BIGLARI HOLDINGS INC.
Form 10-KT
March 13, 2015

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended ___

or

x TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from September 25, 2014 to December 31, 2014

Commission file number 0-8445

BIGLARI HOLDINGS INC.
(Exact name of registrant as specified in its charter)

INDIANA	37-0684070
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
17802 IH 10 West, Suite 400 San Antonio, Texas	78257
(Address of principal executive offices)	(Zip Code)

(210) 344-3400
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, stated value $.50 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the

Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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 o	Accelerated filer x	Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2014 was approximately $607,674,654 based on the closing stock price of $422.97 per share on that day.

As of March 5, 2015, 2,065,606 shares of the registrant's Common Stock were outstanding.

Table of Contents

Table of Contents

		Page No.
	Part I	
Item 1.	Business	1
Item 1A.	Risk Factors	4
Item 1B.	Unresolved Staff Comments	9
Item 2.	Properties	10
Item 3.	Legal Proceedings	11
Item 4.	Mine Safety Disclosures	11
	Part II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	12
Item 6.	Selected Financial Data	14
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	31
Item 8.	Financial Statements and Supplementary Data	32
	Consolidated Statements of Earnings	35
	Consolidated Statements of Comprehensive Income	36
	Consolidated Balance Sheets	37
	Consolidated Statements of Cash Flows	38
	Consolidated Statements of Changes in Shareholders' Equity	39
	Notes to Consolidated Financial Statements	40
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	70
Item 9A.	Controls and Procedures	70
Item 9B.	Other Information	70
	Part III	
Item 10.	Directors, Executive Officers and Corporate Governance	71
Item 11.	Executive Compensation	71
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	71
Item 13.	Certain Relationships and Related Transactions, and Director Independence	71
Item 14.	Principal Accountant Fees and Services	71
	Part IV	
Item 15.	Exhibits and Financial Statement Schedules	72
Signatures		73
Exhibit Index		80

Table of Contents

Part I

Item 1. Business

Biglari Holdings Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities, including media, property and casualty insurance, as well as restaurants. The Company's largest operating subsidiaries are involved in the franchising and operating of restaurants. The Company is led by Sardar Biglari, Chairman and Chief Executive Officer of Biglari Holdings and its major operating subsidiaries. The Company's long-term objective is to maximize per-share intrinsic value. All major operating, investment, and capital allocation decisions are made for the Company and its subsidiaries by Sardar Biglari, Chairman and Chief Executive Officer.

On October 16, 2014, the Company's Board of Directors approved a change in the Company's fiscal year-end moving from the last Wednesday in September to December 31 of each year. This form 10-K is a transition report and includes financial information for September 25, 2014 to December 31, 2014 (the "2014 transition period"). For comparative purposes, an unaudited statement of earnings, statement of comprehensive income and statement of cash flows have been included for September 26, 2013 to December 31, 2013 (the "2013 transition period"). The 2013 transition period has not been audited and is derived from the books and records of the Company. In the opinion of management, the 2013 transition period reflects all adjustments necessary to present the financial position and results of operations in accordance with generally accepted accounting principles. Prior to the year-end change, Biglari Holdings' fiscal year ended on the last Wednesday in September. Fiscal years 2014, 2013 and 2012 each contained 52 weeks.

Restaurant Operations

The Company's restaurant operations' activities are conducted through two restaurant concepts operated by subsidiaries Steak n Shake Operations, Inc. ("Steak n Shake") and Western Sizzlin Corporation ("Western"). As of December 31, 2014, Steak n Shake operated 417 company-operated restaurants and 128 franchised units. Western operated 4 company-operated restaurants and 68 franchised units.

Steak n Shake is engaged in the ownership, operation, and franchising of Steak n Shake restaurants. Founded in 1934 in Normal, Illinois, Steak n Shake is a classic American brand serving premium burgers and milkshakes.

Western is engaged primarily in the franchising of restaurants. Founded in 1962 in Augusta, Georgia, Western offers signature steak dishes as well as other classic American menu items. Western also operates other concepts, Great American Steak & Buffet, and Wood Grill Buffet consisting of hot and cold food buffet style dining.

Operations

A typical restaurant's management team consists of a general manager, a restaurant manager and other managers depending on the operating complexity and sales volume of the restaurant. Each restaurant's general manager has primary responsibility for the day-to-day operations of his or her unit. Restaurant operations obtain food products and supplies from independent national distributors. Purchases are centrally negotiated to ensure uniformity in product quality.

Franchising

Restaurant operations' franchising program extends the brands to areas in which there are no current development plans for Company stores. The expansion plans include seeking qualified new franchisees and expanding relationships with current franchisees.

Restaurant operations typically seek franchisees with both the financial resources necessary to fund successful development and significant experience in the restaurant/retail business. Both restaurant chains assist franchisees with the development and ongoing operation of their restaurants. In addition, personnel assist franchisees with site selection, approve restaurant sites, and provide prototype plans, construction support and specifications. Restaurant operations' staff provides both on-site and off-site instruction to franchised restaurant management and associates. Moreover, Steak n Shake franchised restaurants are required to serve only approved menu items.

International

We have a corporate office in Monaco to support expansion of Steak n Shake in the Middle East and Europe. We have developed an international organization with personnel in various functions to support international efforts. As of December 31, 2014 we have two company-operated locations in Europe to promote the Steak n Shake brand to prospective franchisees. Similar to our domestic franchise agreements, a typical international franchise development agreement provides the vehicle for payment of development fees and franchise fees in addition to subsequent royalty fees based on the gross sales of each restaurant.

Table of Contents

Competition

The restaurant business is one of the most intensely competitive industries. As there are virtually no barriers to entry into the restaurant business, competitors may include national, regional and local establishments. There may be established competitors with financial and other resources that are greater than the Company's restaurant operations capabilities. Restaurant businesses compete on the basis of price, menu, food quality, location, personnel and customer service. The restaurant business is often affected by changes in consumer tastes and by national, regional, and local economic conditions. The performance of individual restaurants may be impacted by factors such as traffic patterns, demographic trends, severe weather conditions, and competing restaurants. Additional factors that may adversely affect the restaurant industry include, but are not limited to, food and wage inflation, safety, and food-borne illness.

Government regulations

The Company is subject to various global, federal, state and local laws affecting its restaurant operations. Each of the restaurants must comply with licensing and regulation by a number of governmental authorities, which include health, sanitation, safety and fire agencies in the jurisdiction in which the restaurant is located. In addition, each restaurant must comply with various laws that regulate the franchisor/franchisee relationship, employment and pay practices and child labor laws. To date, none of the Company restaurant operations have been materially adversely affected by such laws or been affected by any difficulty, delay or failure to obtain required licenses or approvals.

Trademark and licenses

The name and reputation of Steak n Shake is a material asset and management protects it and other service marks through appropriate registrations.

The Company has an exclusive license with Mr. Biglari for the use of the Biglari and Biglari Holdings names and marks in association with various products and services, and has entered into a sublicense agreement with Steak n Shake, LLC and Steak n Shake Enterprises, Inc. providing for the association of the Biglari name and mark with all of Steak n Shake's restaurants (including company-operated and franchised locations), products and brands. See "Certain agreements with our Chairman and CEO may deter a change of control or proxy contest" under Part I, Item 1A and Note 16, "Related Party Transactions" in the accompanying notes to consolidated financial statements included in Part II, Item 8 of this transition report on form 10-K.

Insurance Business

Our insurance business is composed of First Guard Insurance Company and its agency, 1st Guard Corporation (collectively "First Guard") which we acquired on March 19, 2014. First Guard is a direct underwriter of commercial trucking insurance, selling physical damage and nontrucking liability insurance to truckers. First Guard is headquartered in Venice, Florida.

First Guard competes for truck insurance with other companies. The trucking insurance business is highly competitive in the areas of price and service. Vigorous competition is provided by large, well-capitalized companies and by small regional insurers. First Guard's cost-efficient system and focus on customer service has enabled it to offer competitive rates and achieve an underwriting profit. First Guard uses its own claim staff to manage claims. Seasonal variations in First Guard's insurance business are not significant. However, extraordinary weather conditions or other factors may have a significant effect upon the frequency or severity of claims.

The insurance business is stringently regulated by state insurance departments. First Guard operates under licenses issued by various insurance authorities. Such supervision and regulation include matters relating to authorized lines of business, capital and surplus requirements, licensing of insurers, investments, the filing of annual and other financial reports prepared on the basis of Statutory Accounting Principles, the filing and form of actuarial reports, dividends, and a variety of other financial and non-financial matters.

Media Business

Our media business is composed of Maxim. We acquired certain assets and liabilities of Maxim on February 27, 2014. Maxim's business lies in media, in print and digital, and in licensing of products and services. Maxim is headquartered in New York City, New York.

Publishing is a highly competitive business. The Company's magazines and related publishing products and services compete with other mass media, including the Internet and many other leisure-time activities. Competition for advertising dollars is based primarily on advertising rates, circulation levels, reader demographics, advertiser results, and sales team effectiveness.

Table of Contents

Maxim products are marketed under various registered brand names, including, but not limited to, “MAXIM®” and “Maxim®”.

Investments
The Company and its subsidiaries have invested in The Lion Fund, L.P. and The Lion Fund II, L.P. (collectively, “the investment partnerships”). The investment partnerships operate as private investment funds. As of December 31, 2014, the fair value of the investments was $776.9 million. These investments are subject to a rolling five-year lock-up period under the terms of the respective partnership agreements.

Employees
The Company employs 23,851 persons.

Additional information with respect to Biglari Holdings’ businesses
Information related to our reportable segments may be found in Part II, Item 8 of this form 10-K.

Biglari Holdings maintains a website (www.biglariholdings.com) where its annual reports, press releases, interim shareholder reports and links to its subsidiaries’ websites can be found. Biglari Holdings’ periodic reports filed with the Securities and Exchange Commission (the “SEC”), which include form 10-K, form 10-Q, form 8-K and amendments thereto, may be accessed by the public free of charge from the SEC and through Biglari Holdings’ website. In addition, corporate governance documents such as Corporate Governance Guidelines, Code of Conduct, Governance, Compensation and Nominating Committee Charter and Audit Committee Charter are posted on the Company’s website and are available without charge upon written request. The Company’s website and the information contained therein or connected thereto are not intended to be incorporated into this report on form 10-K.

Table of Contents

Item 1A. Risk Factors

Biglari Holdings and its subsidiaries (referred to herein as “we,” us,” “our,” or similar expressions) are subject to certain risks and uncertainties in our business operations which are described below. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties not presently known or that are currently deemed immaterial may also impair our business operations.

Risks Relating to Biglari Holdings

We are dependent on our Chairman and CEO.
Our success depends on the services of Sardar Biglari, Chairman and Chief Executive Officer. All major operating, investment, and capital allocation decisions are made for the Company and its subsidiaries by Mr. Biglari. Moreover, certain counterparties have requested and obtained a provision in their agreements with the right to terminate in the event Mr. Biglari ceases to be our Chairman and Chief Executive Officer. If for any reason the services of Mr. Biglari were to become unavailable, a material adverse effect on our business could occur. At that time, the Company may owe significant amounts of money to Mr. Biglari pursuant to the terms of a license agreement. Taken as a whole, the losses pertaining to these contracts and the liabilities imposed by the license agreement connected to the loss of Mr. Biglari may materially impact the Company in an adverse manner.

Our historical growth rate is not indicative of our future growth.
When evaluating our historical growth and prospects for future growth, it is important to consider that while our business philosophy has remained relatively constant our mix of business has changed and will continue to change. Our dynamic business model makes it difficult to assess our prospects for future growth. Restrictions on our access to capital described further below may also adversely affect our ability to execute our plans for future growth.

Biglari Holdings’ access to capital is subject to restrictions that may adversely affect its ability to satisfy its cash requirements or implement its growth strategy.
We are a holding company and are largely dependent upon dividends and other sources of funds from our subsidiaries in order to meet our needs. Steak n Shake’s credit facility contains restrictions on its ability to pay dividends to Biglari Holdings. In addition, the ability of our insurance subsidiaries to pay dividends to Biglari Holdings is regulated by state insurance laws, which limit the amount of, and in certain circumstances may prohibit the payment of, cash dividends. Furthermore, as a result of our substantial investments in The Lion Fund, L.P. and The Lion Fund II, L.P., investment partnerships controlled by Mr. Biglari, our access to capital is restricted by the terms of their respective partnership agreements, as described more fully below. There is also a high likelihood that we will make additional investments in these investment partnerships. Taken together, these restrictions may result in our having insufficient funds to satisfy our cash requirements. As a result, we may need to look to other sources of capital which may be more expensive or may not be available.

Competition.
Each of our operating businesses faces intense competitive pressure within the markets in which they operate. Competition may arise domestically as well as internationally. While we manage our businesses with the objective of achieving long-term sustainable growth by developing and strengthening competitive advantages, many factors, including market changes, may erode or prevent the strengthening of competitive advantages. Accordingly, future operating results will depend to some degree on whether our operating units are successful in protecting or enhancing their competitive advantages. If our operating businesses are unsuccessful in these efforts, our periodic operating results may decline from current levels in the future. We also highlight certain competitive risks in the sections below.

Unfavorable domestic and international economic, societal and political conditions could hurt our operating businesses.

To the extent that the recovery from the economic recession continues to be slow or the economy worsens for a prolonged period of time, one or more of our significant operations could be materially harmed. In addition, our restaurant operations depend on having access to borrowed funds through the capital markets at reasonable rates. To the extent that access to credit is restricted or the cost of funding increases, our business could be adversely affected.

Table of Contents

Our operating businesses face a variety of risks associated with doing business in foreign markets.
There is no assurance that our international operations will be profitable. Our international operations are subject to all of the risks associated with our domestic operations, as well as a number of additional risks, varying substantially country by country. These include, inter alia, international economic and political conditions, corruption, terrorism, social and ethnic unrest, foreign currency fluctuations, differing cultures and consumer preferences. Our expansion into international markets could also create risks to our brands.

In addition, we may become subject to foreign governmental regulations that impact the way we do business with our international franchisees and vendors. These include antitrust and tax requirements, anti-boycott regulations, international trade regulations, the USA Patriot Act, the Foreign Corrupt Practices Act, and applicable local law. Failure to comply with any such legal requirements could subject us to monetary liabilities and other sanctions, which could harm our business and our financial condition.

We may not be able to adequately protect our intellectual property, which could decrease the value of our brand and products.
The success of our business depends on the continued ability to use the existing trademarks, service marks, and other components of our brand to increase brand awareness and further develop branded products. While we take steps to protect our intellectual property, our rights to our trademarks could be challenged by third parties or our use of these trademarks may result in liability for trademark infringement, trademark dilution, or unfair competition, adversely affecting our profitability. We may also become subject to these risks in the international markets in which we operate and in which we plan to expand. Any impairment of our intellectual property or brands, including due to changes in U.S. or foreign intellectual property laws or the absence of effective legal protections or enforcement measures, could adversely impact our business, financial condition and results of operations.

Litigation could have a material adverse effect on our financial position, cash flows and results of operations.
We are or may be from time to time a party to various legal actions, investigations and other proceedings brought by employees, consumers, policyholders, suppliers, shareholders, government agencies or other third parties in connection with matters pertaining to our business, including related to our investment activities. The outcome of such matters is often difficult to assess or quantify and the cost to defend future proceedings may be significant. Even if a claim is unsuccessful or is not fully pursued, the negative publicity surrounding any negative allegation regarding our Company, our business or our products could adversely affect our reputation. While we believe that the ultimate outcome of routine legal proceedings individually and in the aggregate will not have a material impact on our financial position, we cannot assure that an adverse outcome on, or reputational damage from, any of these matters would not, in fact, materially impact our business and results of operations for the period when these matters are completed or otherwise resolved.

Certain agreements with our Chairman and CEO may deter a change of control or proxy contest.
We have entered into a license agreement with Sardar Biglari, Chairman and Chief Executive Officer, under which Mr. Biglari has granted the Company an exclusive license to use his name when connected to the provision of certain products and services, as well as a sublicense agreement with Steak n Shake that, inter alia, grants Steak n Shake the right to use the trademark “Steak n Shake by Biglari.” In the event of a change of control of the Company or Mr. Biglari’s termination without cause or resignation following specified occurrences, including (1) his removal as Chairman of the Board or Chief Executive Officer or (2) his no longer maintaining sole capital allocation authority, Mr. Biglari would be entitled to receive revenue-based royalty payments related to the usage of his name under the terms of the license agreement for a defined period of no less than five years. Revenue-based royalties derived from Steak n Shake’s restaurants (including Company operated and franchised locations), products and brands would be included in calculating these royalty payments, which would thus represent significant liability for the Company. A change of control would also enable franchisees to terminate their franchise agreement with us. In addition, we have an incentive agreement with Mr. Biglari, in which he is entitled to receive performance-based annual incentive

payments contingent on the growth of the Company’s adjusted book value in each fiscal year. In the event of a change in control or Mr. Biglari’s termination without cause or resignation following specified occurrences, including (1) his removal as Chairman of the Board or Chief Executive Officer or (2) his no longer maintaining sole capital allocation authority, Mr. Biglari would receive specified payments thereunder. The combination of these provisions along with others referenced (e.g., contracts cancellable if Mr. Biglari is no longer Chairman and Chief Executive Officer) all together could create the prevention of a transaction involving a change of control of the Company or deterrence of a potential proxy contest.

The Lion Fund, L.P.’s ownership position in the Company enables it to exert significant influence over matters requiring shareholder approval.

The Lion Fund, L.P., controlled by Mr. Biglari, has the ability to exert significant influence on actions the Company may take in the future that require shareholder approval, including change of control transactions. Therefore, The Lion Fund, L.P.’s ownership position may conflict with the interests of some or all of the Company’s other shareholders.

Table of Contents

Risks Relating to Our Restaurant Operations

Our restaurant operations face intense competition from a wide range of industry participants.
The restaurant business is one of the most competitive industries. As there are virtually no barriers to entry into the restaurant business, competitors may include national, regional and local establishments. There may be established competitors with financial and other resources that are greater than the Company's restaurant operations capabilities. Restaurant businesses compete on the basis of price, menu, food quality, location, personnel and customer service. The restaurant business is often affected by changes in consumer tastes and by national, regional, and local economic conditions. The performance of individual restaurants may be impacted by factors such as traffic patterns, demographic trends, severe weather conditions, and competing restaurants. Additional factors that may adversely affect the restaurant industry include, but are not limited to, food and wage inflation, safety, and food-borne illness.

Changes in economic conditions may have an adverse impact on our restaurant operations.
Our restaurant operations are subject to normal economic cycles affecting the economy in general or the restaurant industry in particular. The restaurant industry has been affected by economic factors, including the deterioration of global, national, regional and local economic conditions, declines in employment levels, and shifts in consumer spending patterns. The disruptions experienced in the global economy and volatility in the financial markets have reduced, and may continue to reduce, consumer confidence in the economy, negatively affecting consumer restaurant spending, which could be harmful to our financial position and results of operations. As a result, decreased cash flow generated from our business may adversely affect our financial position and our ability to fund our operations. In addition, macroeconomic disruptions could adversely impact the availability of financing for our franchisees' expansions and operations.

Our cash flows and financial position could be negatively impacted if we are unable to comply with the restrictions and covenants in Steak n Shake's debt agreements.
The Company's subsidiaries currently maintain debt instruments, including Steak n Shake's credit agreement, dated as of March 19, 2014, with the lenders party thereto. Covenants in the debt agreements impose operating and financial restrictions, including requiring operating subsidiaries to maintain certain financial ratios and thereby restricting, among other things, their ability to incur additional indebtedness and make distributions to the Company. Their failure to comply with these covenants and restrictions could constitute an event of default that, if not cured or waived, could result, among other things, in the acceleration of their indebtedness, which could negatively impact our operations and business and may also significantly affect our ability to obtain additional or alternative financing. In such event, our cash flows may not be sufficient to fully repay this indebtedness and we cannot assure you that we would be able to refinance or restructure this debt. In addition, the restrictions contained in these debt instruments could adversely affect our ability to finance our operations, acquisitions or investments.

Steak n Shake's ability to make payments on its credit facility and to fund operations depends on its ability to generate cash, which is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control. Steak n Shake may not generate sufficient cash flow from operations to service this debt or to fund its other liquidity needs.

Fluctuations in commodity and energy prices and the availability of commodities, including beef, fried products, poultry, and dairy, could affect our restaurant business.
The cost, availability and quality of ingredients restaurant operations use to prepare their food is subject to a range of factors, many of which are beyond their control. A significant component of our restaurant business' costs is related to food commodities, including beef, fried products, poultry, and dairy products, which can be subject to significant price fluctuations due to seasonal shifts, climate conditions, industry demand, changes in international commodity markets, and other factors. If there is a substantial increase in prices for these food commodities, our results of operations may be negatively affected. In addition, our restaurants are dependent upon frequent deliveries of perishable food products

that meet certain specifications. Shortages or interruptions in the supply of perishable food products caused by unanticipated demand, problems in production or distribution, disease or food-borne illnesses, inclement weather, or other conditions could adversely affect the availability, quality, and cost of ingredients, which would likely lower revenues, damage our reputation, or otherwise harm our business.

Table of Contents

Adverse weather conditions or losses due to casualties could negatively impact our operating performance.
Property damage caused by casualties and natural disasters, instances of inclement weather, flooding, hurricanes, fire, and other acts of nature can adversely impact sales in several ways. Many of Steak n Shake's and Western's restaurants are located in the Midwest and Southeast portions of the United States. During the first and second fiscal quarters, restaurants in the Midwest may face harsh winter weather conditions. During the first and fourth fiscal quarters, restaurants in the Southeast may experience hurricanes or tropical storms. Our sales and operating results may be negatively affected by these harsh weather conditions, which could make it more difficult for guests to visit our restaurants, necessitate the closure of restaurants for a period of time or costly repairs due to physical damage, or lead to a shortage of employees resulting from unsafe road conditions or an evacuation of the general population.

We are subject to health, employment, environmental, and other government regulations, and failure to comply with existing or future government regulations could expose us to litigation or penalties, damage our reputation, and lower profits.
We are subject to various global, federal, state, and local laws and regulations affecting our restaurant operations. Changes in existing laws, rules and regulations applicable to us, or increased enforcement by governmental authorities, may require us to incur additional costs and expenses necessary for compliance. If we fail to comply with any of these laws, we may be subject to governmental action or litigation, and our reputation could be accordingly harmed. Injury to our reputation would, in turn, likely reduce revenues and profits.

The development and construction of restaurants is subject to compliance with applicable zoning, land use, and environmental regulations. Difficulties in obtaining, or failure to obtain, the required licenses or approvals could delay or prevent the development of a new restaurant in a particular area.

In recent years, there has been an increased legislative, regulatory, and consumer focus on nutrition and advertising practices in the food industry. As a result, restaurant operations may become subject to regulatory initiatives in the area of nutrition disclosure or advertising, such as requirements to provide information about the nutritional content of our food products, which could increase expenses. The operation of the Steak n Shake and Western franchise system is also subject to franchise laws and regulations enacted by a number of states, and to rules promulgated by the U.S. Federal Trade Commission. Any future legislation regulating franchise relationships may negatively affect our operations, particularly our relationship with franchisees. Failure to comply with new or existing franchise laws and regulations in any jurisdiction or to obtain required government approvals could result in a ban or temporary suspension on future franchise sales. Further national, state and local government initiatives, such as mandatory health insurance coverage, "living wage" or other proposed increases in minimum wage rates could adversely affect our business.

Risks Relating to Our Investment Activities

Our investment activities are conducted primarily through outside investment partnerships, The Lion Fund, L.P. and The Lion Fund II, L.P. (collectively, the "investment partnerships"), which are controlled by Mr. Biglari.
Our investment activities are conducted mainly through these outside investment partnerships. Under the terms of their partnership agreements, each contribution made by the Company to the investment partnerships is subject to a five-year lock-up period, and any distribution upon our withdrawal of funds will be paid out over a two-year period (and may be paid in-kind rather than in cash, thus increasing the difficulty of liquidating these investments). As a result of these provisions and our consequent inability to access this capital for a defined period, our capital invested in the investment partnerships may be subject to an increased risk of loss of all or a significant portion of value, and we may become unable to meet our capital requirements. There is a high likelihood that we will make additional investments in these investment partnerships in the future.

We also have a Shared Services Agreement with Biglari Capital Corp. ("Biglari Capital"), general partner of the investment partnerships, pursuant to which we agreed to provide certain services to Biglari Capital (e.g., use of space at our corporate headquarters) in exchange for a 6% hurdle rate for the Company and its subsidiaries (as compared to a 5% hurdle rate for all other limited partners), above which Biglari Capital is entitled to receive an incentive reallocation in its capacity as general partner of the investment partnerships. There can be no assurance that the benefit, if any, we may realize from this increased hurdle rate will enable us to recoup our costs incurred in performing services for Biglari Capital under the Shared Services Agreement.

Table of Contents

The incentive allocation to which Mr. Biglari, as Chairman and Chief Executive Officer of Biglari Capital, general partner of the investment partnerships, is entitled under the terms of the respective partnership agreements is equal to 25% of the net profits allocated to the limited partners in excess of their applicable hurdle rate.

Our investments are unusually concentrated and fair values are subject to a loss in value.
Our investments are predominantly held through the investment partnerships, which generally invest in common stocks. These investments are largely concentrated in the common stock of one investee, Cracker Barrel Old Country Store, Inc. A significant decline in the major values of these investments may produce a large decrease in our consolidated shareholders' equity and can have a material adverse effect on our consolidated book value per share and earnings.

We are subject to the risk of possibly becoming an investment company under the Investment Company Act of 1940.
Because we are a holding company and a significant portion of our assets may, from time to time, consist of investments in entities in which we do not have a controlling interest, we run the risk of inadvertently becoming an investment company, which would require us to register under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Registered investment companies are subject to extensive, restrictive and potentially adverse regulations relating to, among other things, operating methods, management, capital structure, dividends and transactions with affiliates. Registered investment companies are not permitted to operate their business in the manner in which we operate our business, nor are registered investment companies permitted to have many of the relationships that we have with our affiliated companies.

To avoid becoming and registering as an investment company under the Investment Company Act, we monitor the value of our investments and structure transactions accordingly. As a result, we may structure transactions in a less advantageous manner than if we did not have Investment Company Act concerns, or we may avoid otherwise economically desirable transactions due to those concerns. In addition, events beyond our control, including significant appreciation or depreciation in the market value of certain of our publicly traded holdings or adverse developments with respect to our ownership of certain of our subsidiaries, could result in our inadvertently becoming an investment company. If it were established that we were an investment company, there would be a risk, among other material adverse consequences, that we could become subject to monetary penalties or injunctive relief, or both, in an action brought by the Securities and Exchange Commission (the "SEC"), that we would be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with us undertaken during the period it was established that we were an unregistered investment company.

Risks Relating to Our Insurance Business

Our success depends on our ability to underwrite risks accurately and to charge adequate rates to policyholders.
Our results of operations depend on our ability to underwrite and set rates accurately for risks assumed. A primary role of the pricing function is to ensure that rates are adequate to generate sufficient premiums to pay losses, loss adjustment expenses, and underwriting expenses, and earning a profit.

Our insurance business is vulnerable to significant catastrophic property loss, which could have an adverse effect on its financial condition and results of operations.
Our insurance business faces a significant risk of loss in the ordinary course of its business for property damage resulting from natural disasters, man-made catastrophes and other catastrophic events. These events typically increase the frequency and severity of commercial property claims. Because catastrophic loss events are by their nature unpredictable, historical results of operations may not be indicative of future results of operations, and the occurrence of claims from catastrophic events may result in significant volatility in our insurance business' financial condition and results of operations from period to period. We attempt to manage our exposure to these events through reinsurance programs, although there is no assurance we will be successful in doing so.

Inability to obtain reinsurance or to collect ceded losses and loss adjustment expenses could adversely affect our insurance business's ability to write new policies.

Our insurance business's purchases reinsurance to help manage its exposure to risk. Under these ceded reinsurance arrangements, another insurer assumes a specified portion of our exposure in exchange for a specified portion of policy premiums. The availability, amount and cost of reinsurance depend on market conditions and may vary significantly. Thus, any decrease in the amount of this reinsurance will increase the risk of loss. If our insurance business is unable to obtain sufficient reinsurance at a cost it deems acceptable, it may be unwilling to bear the increased risk and may reduce the level of its underwriting commitments.

Table of Contents

Ceded reinsurance does not discharge our insurance business's direct obligations under the policies it writes. Our insurance business remains liable to policyholders even if it is unable to obtain recoveries under which it believes it is entitled to receive under the reinsurance contracts. Losses may not be recovered from the reinsurers until claims are paid.

Our insurance business is subject to extensive existing state, local and foreign governmental regulations that restrict its ability to do business and generate revenues.
Our insurance business is subject to regulation in the jurisdictions in which it operates. These regulations may relate to, among other things, the types of business that can be written, the rates that can be charged for coverage, the level of capital and reserves that must be maintained, and restrictions on the types and size of investments that can be placed. Regulations may also restrict the timing and amount of dividend payments. Accordingly, existing or new regulations related to these or other matters or regulatory actions imposing restrictions on our insurance business may adversely impact its results of operations.

Risks Relating to Our Media Business

Our media business faces significant competition from other magazine publishers and new forms of media, including digital media, and as a result our media business may not be able to improve its operating results.
Our media business competes principally with other magazine publishers. The proliferation of choices available to consumers for information and entertainment has resulted in audience fragmentation and has negatively impacted overall consumer demand for print magazines and intensified competition with other magazine publishers for share of print magazine readership. Our media business also competes with digital publishers and other forms of media. This competition has intensified as a result of the growing popularity of mobile devices and the shift in preference of some consumers from print media to digital media for the delivery and consumption of content.

Our media business derives a significant percentage of its revenues from advertising. Competition among print magazine and digital publishers for advertising is primarily based on the circulation and readership of magazines and the number of visitors to websites, respectively, and the demographics of customers, advertising rates, plus the effectiveness of advertising sales teams. The proliferation of new platforms available to advertisers, combined with continuing competition from print platforms, has impacted both the amount of advertising our media business is able to sell as well as the rates advertisers are willing to pay. Our media business' ability to compete successfully for advertising also depends on its ability to prove the value of its advertising.

Our pursuit of licensing opportunities for the Maxim brand may prove to be unsuccessful.
The transformation of the business depends to a significant degree upon its ability to develop new licensing agreements to expand the Maxim brand. However, these licensing efforts may be unsuccessful. We may be unable to secure favorable terms for future licensing arrangements, which could lead to, among other things, disputes with licensing partners that hinder our ability to grow the Maxim brand. Future licensing partners may also fail to honor their contractual obligations or take other actions that can diminish the value of the Maxim brand. Disputes could also arise that prevent or delay our ability to collect licensing revenues under these arrangements. If any of these developments occur or our licensing efforts are otherwise not successful, the value and recognition of the Maxim brand, as well as the prospects of our media business, could be materially, adversely affected.

Our media business is exposed to risks associated with weak economic conditions.
Because magazines are generally discretionary purchases for consumers, circulation revenues are sensitive to general economic conditions and economic cycles. Certain economic conditions such as general economic downturns, including periods of increased inflation, unemployment levels, interest rates, gasoline and other energy prices, or declining consumer confidence, may negatively impact consumer spending. Reduced consumer spending or a shift in consumer spending patterns away from discretionary items will likely result in reduced demand for our media

business’s magazines and may also require us to incur increased operating expenses.

Item 1B. Unresolved Staff Comments

None.

Table of Contents

Item 2. Properties

Office Facilities

Use	Location	Own/Lease
Executive Office	San Antonio, TX	Lease
Executive Office	New York, NY	Lease
Executive Office	Venice, FL	Lease
Executive Office	Roanoke, VA	Lease
Executive Office	Los Angeles, CA	Lease
Executive Office	Monte-Carlo, Monaco	Lease
Executive Office	Indianapolis, IN	Own

Restaurant Properties

As of December 31, 2014, restaurant operations included 617 company-operated and franchised locations. Restaurant operations own the land and building for 154 restaurants. The following table lists the locations of the restaurants, as of December 31, 2014.

	Steak n Shake		Western Sizzlin		
	Company-operated	Franchised	Company-operated	Franchised	Total
Domestic:					
Alabama	2	7	—	6	15
Arizona	1	—	—	—	1
Arkansas	—	2	—	16	18
California	1	1	—	2	4
Colorado	2	2	—	—	4
Florida	80	2	—	—	82
Georgia	23	18	—	7	48
Illinois	63	7	—	—	70
Indiana	68	3	—	—	71
Iowa	3	—	—	—	3
Kansas	—	4	—	1	5
Kentucky	14	4	—	—	18
Louisiana	—	1	—	1	2
Maryland	—	—	—	2	2
Michigan	19	1	—	—	20
Mississippi	—	2	—	2	4
Missouri	39	24	—	1	64
Montana	—	1	—	—	1
Nevada	—	2	—	—	2
New Jersey	—	1	—	—	1
New York	1	—	—	—	1
North Carolina	6	6	—	9	21
Ohio	63	—	—	1	64

Oklahoma	—	5	—	9	14
Pennsylvania	6	3	—	—	9
South Carolina	1	4	—	3	8
Tennessee	9	10	—	4	23
Texas	14	9	—	—	23
Virginia	—	5	3	4	12
West Virginia	—	2	1	—	3
International:					
France	1	1	—	—	2
Kuwait	—	1	—	—	1
Spain	1	—	—	—	1
Total	417	128	4	68	617

Table of Contents

Item 3. Legal Proceedings

We are involved in various legal proceedings and have certain unresolved claims pending. We believe, based on examination of these matters and experiences to date, that the ultimate liability, if any, in excess of amounts already provided in our consolidated financial statements is not likely to have a material effect on our results of operations, financial position or cash flows.

On June 3, 2013 and July 2, 2013, two shareholders of the Company filed derivative actions putatively on behalf of the Company against the members of our board of directors in the United States District Courts for the Southern District of Indiana and the Western District of Texas. The actions were consolidated in the Southern District of Indiana in 2014. The shareholders allege claims for breach of fiduciary duty, gross mismanagement, contribution and indemnification, abuse of control, waste, and unjust enrichment relating to certain Company transactions, including the Company’s acquisition of Biglari Capital, Mr. Biglari’s incentive agreement, the trademark license agreement between the Company and Mr. Biglari, and the Company’s rights offering. The shareholders seek to recover unspecified damages, various forms of injunctive relief, and an award of their attorneys’ fees. The Company believes these claims are without merit and intends to defend these cases vigorously.

Item 4. Mine Safety Disclosures

Not applicable.

Table of Contents

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Rights Offering

On September 12, 2014 and September 16, 2013, Biglari Holdings completed offerings of transferable subscription rights, distributing one transferable subscription right ("Rights") for each share of its common stock to shareholders. Every five Rights entitled a shareholder to subscribe for one share of common stock at a price of $250.00 and $265.00, respectively. Shareholders on the record date who fully exercised the Rights distributed to them were also entitled to subscribe for and purchase additional shares of common stock not purchased by other Rights holders through their basic subscription privileges. The offerings were oversubscribed and 344,261 and 286,767 new shares of common stock were issued, respectively. The Company received net proceeds of $85.9 million and $75.6 million from the offerings, respectively. Including the issuance of the newly subscribed shares the Company had 2,065,586 shares outstanding as of December 31, 2014.

Market Information

Biglari Holdings' common stock is listed for trading on the New York Stock Exchange (the "NYSE"), trading symbol: BH. The following table sets forth the high and low sales prices per share, as reported on the NYSE List and adjusted for the 2014 and 2013 offerings of transferable subscription rights during the periods indicated:

	2014		2013	
	High	Low	High	Low
Transition Period	$399.51	$320.95	$482.14	$381.26

	Fiscal Year 2014		Fiscal Year 2013	
	High	Low	High	Low
First quarter	$460.28	$381.26	$328.74	$283.20
Second quarter	482.14	384.05	347.90	314.85
Third quarter	430.82	378.03	357.77	321.11
Fourth quarter	415.97	338.88	401.74	357.62

Shareholders

Biglari Holdings had 10,281 beneficial shareholders, of which 967 were record holders of its common stock at March 5, 2015.

Dividends

Biglari Holdings has not declared a cash dividend during the 2014 transition period or during the fiscal years ended September 24, 2014, September 25, 2013, and September 26, 2012.

Table of Contents

Issuer Purchases of Equity Securities

The following table presents information on purchases of our common stock during the 2014 transition period ended by The Lion Fund, L.P. and Sardar Biglari, each of whom may be deemed to be an "affiliated purchaser" as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended. On December 17, 2014, The Lion Fund, L.P. entered into a Rule 10b5-1 Trading Plan (the "Purchase Plan") pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. Under the Purchase Plan, a broker dealer will make periodic purchases of up to an aggregate of 62,000 shares of the Company's common stock on behalf of The Lion Fund, L.P. at prevailing market prices, subject to the terms of the Purchase Plan. From December 17, 2014 to December 31, 2014 The Lion Fund, L.P. purchased 16,695 shares under the Purchase Plan.

	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares That May Yet Be Purchased Under Plans or Programs
September 25, 2014 – October 31, 2014	-	$ -	-	-
November 1, 2014 – November 30, 2014	-	$ -	-	-
December 1, 2014 – December 31, 2014	16,695	$ 379.58	16,695	45,305
Total	16,695		16,695	45,305

Securities Authorized for Issuance Under Equity Compensation Plans

The "Equity Compensation Plan Information" required by Item 201(d) of Regulation S-K for fiscal year 2014 is contained in our definitive Proxy Statement for the 2015 Annual Meeting of Shareholders filed on January 22, 2015. The "Equity Compensation Plan Information" required by Item 201(d) of Regulation S-K for the 2014 transition period will be filed on April 30, 2015 and such information is incorporated herein by reference.

Table of Contents

Item 6. Selected Financial Data

(dollars in thousands except per share data)

	2014 Transition Period	2013 Transition Period
Revenue:		
Total revenues	$ 224,450	$ 204,442
Earnings:		
Net earnings attributable to Biglari Holdings Inc.	$ 91,050	$ 18,949
Basic earnings per share attributable to Biglari Holdings Inc. (1)	$ 48.49	$ 11.05
Diluted earnings per share attributable to Biglari Holdings Inc. (1)	$ 48.45	$ 11.03
Year-end data:		
Total assets	$ 1,314,791	$ 1,010,356
Long-term notes payable and other borrowings	312,595	199,601
Biglari Holdings Inc. shareholders' equity	$ 725,551	$ 587,885

(1) Earnings per share of common stock is based on the weighted average number of shares outstanding during the period. For financial reporting purposes and for purposes of computing the weighted average common shares outstanding, the shares of Company stock attributable to the unrelated limited partners of The Lion Fund, L.P. - based on their proportional ownership during the period - are considered outstanding shares.

			52 Weeks Ended		
	Fiscal 2014(2)(4)	Fiscal 2013(2)(4)	Fiscal 2012(2)(3)	Fiscal 2011(2)(3)	Fiscal 2010 (2)(3)
Revenue:					
Total revenues	$793,811	$755,822	$740,207	$709,200	$673,781
Earnings:					
Net earnings attributable to Biglari Holdings Inc.	$28,804	$140,271	$21,593	$34,565	$28,094
Basic earnings per share attributable to Biglari Holdings Inc. (1)	$16.85	$90.89	$13.92	$22.35	$17.29
Diluted earnings per share attributable to Biglari Holdings Inc. (1)	$16.82	$90.69	$13.88	$22.23	$17.19
Year-end data:					
Total assets	$1,174,732	$988,543	$773,787	$672,860	$563,839
Long-term notes payable and other borrowings	315,196	216,747	230,603	217,483	142,028
Biglari Holdings Inc. shareholders' equity	$638,717	$564,589	$349,125	$279,678	$248,995

(1) Earnings per share of common stock is based on the weighted average number of shares outstanding during the year. In fiscal year 2014 and 2013 the Company completed rights offerings in which 344,261 and 286,767 new shares of common stock were issued, respectively. The theoretical earnings per share have been retroactively restated for all years to give effect to the rights offerings.

(2)

Fiscal years 2014, 2013, 2012, 2011, and 2010 ended on September 24, 2014, September 25, 2013, September 26, 2012, September 28, 2011, and September 29, 2010, respectively.

(3) For financial reporting purposes all common shares of the Company held by the consolidated affiliated partnerships are recorded in treasury stock on the consolidated balance sheet. For purposes of computing the weighted average common shares outstanding, the shares of treasury stock attributable to the unrelated limited partners of the consolidated affiliated partnerships - based on their proportional ownership during the period - are considered outstanding shares.

(4) For financial reporting purposes and for purposes of computing the weighted average common shares outstanding, the shares of Company stock attributable to the unrelated limited partners of The Lion Fund, L.P. - based on their proportional ownership during the period - are considered outstanding shares.

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in thousands except per share data)

Biglari Holdings Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities, including media, property and casualty insurance, as well as restaurants. The Company's largest operating subsidiaries are involved in the franchising and operating of restaurants. The Company is led by Sardar Biglari, Chairman and Chief Executive Officer of Biglari Holdings and its major operating subsidiaries. The Company's long-term objective is to maximize per-share intrinsic value. All major operating, investment, and capital allocation decisions are made for the Company and its subsidiaries by Sardar Biglari, Chairman and Chief Executive Officer.

2014 transition period compared to 2013 transition period

On October 16, 2014, the Company's Board of Directors approved a change in the Company's fiscal year-end moving from the last Wednesday in September to December 31 of each year. This form 10-K is a transition report and includes financial information for September 25, 2014 to December 31, 2014 (the "2014 transition period"). For comparative purposes, an unaudited statement of earnings, statement of comprehensive income and statement of cash flows have been included for September 26, 2013 to December 31, 2013 (the "2013 transition period").

Net earnings attributable to Biglari Holdings shareholders for the 2014 and 2013 transition periods are disaggregated in the table that follows. Amounts are recorded after deducting income taxes.

	2014 Transition Period	2013 Transition Period
Operating businesses:		
Restaurant	$ 6,857	$ 6,537
Insurance	595	-
Media	(3,455)	-
Total operating businesses	3,997	6,537
Corporate and other	(2,109)	(2,087)
Investment partnership gains	91,191	15,516
Interest expense on notes payable and other borrowings	(2,029)	(1,017)
	$ 91,050	$ 18,949

Our restaurant businesses, which include Steak n Shake and Western, generated after-tax earnings during the transition periods. As of December 31, 2014, Steak n Shake comprised 417 company-operated restaurants and 128 franchised units. Western comprised 4 company-operated restaurants and 68 franchised units. Steak n Shake's same-store sales increased in each of the last 24 quarters. Steak n Shake's same-store sales increased 4.8% and 4.2% during the 2014 and 2013 transition periods, respectively. Steak n Shake's same-store traffic increased 2.7% and 3.9% during the 2014 and 2013 transition periods, respectively. The term "same-store sales" refers to the sales of company-operated units open at least 18 months at the beginning of the current period and have remained open through the end of the period. Same-store traffic measures the number of patrons who walk through the same units.

Our insurance business is composed of First Guard Insurance Company and its agency, 1st Guard Corporation (collectively "First Guard"), which we acquired on March 19, 2014. First Guard is a direct underwriter of commercial trucking insurance, selling physical damage and nontrucking liability insurance to truckers. Our insurance business generated after-tax earnings of $595 during the 2014 transition period.

Our media business is composed of Maxim. We acquired certain assets and liabilities of Maxim on February 27, 2014. Maxim is a brand management company whose business lies principally in media and licensing. Our media business generated an after-tax loss of $3,455 during the 2014 transition period.

Table of Contents

The following discussion should be read in conjunction with Item 1, Business and our Consolidated Financial Statements and the notes thereto included in this transition report form 10-K. The following discussion should also be read in conjunction with the "Cautionary Note Regarding Forward-Looking Statements" and the risks and uncertainties described in Item 1A, Risk Factors set forth above.

Restaurants

Steak n Shake and Western comprise 617 company-operated and franchised restaurants as of December 31, 2014.

	Steak n Shake		Western Sizzlin		
	Company-operated	Franchised	Company-operated	Franchised	Total
Total stores as of September 26, 2012	414	83	5	87	589
Net restaurants opened (closed)	1	21	(1)	(5)	16
Total stores as of September 25, 2013	415	104	4	82	605
Net restaurants opened (closed)	1	20	-	(11)	10
Total stores as of September 24, 2014	416	124	4	71	615
Net restaurants opened (closed)	1	4	-	(3)	2
Total stores as of December 31, 2014	417	128	4	68	617

Earnings of our restaurant operations are summarized below.

	2014 Transition Period		2013 Transition Period	
Revenue				
Net sales	$ 210,256		$ 200,407	
Franchise royalties and fees	4,076		3,177	
Other revenue	1,316		858	
Total revenue	215,648		204,442	
Restaurant cost of sales				
Cost of food	64,614	30.7 %	58,826	29.4 %
Restaurant operating costs	98,939	47.1 %	94,268	47.0 %
Rent	4,554	2.2 %	4,579	2.3 %
Total cost of sales	168,107		157,673	
Selling, general and administrative				
General and administrative	16,570	7.7 %	16,420	8.0 %
Marketing	9,844	4.6 %	10,807	5.3 %
Other expenses	1,523	0.7 %	706	0.3 %
Total selling, general and administrative	27,937	13.0 %	27,933	13.7 %
Depreciation and amortization	6,461	3.0 %	6,434	3.1 %
Interest on obligations under leases	2,577		2,612	

Earnings before income taxes		10,566		9,790
Income tax expense		3,709		3,253
Net earnings	$	6,857	$	6,537

Cost of food, restaurant operating costs and rent expense are expressed as a percentage of net sales.

General and administrative, marketing, other expenses and depreciation and amortization are expressed as a percentage of total revenue.

Table of Contents

Net sales during the 2014 transition period were $210,256, an increase of $9,849 over the 2013 transition period. The increased performance of our restaurant operations was largely driven by Steak n Shake's same-store sales. Steak n Shake's same-store sales increased 4.8% during the 2014 transition period, whereas customer traffic increased by 2.7%.

Franchise royalties and fees increased 28.3% during the 2014 transition period. The franchised units numbered 196 at December 31, 2014, compared to 188 at December 31, 2013. The increase in franchise fees is primarily attributable to newly franchised Steak n Shake stores which opened in the 2014 transition period and 2014 fiscal year.

Cost of food in the current transition period was $64,614 or 30.7% of net sales, compared to $58,826 or 29.4% of net sales in the 2013 transition period. The increase in costs as a percentage of net sales was primarily attributable to higher beef costs during the current transition period.

Restaurant operating costs were $98,939 or 47.1% of net sales compared to $94,268 or 47.0% in the 2013 transition period. The increased costs were mainly based on higher sales.

Selling, general and administrative expense was $27,937 or 13.0% of total revenues in the current transition period remained relatively flat compared to $27,933 or 13.7% of total revenues in the 2013 transition period.

Interest on obligations under leases was $2,577 during the current transition period, versus $2,612 during the 2013 transition period. The total obligations under leases outstanding at December 31, 2014 were $104,561.

Table of Contents

Insurance

First Guard is a direct underwriter of commercial trucking insurance, selling physical damage and nontrucking liability insurance to truckers. Earnings of our insurance business are summarized below.

	2014 Transition Period
Premiums written	$ 3,389
Insurance losses	1,944
Underwriting expenses	724
Total losses and expenses	2,668
Pre-tax underwriting gain	721
Commissions	138
Investment income	47
Investment gains	-
Earnings before income taxes	906
Income tax expense	311
Contribution to net earnings	$ 595

Media

Maxim's business lies principally in media and licensing. Earnings of our media operations are summarized below.

	2014 Transition Period
Revenue	$ 5,228
Media cost of sales	9,261
Selling, general and administrative expenses	1,465
Loss before income taxes	(5,498)
Income tax benefit	(2,043)
Contribution to net earnings	$ (3,455)

We purchased Maxim on February 27, 2014. During the 2014 transition period we continued to make investments into the brand, many of which are reflected in the reported expenses. We have recruited personnel to rebuild the media business, both in print and in digital, and to build a licensing business.

Table of Contents

Investment Partnership Gains

Earnings from our investments in partnerships are summarized below.

	2014 Transition Period	2013 Transition Period
Investment partnership gains	$ 144,702	$ 23,493
Tax expense	53,511	7,977
Contribution to net earnings	$ 91,191	$ 15,516

The Company recorded after-tax earnings from investment partnership gains of $91,191 and $15,516 during the 2014 and 2013 transition periods, respectively.

Certain of the investment partnerships hold the Company's common stock as investments. The Company's pro-rata share of its common stock held by the investment partnerships is recorded as treasury stock even though these shares are legally outstanding. Gains and losses on Company common stock included in the earnings of these partnerships are eliminated.

Interest Expense

The Company's interest expense is summarized below.

	2014 Transition Period	2013 Transition Period
Interest expense on notes payable and other borrowings	(3,272)	(1,641)
Tax expense (benefit)	(1,243)	(624)
Contribution to net earnings	$ (2,029)	$ (1,017)

Interest expense increased from $1,641 in the 2013 transition period to $3,272 in the 2014 transition period. This increase primarily pertained to higher balances and interest on Steak n Shake's current credit facility, entered into on March 19, 2014, compared to Steak n Shake's former credit facility. The outstanding balance on December 31, 2014 was $218,350 with a 4.75% interest rate.

Corporate and Other

Corporate and other exclude restaurant, insurance and media companies. Corporate and other registered a net loss of $2,109 in the current transition period versus a net loss of $2,087 during the 2013 transition period.

Income Tax Expense

Consolidated income tax expense was 37.5% of pretax income in the current transition period, versus 33.3% in the 2013 transition period. The increase in the Company's tax rate in the 2014 transition period as compared to the 2013 transition period was primarily attributable to increased income from investment partnerships.

Table of Contents

Comparison of fiscal years 2014, 2013 and 2012

Net earnings attributable to Biglari Holdings shareholders for each of the past three years are disaggregated in the table that follows. Amounts are recorded after deducting income taxes.

	2014	2013	2012
Operating businesses:			
Restaurant	$17,965	$21,361	$33,110
Insurance	964	-	-
Media	(9,949)	-	-
Total operating businesses	8,980	21,361	33,110
Corporate and other	(4,412)	(7,133)	(9,806)
Investment gains (including contributions)	18,305	115,568	2,604
Investment partnership gains	12,316	14,537	1,953
Interest expense on notes payable and other borrowings	(6,385)	(4,062)	(6,268)
	$28,804	$140,271	$21,593

Our restaurant businesses generated after-tax earnings in each of the last three years. Restaurant businesses include Steak n Shake and Western. As of September 24, 2014, Steak n Shake comprised 416 company-operated restaurants and 124 franchised units. Western comprised 4 company-operated restaurants and 71 franchised units. Steak n Shake's same-store sales increased in each of the last 23 quarters. Steak n Shake's same-store sales increased 2.9%, 2.2% and 3.8% during 2014, 2013, and 2012, respectively. Steak n Shake's same-store traffic increased 2.0%, 2.1%, and 3.7% during 2014, 2013, and 2012, respectively. The term "same-store sales" refers to the sales of company-operated units open at least 18 months at the beginning of the current period and remained open through the end of the period. Same-store traffic measures the number of patrons who walk through the same units.

Our insurance business is composed of First Guard which we acquired on March 19, 2014. First Guard is a direct underwriter of commercial trucking insurance, selling physical damage and nontrucking liability insurance to truckers. Our insurance business generated after-tax earnings of $964 during fiscal year 2014.

Our media business is composed of Maxim. We acquired certain assets and liabilities of Maxim on February 27, 2014. Maxim's business lies principally in media and licensing. Our media business generated an after-tax loss of $9,949 from the purchase date to the end of the fiscal year.

In 2014 and 2013 the Company completed rights offerings in which 344,261 and 286,767 new shares of common stock were issued, respectively. The Company received net proceeds of $85,873 and $75,595 from the offerings, respectively. Earnings per share have been retroactively restated for all three years to account for the rights offerings.

We had a 52/53 week fiscal year that ended on the last Wednesday in September. Fiscal years 2014, 2013, and 2012 all contained 52 weeks.

The following discussion should be read in conjunction with Item 1, Business and our Consolidated Financial Statements and the notes thereto included in this form 10-K. The following discussion should also be read in conjunction with the "Cautionary Note Regarding Forward-Looking Statements" and the risks and uncertainties described in Item 1A, Risk Factors set forth above.

Table of Contents

Restaurants

Steak n Shake and Western comprise 615 company-operated and franchised restaurants as of September 24, 2014. Earnings of our restaurant operations are summarized below.

	2014		2013		2012	
Revenue						
Net sales	$ 759,889		$ 736,968		$ 721,754	
Franchise royalties and fees	15,032		11,741		9,631	
Other revenue	3,234		3,210		2,520	
Total revenue	778,155		751,919		733,905	
Restaurant cost of sales						
Cost of food	226,436	29.8 %	218,199	29.6 %	207,234	28.7 %
Restaurant operating costs	358,998	47.2 %	348,654	47.3 %	337,905	46.8 %
Rent	17,073	2.2 %	16,150	2.2 %	15,916	2.2 %
Total cost of sales	602,507		583,003		561,055	
Selling, general and administrative						
General and administrative	64,872	8.3 %	56,485	7.5 %	44,003	6.0 %
Marketing	43,324	5.6 %	44,375	5.9 %	42,531	5.8 %
Other expenses	5,409	0.7 %	4,458	0.6 %	2,303	0.3 %
Total selling, general and administrative	113,605		105,318		88,837	
Depreciation and amortization	24,064	3.1 %	24,882	3.3 %	26,161	3.6 %
Interest on obligations under leases	9,720		9,829		10,073	
Earnings before income taxes	28,259		28,887		47,779	
Income tax expense	10,294		7,526		14,669	
Net earnings	$ 17,965		$ 21,361		$ 33,110	

Cost of food, restaurant operating costs and rent expense are expressed as a percentage of net sales.
General and administrative, marketing, other expenses and depreciation and amortization are expressed as a percentage of total revenue.

The total number of company-operated and franchised restaurants at September 24, 2014 was as follows.

	Steak n Shake		Western Sizzlin		
	Company-operated	Franchised	Company-operated	Franchised	Total
Total stores as of September 26, 2012	414	83	5	87	589

Net restaurants opened (closed)	1	21	(1)	(5)	16
Total stores as of September 25, 2013	415	104	4	82	605
Net restaurants opened (closed)	1	20	-	(11)	10
Total stores as of September 24, 2014	416	124	4	71	615

Table of Contents

Net sales during 2014 were $759,889, an increase of $22,921 over 2013. The increased performance of our restaurant operations was largely driven by Steak n Shake's same-store sales. Steak n Shake's same-store sales increased 2.9% during 2014, whereas customer traffic increased by 2.0%. In 2013, net sales increased 2.1% from $721,754 to $736,968, also primarily because of the increase in Steak n Shake's same-store sales. Steak n Shake's same-store sales increased 2.2% during 2013 whereas customer traffic increased by 2.1%.

Franchise royalties and fees increased 28.0% during 2014. The franchised units numbered 195 at the end of 2014, compared to 186 at the end of 2013. The increase in franchise fees is primarily attributable to royalties by 41 newly franchised Steak n Shake stores which opened in 2013 and 2014. Franchise royalties and fees increased 21.9% during 2013. However, franchise fees in conjunction with the opening of the franchised stores by themselves accounted for a 4.7% increase in 2013. The remaining 17.2% increase is primarily attributable to royalties from Steak n Shake's newly franchised stores, which opened in 2012 and 2013.

Cost of food in 2014 was $226,436 or 29.8% of net sales, compared with $218,199 or 29.6% of net sales in 2013. The higher costs were primarily imputed to higher sales. The price of beef rose during 2014; however, the increased costs were mostly offset by reductions in the prices of other commodities. In 2013 higher revenues increased cost of food by approximately $5.4 million, and higher commodity prices impacted cost of food by approximately $3.2 million. The cost of food in 2012 was $207,234 or 28.7% of net sales.

Restaurant operating costs in 2014 were $358,998 or 47.2% of net sales compared to $348,654 or 47.3% in 2013. The increased costs were mainly based on higher sales. Restaurant operating costs were $337,905 or 46.8% of net sales in 2012. Restaurant operating costs increased in 2013 over 2012, inter alia, because of increased staffing in our stores of $4.3 million, higher supply costs of $2.3 million, and higher insurance costs of $1.6 million.

Rent expense attributable to restaurant operations remained consistent at 2.2% of net sales, compared to those of the prior years.

General and administrative expenses increased from $56,485 or 7.5% of total revenues in 2013 to $64,872 or 8.3% of total revenues in 2014. The increased costs were primarily attributable to higher compensation expense of $4.1 million and higher recruiting and legal fees of $4.2 million for Steak n Shake's domestic and international franchise development. General and administrative expenses increased from $44,003 or 6.0% of total revenues in 2012 to $56,485 or 7.5% of total revenues in 2013. Increased training in 2013 created a higher expense of $2.7 million, which was largely tied to franchise openings. Our overall efforts to franchise the Steak n Shake concept both domestically and internationally have steadily increased general and administrative expenses.

Marketing expense was $43,324 or 5.6% of total revenues in 2014, versus $44,375 or 5.9% of total revenues in 2013 and $42,531 or 5.8% of total revenues in 2012.

Depreciation and amortization expense was $24,064 or 3.1% of total revenues in 2014, versus $24,882 or 3.3% of total revenues in 2013 and $26,161 or 3.6% of total revenues in 2012.

Interest on obligations under leases was $9,720 during 2014, versus $9,829 during 2013 and $10,073 during 2012. Steak n Shake's total obligations under leases have decreased as the leases mature. The total obligations under leases outstanding at the end of 2014, 2013 and 2012 were $106,189, $112,486 and $116,066, respectively.

Table of Contents

Insurance

First Guard is a direct underwriter of commercial trucking insurance, selling physical damage and nontrucking liability insurance to truckers. Earnings of our insurance business are summarized below.

	2014
Premiums written	$5,330
Insurance losses	2,765
Underwriting expenses	1,489
Total losses and expenses	4,254
Pre-tax underwriting gain	1,076
Commissions	205
Investment income	126
Investment gains	54
Earnings before income taxes	1,461
Income tax expense	497
Contribution to net earnings	$964

Media

Maxim’s business lies principally in media and licensing. Earnings of our media operations are summarized below.

	2014
Revenue	$9,941
Media cost of sales	19,399
Selling, general and administrative expenses	6,523
Loss before income taxes	(15,981)
Income tax benefit	(6,032)
Contribution to net earnings	$(9,949)

We purchased Maxim on February 27, 2014. During the year we made investments into the brand, many of which are reflected in the reported expenses. We have recruited personnel to rebuild the media business, both in print and in digital, and to build a licensing business.

Table of Contents

Investment Gains

Earnings from our investments are summarized below.

	2014	2013	2012
Gain on contributions to investment partnerships	$29,524	$182,746	$-
Gain on sale of Biglari Capital Corp.	-	1,597	-
Realized investment gains	-	1	4,200
Other than temporary impairment	-	(570)	-
Total gain before tax expense	29,524	183,774	4,200
Tax expense	11,219	68,206	1,596
Contribution to net earnings	$18,305	$115,568	$2,604

Investment gains/losses in any given period will vary; therefore, for analytical purposes, management measures operating performance by analyzing earnings before realized and unrealized investment gains/losses.

On July 1, 2013, Biglari Holdings sold all of the outstanding shares of Biglari Capital Corp. to Mr. Biglari, Chairman and CEO of Biglari Holdings, and recorded a gain of $1,597. Biglari Capital Corp. is the general partner of The Lion Fund, L.P. and The Lion Fund II, L.P. (collectively “investment partnerships”). The investment partnerships are limited partnerships operating as private investment funds. The Company has a limited interest in each of the partnerships.

Biglari Holdings recognized non-cash pre-tax gains of $29,524 ($18,305 net of tax) during 2014 and $182,746 ($114,931 net of tax) during 2013 on the contribution of securities to investment partnerships. Biglari Holdings' management does not regard the gains that were recorded, as required by generally accepted accounting principles, as meaningful. The gains recognized for financial reporting purposes are deferred for income tax purposes. These transactions essentially had no effect on our consolidated shareholders' equity because the gains included in earnings were accompanied by a corresponding reduction of unrealized investment gains included in accumulated other comprehensive income.

Realized investment gains of $1 during 2013 and $4,200 during 2012 are gains from securities held directly by the Company and its subsidiaries.

Investment Partnership Gains

Earnings from our investments in partnerships are summarized below.

	2014	2013	2012
Investment partnership gains	$14,055	$20,068	$-
Gains from consolidated affiliated partnerships	-	3,903	6,302
Earnings attributable to redeemable noncontrolling interest	-	(1,901)	(3,152)
Total partnership gains before tax expense	14,055	22,070	3,150
Tax expense	1,739	7,533	1,197
Contribution to net earnings	$12,316	$14,537	$1,953

Prior to the sale of Biglari Capital Corp., the Company held a controlling interest in The Lion Fund, L.P. and Western Acquisitions, L.P. (the “consolidated affiliated partnerships”), and we accounted for the partnerships' gains and losses in our consolidated financial statements. As a result of the sale of Biglari Capital Corp., the Company no longer has a controlling interest in the consolidated affiliated partnerships. Because we ceased to have a controlling interest in the consolidated affiliated partnerships, these entities were no longer consolidated in the Company's financial statements. From July 1, 2013, we record gains/losses from investment partnerships (inclusive of the investment partnerships' unrealized gains and losses on the securities) in the consolidated statements of earnings based on the carrying value of our proportional ownership interests in the investment partnerships. The Company recorded after-tax earnings from investment partnership gains of $12,316 during 2014 and $13,296 during 2013. The Company recorded after-tax earnings from the consolidated affiliated partnerships of $1,241 during 2013 and $1,953 during 2012.

Table of Contents

Certain of the investment partnerships hold the Company's common stock as investments. The Company's pro-rata share of its common stock held by the investment partnerships is recorded as treasury stock. Gains and losses on Company common stock included in the earnings of these partnerships are eliminated. These pro-rata shares are legally outstanding, but under generally accepted accounting principles they are recorded as treasury stock.

The consolidated affiliated partnerships held the Company's common stock as investments. Net earnings of the Company included the realized and unrealized appreciation/depreciation of the investments held by consolidated affiliated partnerships, other than the realized and unrealized appreciation/depreciation of investments the consolidated affiliated partnerships held in the Company's common stock, which was eliminated in the consolidation.

Interest Expense

The Company's interest expense by year is summarized below.

	2014	2013	2012
Interest expense, not attributable to businesses	$(9,166)	$(6,551)	$(8,155)
Loss on debt extinguishment	(1,133)	-	(1,955)
Total interest expense	(10,299)	(6,551)	(10,110)
Tax expense (benefit)	(3,914)	(2,489)	(3,842)
Contribution to net earnings	$(6,385)	$(4,062)	$(6,268)

Interest expense increased from $6,551 in 2013 to $9,166 during 2014. This increase primarily pertained to higher balances and interest on Steak n Shake's current credit facility, entered into on March 19, 2014, compared to Steak n Shake's former credit facility. The outstanding balance on September 24, 2014 was $219,450 with a 4.75% interest rate, as compared to $120,250 with a 3.94% interest rate on September 25, 2013. Interest expense in 2013 decreased from $8,155 in 2012. The decrease primarily pertained to lower interest rates. On September 26, 2012, the total outstanding debt for Steak n Shake was $132,388.

The loss on extinguishment of debt for 2014 of $1,133 and 2012 of $1,955 related to the write-off of deferred loan costs associated with Steak n Shake's then outstanding credit facilities.

Corporate and Other

Corporate and other exclude restaurant, insurance and media companies. Corporate and other registered a net loss of $4,412 during 2014 versus a net loss of $7,133 during 2013, and a net loss of $9,806 during 2012. The after-tax loss decreased in 2014 as compared to 2013 primarily because of a decrease in incentive compensation. The after-tax loss decreased in 2013 as compared to that in 2012 because of an increase in dividend income.

Income Tax Expense

Consolidated income tax expense was 26.2% of pretax income during 2014, versus 34.3% in 2013 and 20.7% in 2012. The decrease in the Company's tax rate in 2014 as compared to 2013 was primarily attributable to reduced contributions of securities to investment partnerships. The Company recognized gains of $29,524 during 2014 and $182,746 during 2013 on the contribution of securities to investment partnerships. In 2014 and 2013, gains on contributions to investment partnerships were taxed at 38.0% and 37.1%, respectively. The increase in the Company's tax rate in 2013 compared to 2012 was primarily because of higher effective tax rates for gains on contributions to investment partnerships in 2013.

Table of Contents

Financial Condition

Our balance sheet continues to maintain significant liquidity. Our consolidated shareholders' equity on December 31, 2014 was $725,551, an increase of $86,834 compared to the September 24, 2014 balance. The increase during the 2014 transition period was primarily attributable to appreciation of our investments.

Consolidated cash and investments are summarized below.

	December 31, 2014	September 24, 2014	September 25, 2013
Cash and cash equivalents	$129,669	$124,290	$94,626
Investments	10,800	21,523	85,479
Fair value of interest in investment partnerships	776,899	620,811	455,297
Total cash and investments	917,368	766,624	635,402
Less: portion of Company stock held by investment partnerships	(78,917)	(63,573)	(57,598)
Carrying value of cash and investments on balance sheet	$838,451	$703,051	$577,804

The Company owns interests in investment partnerships that hold the Company's common stock for investment purposes. However, the Company's pro-rata share of its common stock held by the investment partnerships is recorded as treasury stock. Unrealized gains/losses of Biglari Holdings' stock held by the investment partnerships are eliminated in the Company's results.

Liquidity

Cash provided by operating activities during the 2014 transition period was $5,643 compared to $5,346 during the prior transition period. During fiscal year 2014 cash flows from operations primarily consisted of $23,470 of cash flows from earnings (excluding gains) and $10,340 of cash dividends from investment partnerships. During fiscal year 2013 and fiscal year 2012 cash flows from earnings (excluding gains) were $40,234 and $48,597, respectively.

Net cash provided by investing activities during the 2014 transition period of $2,484 was primarily because of maturities of bonds of $11,748 offset by capital expenditures of $8,816. Net cash used in investing activities of $4,764 during 2013 transition period primarily consisted of capital expenditures of $5,283. Net cash used in investing activities during fiscal year 2014 was primarily because of contributions to investment partnerships of $100,000, acquisitions of businesses of $40,143 and capital expenditures of $35,812. Net cash used in investing activities of $60,765 during fiscal year 2013 primarily consisted of purchases of investments of $45,277 and capital expenditures of $14,167. During fiscal year 2012 net cash used in investing activities was $87,885 based primarily on purchases of investments of $108,825 offset by sales of investments of $38,108.

During the 2014 transition period we incurred debt payments of $2,748. During the 2013 transition period we incurred debt payments of $17,020 and received $7,000 from a revolving credit facility. During fiscal year 2014 we generated cash from financing activities which primarily resulted from an increase in Steak n Shake borrowings of $101,411 and proceeds from an equity offering of $85,873. $50,000 of Steak n Shake's increased borrowings were used to pay a cash dividend to Biglari Holdings and the remaining loan proceeds will be used by Steak n Shake for working capital and general corporate purposes. During fiscal year 2013 we generated $75,595 of cash from financing activities from an equity offering. During fiscal year 2012 we used $709 of cash in financing activities.

We intend to meet the working capital needs of our operating subsidiaries principally through anticipated cash flows generated from operations, cash on hand, existing credit facilities, and the sale of excess properties and investments. We continually review available financing alternatives.

Steak n Shake Credit Facility
On March 19, 2014, Steak n Shake and its subsidiaries entered into a new credit agreement. This credit agreement provides for a senior secured term loan facility in an aggregate principal amount of $220.0 million and a senior secured revolving credit facility in an aggregate principal amount of up to $30.0 million.

The term loan is scheduled to mature on March 19, 2021. It amortizes at an annual rate of 1.0% in equal quarterly installments, beginning June 30, 2014, at 0.25% of the original principal amount of the term loan, subject to mandatory prepayments from excess cash flow, asset sales and other events described in the credit agreement. The balance will be due at maturity. The revolver will be available on a revolving basis until March 19, 2019.

Table of Contents

Steak n Shake has the right to request an incremental term loan facility from participating lenders and/or eligible assignees at any time, up to an aggregate total principal amount not to exceed $70.0 million if certain customary conditions within the credit agreement are met.

Borrowings bear interest at a rate per annum equal to a base rate or a Eurodollar rate (minimum of 1%) plus an applicable margin. Interest on the term loan is based on a Eurodollar rate plus an applicable margin of 3.75% or on the prime rate plus an applicable margin of 2.75%. Interest on loans under the revolver is based on a Eurodollar rate plus an applicable margin ranging from 2.75% to 4.25% or on the prime rate plus an applicable margin ranging from 1.75% to 3.25%. The applicable margins on revolver loans are contingent on Steak n Shake's total leverage ratio. The revolver also carries a commitment fee ranging from 0.40% to 0.50% per annum, according to Steak n Shake's total leverage ratio, on the unused portion of the revolver.

As of December 31, 2014, the interest rate on the term loan was 4.75%.

The credit agreement includes customary affirmative and negative covenants and events of default, as well as a financial maintenance covenant, solely with respect to the revolver, relating to the maximum total leverage ratio.

Both the term loan and the revolver have been secured by first priority security interests on substantially all the assets of Steak n Shake. Biglari Holdings is not a guarantor under the credit facility. Approximately $118,589 of the proceeds of the term loan were used to repay all outstanding amounts under Steak n Shake's former credit facility and to pay related fees and expenses, $50,000 of such proceeds were used to pay a cash dividend to Biglari Holdings, and the remaining term loan proceeds of approximately $51,411 will be used by Steak n Shake for working capital and general corporate purposes. At December 31, 2014, $218,350 was outstanding under the term loan, and no amount is outstanding under the revolver.

Steak n Shake had $10,188 in standby letters of credit outstanding as of December 31, 2014 and September 24, 2014.

Western Revolver
As of December 31, 2014, Western has $980 due June 13, 2015.

Interest Rate Swap
During fiscal year 2013, Steak n Shake entered into an interest rate swap for a notional amount of $65,000 through September 30, 2015. The agreement hedges potential changes in the Eurodollar rate. The fair value of the interest rate swap was a liability of $132, $170 and $214 on December 31, 2014, September 24, 2014 and September 25, 2013, respectively, and is included in accrued expenses on the consolidated balance sheet.

During fiscal year 2011, Steak n Shake entered into an interest rate swap agreement for a notional amount of $20,000, which effectively fixed the interest rate on a prior credit facility at 3.25% through February 15, 2016. The notional amount decreases $1,000 quarterly through its maturity on February 15, 2016. The notional amount of the interest rate swap was $5,000 on December 31, 2014. The fair value of the interest rate swap was a liability of $43, $63 and $187 on December 31, 2014, September 24, 2014 and September 25, 2013, respectively, and is included in accrued expenses on the consolidated balance sheet.

Critical Accounting Policies
Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. Certain accounting policies require management to make estimates and judgments concerning transactions that will be settled several years in the future. Amounts recognized in our consolidated financial statements from such estimates are necessarily based on numerous assumptions involving varying and potentially

significant degrees of judgment and uncertainty. Accordingly, the amounts currently reflected in our consolidated financial statements will likely increase or decrease in the future as additional information becomes available.

We believe the following critical accounting policies represent our more significant judgments and estimates used in preparation of our consolidated financial statements. Given the current composition of our business, we do not believe that any accounting policies related to our insurance or media businesses were critical to the preparation of our consolidated financial statements as of and for the transition period ended December 31, 2014.

Consolidation

The consolidated financial statements include the accounts of (i) Biglari Holdings Inc., (ii) the wholly-and majority-owned subsidiaries of Biglari Holdings Inc. in which control can be exercised and (iii) limited partnership investment entities in which we have a controlling interest as the general partner. In evaluating whether we have a controlling interest in entities in which we would consolidate, we consider the following: (1) for voting interest entities, we consolidate those entities in which we own a majority of the voting interests; and (2) for limited partnership entities, we consolidate those entities if we are the general partner of such entities and for which no substantive removal rights exist. The analysis as to whether to consolidate an entity is subject to a significant amount of judgment. Some of the criteria considered include the determination as to the degree of control over an entity by its various equity holders and the design of the entity.

Before the sale of Biglari Capital and liquidation of Western Acquisitions, L.P., the Company consolidated its affiliated partnerships in its consolidated financial statements, which included the accounts of (i) the Company, (ii) its wholly-owned subsidiaries Biglari Capital, Steak n Shake, and Western, and (iii) The Lion Fund, L.P. and Western Acquisitions, L.P. (the "consolidated affiliated partnerships"), in which the Company had a substantive controlling interest. As a result of the sale of Biglari Capital and the related liquidation of Western Acquisitions, L.P., the Company has ceased to have a controlling interest in the consolidated affiliated partnerships, which, accordingly, are no longer consolidated in the Company's financial statements. Beginning July 1, 2013, the consolidated financial statements only include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions are eliminated in consolidation.

Prior to July 1, 2013 the consolidated affiliated partnerships' assets and liabilities were consolidated on the consolidated balance sheet even though outside limited partners had majority ownership in the consolidated affiliated partnerships. The Company did not guarantee any of the liabilities of its subsidiaries that were serving as general partners to these consolidated affiliated partnerships.

Beginning July 1, 2013, our interests in the investment partnerships are accounted for as equity method investments because of our retained limited partner interest in the investment partnerships. The Company records gains from investment partnerships (inclusive of the investment partnerships' unrealized gains and losses on their securities) in the consolidated statement of earnings based on our proportional ownership interest in the investment partnerships.

Impairment of Long-lived Assets

We review company-operated restaurants for impairment on a restaurant-by-restaurant basis when events or circumstances indicate a possible impairment. We test for impairment by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total estimated future cash flows are less than the carrying amount of the asset, the carrying value is written down to the estimated fair value, and a loss is recognized in earnings. The future cash flows expected to be generated by an asset requires significant judgment regarding future performance of the asset, fair market value if the asset were to be sold, and other financial and economic assumptions.

Insurance Reserves

We currently self-insure a significant portion of expected losses under our workers' compensation, general liability, directors' and officers' liability, and auto liability insurance programs. For certain programs, we purchase reinsurance for individual and aggregate claims that exceed predetermined limits. We record a liability for all unresolved claims and our estimates of incurred but not reported ("IBNR") claims at the anticipated cost to us. The liability estimate is based on information received from insurance companies, combined with management's judgments regarding frequency and severity of claims, claims development history, and settlement practices. Significant judgment is required to estimate IBNR claims as parties have yet to assert a claim, and therefore the degree to which injuries have been incurred and the related costs have not yet been determined. Additionally, estimates about future costs involve significant judgment regarding legislation, case jurisdictions, and other matters.

We self-insure our group health insurance risk. We record a liability for our group health insurance for all applied claims and our estimate of claims incurred but not yet reported. Our estimate is based on information received from our insurance company and claims processing practices.

Our reserves for self-insured liabilities at December 31, 2014, September 24, 2014 and September 25, 2013 were $9,787, $9,221 and $8,629, respectively.

Table of Contents

Income Taxes
We record deferred tax assets or liabilities based on differences between financial reporting and tax basis of assets and liabilities using currently enacted rates and laws that will be in effect when the differences are expected to reverse. We record deferred tax assets to the extent we believe there will be sufficient future taxable income to utilize those assets prior to their expiration. To the extent deferred tax assets would be unable to be utilized, we would record a valuation allowance against the unrealizable amount and record that amount as a charge against earnings. Due to changing tax laws and state income tax rates, significant judgment is required to estimate the effective tax rate expected to apply to tax differences that are expected to reverse in the future. We must also make estimates about the sufficiency of taxable income in future periods to offset any deductions related to deferred tax assets currently recorded. Based on 2014 transition period results, a change of one percentage point in the annual effective tax rate would have an impact of $1,456 on net earnings.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution.

Goodwill and Other Intangible Assets
We are required to assess goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The required analysis of potential impairment of goodwill requires a two-step approach. The first step is the estimation of fair value of each reporting unit. If step one indicates that impairment potentially exists, the second step is performed to measure the amount of impairment, if any. Goodwill impairment exists when the estimated fair value of goodwill is less than its carrying value. The valuation methodology and underlying financial information included in our determination of fair value require significant management judgments. We use both market and income approaches to derive fair value. The judgments in these two approaches include, but are not limited to, comparable market multiples, long-term projections of future financial performance, and the selection of appropriate discount rates used to determine the present value of future cash flows. Changes in such estimates or the application of alternative assumptions could produce significantly different results.

Leases
Restaurant operations lease certain properties under operating leases. Many of these lease agreements contain rent holidays, rent escalation clauses and/or contingent rent provisions. Rent expense is recognized on a straight-line basis over the expected lease term, including cancelable option periods when failure to exercise such options would result in an economic penalty. We use a time period for straight-line rent expense calculation that equals or exceeds the time period used for depreciation. In addition, the rent commencement date of the lease term is the earlier of the date when they become legally obligated for the rent payments or the date when they take access to the grounds for build out. Accounting for leases involves significant management judgment.

Effects of Governmental Regulations and Inflation
Most Restaurant operations employees are paid hourly rates related to minimum wage laws. Any increase in the legal minimum wage would directly increase our operating costs. We are also subject to various laws related to zoning, land use, health and safety standards, working conditions, and accessibility standards. Any changes in these laws that require improvements to our restaurants would increase our operating costs.

Inflation in food, labor, fringe benefits, energy costs, transportation costs and other operating costs directly affect our operations.

The federal healthcare reform legislation that became law in March 2010 (known as the Patient Protection and Affordable Care Act [“PPACA”]) mandates menu labeling of certain nutritional aspects of restaurant menu items such as caloric, sugar, sodium, and fat content. Altering our recipes in response to such legislation could increase our costs and/or change the flavor profile of our menu offerings which could have an adverse impact on our results of operations. Additionally, if our customers perceive our menu items to contain unhealthy caloric, sugar, sodium, or fat content, our results of operations could be further adversely affected.

Additionally, minimum employee health care coverage mandated by state or federal legislation, such as the PPACA, could significantly increase our employee health benefit costs or require us to alter the benefits we provide to our employees. While we are assessing the potential impact the PPACA will have on our business, certain of the mandates in the legislation are not yet effective. If our employee health benefit costs increase, we cannot provide assurance that we will be able to offset these costs through increased revenue or reductions in other costs, which could have an adverse effect on our results of operations and financial condition.

Table of Contents

Contractual Obligations

Our significant contractual obligations and commitments as of December 31, 2014 are shown in the following table.

	Payments due by period				
Contractual Obligations	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years	Total
Long-term debt (1) (2)	$14,454	$26,699	$26,422	$220,532	$288,107
Capital leases and finance obligations (1)	15,811	25,442	15,787	8,348	65,388
Operating leases (3)	17,156	28,179	23,643	58,276	127,254
Purchase commitments (4)	2,972	778	12	—	3,762
Other long-term liabilities (5)	—	—	—	1,960	1,960
Total	$50,393	$81,098	$65,864	$289,116	$486,471

(1) Includes principal and interest and assumes payoff of indebtedness at maturity date.

(2) Includes outstanding borrowings under Steak n Shake's credit facility.

(3) Excludes amounts to be paid for contingent rents. Includes amounts to be paid for subleased properties.

(4) Includes agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms. Excludes agreements that are cancelable without penalty.

(5) Includes liabilities for Non-Qualified Deferred Compensation Plan. Excludes our unrecognized tax benefits of $453 as of December 31, 2014 because we cannot make a reliable estimate of the timing of cash payments.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements other than operating leases entered into in the normal course of business.

Recently Issued Accounting Pronouncements

For detailed information regarding recently issued accounting pronouncements and the expected impact on our consolidated financial statements, see Note 1, "Summary of Significant Accounting Policies" in the accompanying notes to consolidated financial statements included in Part II, Item 8 of this transition report on form 10-K.

Cautionary Note Regarding Forward-Looking Statements

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In general, forward-looking statements include estimates of future revenues, cash flows, capital expenditures, or other financial items, and assumptions underlying any of the foregoing. Forward-looking statements reflect management's current expectations regarding future events and use words such as "anticipate," "believe," "expect," "may," an other similar terminology. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. Investors should not place undue reliance on the forward-looking statements, which speak only as of the date of this report. These forward-looking statements are all based on currently available operating, financial, and competitive information and are subject to various risks and uncertainties. Our actual future results and trends may differ materially depending on a variety of factors, many beyond our control, including, but not limited to, the risks and uncertainties described in Item 1A, Risk Factors set forth above. We undertake no obligation to publicly update or revise them, except as may be required by law.

Table of Contents

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The majority of our investments are conducted through investment partnerships which generally hold common stocks. We also hold marketable securities directly. Through investments in the investment partnerships we hold a concentrated position in the common stock of Cracker Barrel Old Country Store, Inc. A significant decline in the general stock market or in the prices of major investments may produce a large net loss and decrease in our consolidated shareholders' equity. Decreases in values of equity investments can have a materially adverse effect on our earnings and on consolidated shareholders' equity.

We prefer to hold equity investments for very long periods of time so we are not troubled by short-term price volatility with respect to our investments. Our interests in the investment partnerships are committed on a rolling 5-year basis, and any distributions upon our withdrawal of funds will be paid out over two years (and may be paid in kind rather than in cash). Market prices for equity securities are subject to fluctuation. Consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. A hypothetical 10% increase or decrease in the market price of our investments would result in a respective increase or decrease in the fair market value of our investments of $70,878, along with a corresponding change in shareholders' equity of approximately 6%.

Borrowings on Steak n Shake's credit facility bear interest at a rate per annum equal to a base rate or a Eurodollar rate (minimum of 1%) plus an applicable margin. Interest on the term loan is based on a Eurodollar rate plus an applicable margin of 3.75% or on the prime rate plus an applicable margin of 2.75%. Interest on loans under the revolver is based on a Eurodollar rate plus an applicable margin ranging from 2.75% to 4.25% or on the prime rate plus an applicable margin ranging from 1.75% to 3.25%. At December 31, 2014, a hypothetical 100 basis point increase in short-term interest rates would have an impact of approximately $144 on our net earnings. On October 11, 2012, Steak n Shake entered into an interest rate swap for a notional amount of $65,000 through September 30, 2015. The agreement hedges potential changes in the Eurodollar rate. The fair value of the interest rate swap was a liability of $132 on December 31, 2014. In February 2011, in connection with the issuance of the term loan under Steak n Shake's previous credit facility, Steak n Shake entered into an interest rate swap agreement with the lender for a notional amount of $20,000, which effectively fixed the interest rate on the term loan at 3.25% through its maturity. The fair value of the interest rate swap was a liability of $43 at December 31, 2014.

We have had minimal exposure to foreign currency exchange rate fluctuations in the 2014 transition period and in fiscal years 2014 and 2013. We did not have any exposure to foreign currency exchange rate fluctuations in fiscal year 2012.

Table of Contents

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Biglari Holdings Inc.
San Antonio, Texas

We have audited the accompanying consolidated balance sheets of Biglari Holdings Inc. and subsidiaries (the "Company") as of December 31, 2014, September 24, 2014 and September 25, 2013, and the related consolidated statements of earnings, comprehensive income, changes in shareholders' equity, and cash flows for period from September 25, 2014 to December 31, 2014, and the years ended September 24, 2014, September 25, 2013, and September 26, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Biglari Holdings Inc. and subsidiaries as of December 31, 2014, September 24, 2014 and September 25, 2013, and the results of their operations and their cash flows for the period from September 25, 2014 to December 31, 2014, and years ended September 24, 2014, September 25, 2013, and September 26, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 5 to the financial statements, during the years ended September 24, 2014 and September 25, 2013, the Company contributed cash and securities with an aggregate value of $174.4 million and $377.6 million, respectively to investment partnerships. The Company and its subsidiaries have invested in the investment partnerships in the form of limited partner interests. These investments are subject to a rolling five-year lock up period under the terms of the respective partnership agreements for the investment partnerships.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 13, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Indianapolis, Indiana
March 13, 2015

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Biglari Holdings Inc.
San Antonio, Texas

We have audited the internal control over financial reporting of Biglari Holdings Inc. and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in Internal Control — Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Maxim Inc. and subsidiaries which was acquired on February 27, 2014, and First Guard Insurance Company and its agency, 1st Guard Corporation, which were acquired on March 19, 2014, and whose financial statements constitute 5% and 4% of consolidated total assets and consolidated total revenues, respectively, of the consolidated financial statement amounts as of and for the year ended December 31, 2014. Accordingly, our audit did not include the internal control over financial reporting at Maxim Inc., First Guard Insurance Company, or 1st Guard Corporation and their respective subsidiaries. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of December 31, 2014, and for the period from September 25, 2014 to December 31, 2014 of the Company and our report dated March 13, 2015 expressed an unqualified opinion on those financial statements and financial statement schedule and included an emphasis of a matter paragraph relating to the contribution of cash and securities to investment partnerships.

/s/ DELOITTE & TOUCHE LLP

Indianapolis, Indiana
March 13, 2015

Table of Contents

Management's Report on Internal Control Over Financial Reporting

The management of Biglari Holdings Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Pursuant to the rules and regulations of the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, and effected by the board of directors, management and other personnel, to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2014 based on the criteria set forth in a report entitled Internal Control — Integrated Framework (1992), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, we have concluded that, as of December 31, 2014, our internal control over financial reporting is effective based on those criteria.

Management's assessment of the effectiveness of the Company's internal control over financial reporting excluded Maxim Inc., First Guard Insurance Company, 1st Guard Corporation and their respective subsidiaries, which were acquired in fiscal year 2014. These acquisitions represented 5% and 4% of consolidated total assets and consolidated total revenues, respectively, of the Company as of December 31, 2014 and for the period from September 25, 2014 to December 31, 2014. These acquisitions are more fully discussed in Note 1 of the notes to the consolidated financial statements. Under guidelines established by the Securities and Exchange Commission, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting within one year of the date of the acquisition.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, has issued an audit report on the Company's internal control over financial reporting and its report is included herein.

/s/ Sardar Biglari	/s/ Bruce Lewis
Sardar Biglari	Bruce Lewis
Chairman and Chief Executive Officer	Controller

Table of Contents

BIGLARI HOLDINGS INC.

CONSOLIDATED STATEMENTS OF EARNINGS
(Transition Periods ended December 31, 2014, and December 31, 2013)
(Fiscal Years ended September 24, 2014, September 25, 2013 and September 26, 2012)
(dollars in thousands except per-share amounts)

	Transition Period		Fiscal Year		
	2014	2013 (unaudited)	2014	2013	2012
Revenues					
Restaurant operations	$215,648	$204,442	$778,155	$751,919	$733,905
Insurance premiums and other	3,574	-	5,715	-	-
Media advertising and other	5,228	-	9,941	-	-
Other	-	-	-	3,903	6,302
	224,450	204,442	793,811	755,822	740,207
Cost and expenses					
Restaurant cost of sales	168,107	157,673	602,507	583,003	561,055
Insurance losses and underwriting expenses	2,668	-	4,254	-	-
Media cost of sales	9,261	-	19,399	-	-
Selling, general and administrative	30,847	31,630	128,472	126,835	109,547
Depreciation and amortization	6,828	6,566	24,905	25,250	26,424
	217,711	195,869	779,537	735,088	697,026
Other income (expenses)					
Interest and dividends	8	586	1,182	8,265	4,000
Interest expense	(3,272)	(1,641)	(10,299)	(6,551)	(10,110)
Interest on obligations under leases	(2,577)	(2,612)	(9,720)	(9,829)	(10,073)
Gain on sale of Biglari Capital Corp.	-	-	-	1,597	-
Investment gains (including contributions)	-	-	29,524	182,177	4,200
Investment partnership gains	144,702	23,493	14,055	20,068	-
Total other income (expenses)	138,861	19,826	24,742	195,727	(11,983)
Earnings before income taxes	145,600	28,399	39,016	216,461	31,198
Income tax expense	54,550	9,450	10,212	74,289	6,453
Net earnings	91,050	18,949	28,804	142,172	24,745
Less: Earnings attributable to noncontrolling interests	-	-	-	(1,901)	(3,152)