, including (1) the financial presentation of Duff & Phelps, LLC, which we refer to as Duff & Phelps, that was prepared for the Steak n Shake special committee, as well as the oral opinion received by the Steak n Shake special committee from Duff & Phelps, subsequently delivered to the Steak n Shake special committee in writing dated October 21, 2009, to the effect that as of the date thereof, the merger consideration to be provided to Western Sizzlin stockholders was fair, from a financial point of view, to the public shareholders of Steak n Shake, and (2) those additional factors described under Special Factors Recommendation of the Steak n Shake Special Committee; Reasons for, and Effects and Fairness of, the Merger, which is not intended to be exhaustive. In the course of reaching its decision approving the merger, the Steak n Shake board of directors considered, among other factors, the unanimous recommendation of the Steak n Shake special committee and other factors. See Special Factors Recommendation of the Steak n Shake Board of Directors; Reasons for, and Effects and Fairness of, the Merger. Each of the Steak n Shake special committee and the Steak n Shake board of directors authorized and approved the merger based on the totality of the information presented to it and considered by it.

**Opinion of the Financial Advisor of the Steak n Shake Special Committee
(Page 50)**

In connection with the merger, Duff & Phelps delivered its written opinion, on October 21, 2009, to the Steak n Shake special committee to the effect that, as of October 21, 2009, the consideration to be paid by Steak n Shake in the merger was fair, from a financial point of view, to the public shareholders of Steak n Shake (other than Mr. Sardar Biglari, Mr. Philip Cooley and their affiliates and associates).

The full text of Duff & Phelps s written opinion, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Duff & Phelps in connection with its opinion, is attached to this proxy statement/prospectus as Annex C and is incorporated into this proxy statement/prospectus by reference. We encourage you to read Duff & Phelps s opinion, and the section entitled Special Factors Opinion of the Financial Advisor of the Steak n Shake Special Committee below, carefully and in their entirety. Duff & Phelps s opinion was directed to the Steak n Shake special committee for the information and assistance of the Steak n Shake special committee in connection with its evaluation of the merger and only addressed the fairness to the public shareholders of Steak n Shake (other than Mr. Sardar Biglari, Mr. Philip Cooley and their affiliates and associates), from a financial point of view, of the merger consideration to be paid by Steak n Shake in the merger as of the date of the opinion. Duff & Phelps s opinion did not address any other aspect of the merger and was not intended to and does not constitute a recommendation to any holder of Western Sizzlin common shares as to how such holder should vote or act with respect to the merger or any matter relating thereto. In connection with Duff & Phelps s services as financial advisor to the Steak n Shake special committee in connection with the merger, the Steak n Shake special committee agreed that Steak n Shake would pay Duff & Phelps an aggregate fee of \$375,000, no portion of which is contingent on the consummation of the merger.

Interests of Western Sizzlin Directors and Executive Officers in the Merger (Page 58)

In considering the recommendations of the Western Sizzlin special committee and the Western Sizzlin board of directors that Western Sizzlin's stockholders vote FOR the proposals to approve and adopt, as the case may be, the merger agreement, the merger and a postponement or adjournment of the Western Sizzlin special meeting to solicit additional proxies, if necessary or appropriate in the judgment of the Chairman, Western Sizzlin stockholders should be aware that certain of Western Sizzlin's directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as Western Sizzlin stockholders generally and that may present actual or apparent conflicts of interests, including:

Three directors of Western Sizzlin, Sardar Biglari, Philip L. Cooley and Jonathan Dash, along with John K. H. Linnartz, the managing member of Mustang Capital Management, LLC, in which Western Sizzlin owns a 51% interest, exercise voting control over an aggregate of 1,243,319 shares

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of Western Sizzlin's common stock, or approximately 43.8% of its currently outstanding common stock, based upon filings made by such persons with the SEC to date, and, at the time the merger agreement was executed, were members of a group, within the meaning of Section 13(d)(3) of the Exchange Act, along with Western Sizzlin, that beneficially owned, at the time the merger agreement was executed, an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009);

Mr. Biglari, Western Sizzlin's Chairman, President, and Chief Executive Officer, is also Chairman, President, and Chief Executive Officer of Steak n Shake and Mr. Cooley, Vice Chairman of Western Sizzlin's board of directors, is also Vice Chairman of the board of directors of Steak n Shake;

Western Sizzlin's officers will continue to serve as officers of the surviving corporation after the merger is effective, as discussed in The Merger Agreement Directors and Officers of Western Sizzlin Following the Merger;

certain of Western Sizzlin's executive officers may be eligible to receive enhanced severance rights under their employment agreements if their employment is terminated as a result of the merger; and continued indemnification of Western Sizzlin's directors and officers and directors and officers liability insurance coverage is to be provided by Steak n Shake and the surviving corporation for at least six years following the effective time of the merger.

The special committee of the Western Sizzlin board of directors was aware of these differing interests and potential conflicts and considered them, among other matters, in evaluating and negotiating the merger agreement with the Steak n Shake special committee and in recommending that Western Sizzlin's board of directors and Western Sizzlin's stockholders approve and adopt, as the case may be, the proposals to be voted upon at the Western Sizzlin special meeting. These and other conflicting interests are described under the section of this proxy statement/prospectus entitled Special Factors Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger.

Interests of Steak n Shake Directors and Executive Officers in the Merger (Page 59)

In considering the recommendations of the Steak n Shake special committee that Steak n Shake's board of directors approve the merger, the Steak n Shake board of directors was aware that Sardar Biglari, Chairman, President and Chief Executive Officer of Steak n Shake, and Philip L. Cooley, Vice Chairman of the board of directors of Steak n Shake, have interests in the merger that may be different from, and/or in addition to, the interests of Steak n Shake stockholders generally, including:

Mr. Biglari is also Chairman, President, and Chief Executive Officer of Western Sizzlin and beneficially owns through private investment funds approximately 33% of the common stock of Western Sizzlin, and Mr. Cooley is also vice chairman of Western Sizzlin and beneficially owns common stock of Western Sizzlin representing less than one percent of its outstanding common stock.

Mr. Biglari and Mr. Cooley are also members of a group, within the meaning of Section 13(d)(3) of the Exchange Act, that owned, as of the date of the merger agreement, an aggregate of 2,753,155 shares of Steak n Shake's common stock, or approximately 9.6% of its then outstanding common stock (including the 1,322,806 shares owned by an investment subsidiary of Western Sizzlin that were subsequently distributed to Western Sizzlin's stockholders on November 6, 2009), which group included, at the time the merger agreement was executed, among others, Western Sizzlin director and stockholder Jonathan Dash along with John K. H. Linnartz, the managing member of Mustang Capital Management, LLC, in which Western Sizzlin owns a 51% interest.

The Steak n Shake special committee was aware of and considered these differing interests and potential conflicts, among other matters, in evaluating and negotiating the merger agreement with the Western Sizzlin special committee

and in recommending that Steak n Shake's board of directors approve and adopt the merger

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agreement and the merger. These and other conflicting interests are described under the section of this proxy statement/prospectus entitled "Special Factors – Interests of Steak n Shake and Western Sizzlin Directors and Executive Officers in the Merger."

Position of the Schedule 13e-3 Filing Persons as to the Fairness of the Merger Agreement and the Merger (Page 26)

Under the rules of the Exchange Act and the SEC regulations promulgated thereunder governing going-private transactions, Western Sizzlin, Steak n Shake, Merger Sub, Sardar Biglari and Philip L. Cooley, which we refer to, collectively, as the Schedule 13e-3 Filing Persons, are engaged in a going private transaction. Accordingly, the applicable rules of the Exchange Act and the SEC regulations promulgated thereunder require the Schedule 13e-3 Filing Persons to express their beliefs as to the substantive and procedural fairness of the merger to Western Sizzlin's stockholders.

The interests of Western Sizzlin's unaffiliated stockholders were represented by the special committee comprised of independent and disinterested Western Sizzlin's directors, which had the exclusive authority to review, evaluate and negotiate the terms and conditions of the merger agreement on Western Sizzlin's behalf, with the assistance of the Western Sizzlin special committee's independent financial and legal advisors. Accordingly, the Schedule 13e-3 Filing Persons relied upon the Western Sizzlin special committee to evaluate the merger and to engage a financial advisor for the purpose of reviewing and evaluating the merits of the proposed merger from Western Sizzlin's stockholders viewpoint. On the basis of the beliefs of the Western Sizzlin special committee, the Schedule 13e-3 Filing Persons believe that (a) the merger consideration is substantively fair to the unaffiliated Western Sizzlin stockholders and (b) the merger is procedurally fair to Western Sizzlin's unaffiliated stockholders on the basis of the factors described under Recommendation of the Western Sizzlin Special Committee; Reasons for, and Effects and Fairness of, the Merger and Recommendation of the Western Sizzlin Board of Directors; Reasons for, and Effects and Fairness of, the Merger. The Schedule 13e-3 Filing Persons agree with and expressly adopt the analyses and conclusions of the Western Sizzlin special committee and the Western Sizzlin board of directors, based upon the reasonableness of those analyses and conclusions, which they adopt, with respect to the fairness of the merger to such unaffiliated stockholders.

Governmental and Regulatory Matters (Page 60)

Steak n Shake and Western Sizzlin have agreed to use their respective reasonable best efforts to obtain as promptly as practicable all governmental or regulatory approvals or consents that may be required to complete the transactions contemplated in the merger agreement. Neither Steak n Shake nor Western Sizzlin is aware of any material governmental or regulatory approval required for completion of the merger, other than the effectiveness of the registration statement of which this joint proxy statement/prospectus is a part, compliance with applicable corporate law of Delaware and compliance with applicable state blue sky laws.

The Rights of Western Sizzlin Stockholders Will Change as a Result of the Merger (Page 128)

There are material differences between the rights of a holder of Western Sizzlin's common shares and the rights a holder of the debentures will have upon completion of the merger. This proxy statement/prospectus contains a summary description of rights under each of the Western Sizzlin common stock and Steak n Shake debentures and describes the material differences between them. See "Other Important Information Regarding Western Sizzlin, Steak n

Merger Agreement

The merger agreement is attached as Annex A to this proxy statement/prospectus. You are urged to read the merger agreement in its entirety because it, and not this proxy statement/prospectus, is the legal document that governs the merger.

Conditions to the Merger (Page 93)

The obligations of Western Sizzlin, Merger Sub and Steak n Shake to complete the merger are subject to the satisfaction or waiver of a number of conditions set forth in the merger agreement. See the section entitled The Merger Agreement Conditions to Completion of the Merger.

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Restrictions on Solicitation of Other Offers (Page 94)

The merger agreement contains certain restrictions on Western Sizzlin's ability to solicit offers for a proposed alternative transaction with a third party, and Western Sizzlin is now precluded from actively soliciting any additional interest from any third party. The Western Sizzlin special committee, however, may respond to unsolicited Acquisition Proposals (as defined in the merger agreement and described in this proxy statement/prospectus) that are reasonably likely to constitute or lead to a Superior Proposal, subject to the specified conditions described under The Merger Agreement - Restrictions on Solicitation of Other Offers.

Change in Recommendation (Page 95)

The merger agreement contains provisions restricting the Western Sizzlin special committee and board of directors from changing their recommendations in connection with the merger in any manner adverse to Steak n Shake. The Western Sizzlin special committee may, however, make such an adverse recommendation change if, among other things, Western Sizzlin has received a Superior Proposal that has not been withdrawn or abandoned and, subject to the payment of a termination fee of \$1,250,000 (or \$837,500 under certain circumstances), may terminate the merger agreement in order to enter into a definitive agreement with respect to the Superior Proposal. Prior to making any change of recommendation with respect to any such Superior Proposal, Western Sizzlin is required to comply with certain terms of the merger agreement described under The Merger Agreement - Change in Recommendation.

Termination of the Merger Agreement (Page 96)

Western Sizzlin and Steak n Shake, acting through their respective special committees, may jointly agree to terminate the merger agreement at any time without completing the merger, even after approval by the Western Sizzlin stockholders of the merger agreement and the merger. In addition, the merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after stockholder approval has been obtained, under circumstances as described under The Merger Agreement - Termination of the Merger Agreement.

Termination Fees; Expense Reimbursement (Page 97)

Under certain specified circumstances set forth in the merger agreement and discussed herein, Western Sizzlin has agreed to pay to Steak n Shake, a non-refundable termination fee of \$1,250,000 (or \$837,500 under if the merger agreement is terminated under certain circumstances) or to reimburse Steak n Shake up to a maximum of \$1 million for all reasonable out-of-pocket fees and expenses incurred in connection with the merger agreement. In addition, Steak n Shake will be required to pay a termination fee of \$500,000 if Western Sizzlin terminates the merger agreement under specified circumstances. See the section entitled The Merger Agreement - Expenses and Fees.

Dividends and Distributions (Page 60)

Under the terms of the merger agreement, prior to the closing of the merger, Western Sizzlin is prohibited from declaring or paying any cash dividend or other distribution to Western Sizzlin stockholders, except for the special dividend payable in kind to Western Sizzlin's stockholders of the shares of Steak n Shake common stock that were beneficially owned by an investment subsidiary of Western Sizzlin as of the date of the merger agreement and that were distributed by Western Sizzlin to its stockholders on November 6, 2009. The terms of the merger agreement prohibit Steak n Shake from declaring or paying dividends or distributions to Steak n Shake's stockholders, where such action would reasonably be expected to constitute a breach of the covenants applicable to Steak n Shake set forth in

the indenture, if the indenture were effective as of the date of the merger agreement.

Debentures

At the effective time of the merger, subject to approval by Western Sizzlin's stockholders and the satisfaction or waiver of certain other conditions set forth in the merger agreement, each share of Western Sizzlin's common stock (other than shares held by Steak n Shake, Merger Sub or Western Sizzlin, or by Western Sizzlin stockholders who perfect and do not withdraw their appraisal rights under Delaware law) will

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be cancelled and converted into the right to receive a pro rata portion of a new issue of 14% redeemable subordinated debentures due 2015 to be issued by Steak n Shake in the aggregate principal amount of \$22,959,000 (approximately \$8.07 principal amount of debentures per Western Sizzlin share, based upon the number of shares of Western Sizzlin common stock outstanding on , 2010), with cash to be paid in lieu of fractional debenture interests.

Indenture (Page 98)

Steak n Shake will issue the debentures under an indenture between it and Wells Fargo Bank, National Association, as trustee, which we sometimes refer to herein as the indenture. A copy of the indenture is attached hereto as Annex F. The indenture includes the protective provisions that are required to be included in a trust indenture qualified under the Trust Indenture Act of 1939, as amended.

Maturity Date; Principal and Interest Payments (Page 98)

The debentures will bear interest on the principal amount of the debentures at the rate per annum of fourteen percent (14%), which will accrue from the date on which the debentures are issued (which will be the same date as the effective date of the merger). Steak n Shake will pay accrued interest in cash semi- annually on June 30 and December 31 of each year, commencing on June 30, 2010, with principal and any accrued and unpaid interest to be paid in cash on the date that is the fifth anniversary of the date of issuance. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Redemption by Steak n Shake is Possible Prior to Maturity (Page 99)

Steak n Shake may, at its option, redeem the debentures, in whole or in part, without premium or penalty, on or after the date that is the first anniversary of the date of issuance thereof at a redemption price equal to 100% of the principal amount of the debentures to be redeemed, plus any accrued and unpaid interest to the date of redemption, provided that Steak n Shake complies with applicable conditions specified by the indenture. If Steak n Shake redeems your debentures, you will receive the redemption amount of 100% of the principal amount of the debentures, plus any accrued and unpaid interest to the date of redemption.

Form of Debenture; No Fractional Interests (Page 99)

The debentures will be issuable at the effective time of the merger in registered form in whole multiples of \$1,000. In the event that a debenture to be issued to a Western Sizzlin stockholder under the terms of the merger agreement would not be evenly divisible by 1,000, the amount in excess of the \$1,000 principal amount of the debenture or the next whole multiple thereof shall be paid in cash to such Western Sizzlin stockholder. In the event that any Western Sizzlin stockholder's portion of the merger consideration is less than \$1,000, such stockholder will only be entitled to receive their portion of the merger consideration in cash, and such stockholder will not be entitled to receive a debenture.

A significant portion of Western Sizzlin's common stock is held of record for the accounts of beneficial owners by banks, brokers or other nominees, and is registered in the name of Cede & Co, which is a nominee of the Depository Trust Company. Accordingly, under the terms of the indenture, Steak n Shake may, in its sole discretion, issue the debentures in the form of one or more global debentures to Cede & Co. and/or any other depository or its nominee. Beneficial owners of part or all of any such global debenture would be subject to the rules of the applicable depository as in effect from time to time. The laws of some states may require that the purchasers of securities take physical delivery of securities in definitive form. These laws may impair your ability to own, transfer, or pledge beneficial

interest in a global debenture.

Subordination (Page 102)

Because Steak n Shake is a holding company whose principal assets consist of cash and equity investments and equity of its subsidiaries, the debentures will be effectively subordinated to the claims of all creditors of the subsidiaries of Steak n Shake, including, but not limited to, the claims of the bank lenders and other creditors of Steak n Shake Operations, Inc., the subsidiary of Steak n Shake that owns and operates Steak n Shake's restaurants. In addition, Steak n Shake's obligations to pay principal and interest to the holders of Steak n Shake debentures will rank junior in priority to Steak n Shake's obligations to pay Steak n Shake's other existing and future indebtedness under its Senior Debt, as that term is defined in the indenture

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and described in the section of the proxy statement/prospectus entitled Description of Debentures Subordination of Debentures. Therefore, if Steak n Shake becomes the subject of any liquidation, Steak n Shake will be obligated to pay first the entire amounts to which these other creditors are entitled before Steak n Shake will be obligated to pay any amounts to the holders of the debentures for principal or accrued and unpaid interest. Under the indenture, Steak n Shake is prohibited from paying any principal or interest on any debentures (i) after any Senior Debt becomes due and payable, unless and until all such Senior Debt has first been paid in full, or (ii) after a Senior Debt payment default, unless and until such default has been cured, waived, or otherwise has ceased to exist.

Restrictive Covenants (Page 100)

The indenture contains covenants of Steak n Shake relating to, among other things, (a) the payment of principal and interest on the debentures; (b) the declaration of dividends or the making of any other payment or distribution on account of its equity holders; (c) the incurrence of additional indebtedness; and (d) the prepayment of indebtedness that is subordinated to the debentures.

Unsecured Obligations; No Sinking Fund (Page 99)

The performance of Steak n Shake's obligations under the debentures will not be secured by a pledge of, or other security interest in, any of Steak n Shake's assets. The debentures will not be entitled to the benefit of any sinking fund.

No Assured Trading Market (Page 99)

Steak n Shake applied on December 1, 2009 to list the debentures on the New York Stock Exchange upon issuance. However, because the debentures will be issued without underwriting in a direct issue limited to stockholders of Western Sizzlin in a principal amount limited to \$22,959,000, no assurance can be made that any active trading market will develop for the debentures. The debentures are not expected to be rated by any securities rating agency.

For further discussion, see Description of Debentures.

Western Sizzlin Special Meeting

Date, Time and Place (Page 103)

The special meeting of the holders of common stock of Western Sizzlin will be held on , 2010 at a.m., time, at . At the meeting, Western Sizzlin stockholders will be asked to vote on the following proposals:

to adopt the merger agreement and approve the merger and the other transactions contemplated thereby; and