

BIGLARI HOLDINGS INC.  
Form 10-K/A  
March 31, 2015

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

FORM 10-K/A

(Amendment No. 2)

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

For the fiscal year ended September 24, 2014

or

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

For the transition period from \_\_\_ to \_\_\_

Commission file number 0-8445

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

INDIANA  
(State or other jurisdiction of incorporation)

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

17802 IH 10, Suite 400  
San Antonio, Texas  
(Address of principal executive offices)

78257  
(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

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

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  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

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submit and post such files). Yes  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.

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of April 9, 2014 was approximately \$662,300,256 based on the closing stock price of \$460.94 per share on that day.

As of March 5, 2015, 2,065,586 shares of the registrant's Common Stock, \$0.50 stated value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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EXPLANATORY NOTE

This Amendment No. 2 on Form 10-K/A (the “Amendment”) amends the Annual Report on Form 10-K of Biglari Holdings Inc. (“Biglari Holdings,” “we”, “us”, “our”, the “Company” or the “Corporation”) for the fiscal year ended September 30, 2014, originally filed with the Securities and Exchange Commission (the “SEC”) on November 24, 2014 (the “Original Filing”), to include separate audited financial statements of The Lion Fund II, L.P. (the “Lion Fund II”) pursuant to Rule 3-09 of Regulation S-X (“Rule 3-09”) in Part IV, Item 15. The audited financial statements of the Lion Fund II (the “Lion Fund II Financial Statements”) were not available at the time of the Original Filing. In accordance with Rule 3-09(b)(2), the Lion Fund II Financial Statements are being filed as an amendment to the Original Filing within 90 days after the end of the Lion Fund II’s fiscal year.

In addition, in connection with the filing of this Amendment and pursuant to the rules of the SEC, we are including with this Amendment certain currently dated certifications. Accordingly, Item 15 of Part IV has also been amended to reflect the filing of these currently dated certifications.

This Form 10-K/A does not attempt to modify or update any other disclosures set forth in the Original Filing, except as required to reflect the additional information included in Part IV, Item 15 of this Form 10-K/A. Additionally, this Form 10-K/A, except for the additional information included in Part IV, speaks as of the filing date of the Original Filing and does not update or discuss any other Company developments subsequent to the date of the Original Filing. Accordingly, this Form 10-K/A should be read in conjunction with our filings made with the SEC subsequent to the Original Filing.

## INDEPENDENT AUDITORS' REPORT

To the Partners of  
The Lion Fund II, L.P.  
San Antonio, Texas

We have audited the accompanying financial statements of The Lion Fund II, L.P., (a Delaware limited partnership) (the "Fund"), which comprise the statements of assets and liabilities, including the condensed schedules of investments, as of December 31, 2014 and 2013, and the related statements of operations, changes in partners' capital, and cash flows for the year ended December 31, 2014 and for the period from July 1, 2013 (date operations commenced) to December 31, 2013, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lion Fund II, L.P., as of December 31, 2014, and the results of its operations, changes in partners' capital, and its cash flows for the year ended December 31, 2014 and for the period from July 1, 2013 (date operations commenced) to December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP  
Indianapolis, Indiana

March 31, 2015

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THE LION FUND II, L.P.  
 (A Delaware Limited Partnership)

STATEMENT OF ASSETS AND LIABILITIES  
 AS OF DECEMBER 31, 2014 AND 2013

	December 31, 2014	December 31, 2013
<b>ASSETS:</b>		
Investments in securities — at fair value	\$683,828,584	\$436,163,822
Cash	35,515,384	2,433
<b>Total assets</b>	<b>\$719,343,968</b>	<b>\$436,166,255</b>
<b>LIABILITIES:</b>		
Accounts payable	\$43,722	\$24,500
<b>PARTNERS' CAPITAL</b>	<b>\$719,300,246</b>	<b>\$436,141,755</b>

See notes to financial statements.

THE LION FUND II, L.P.  
(A Delaware Limited Partnership)

CONDENSED SCHEDULE OF INVESTMENTS  
AS OF DECEMBER 31, 2014 AND 2013

AS OF DECEMBER 31, 2014	Shares	Amount
INVESTMENTS IN COMMON STOCK AT FAIR VALUE:		
United States:		
Restaurant:		
Cracker Barrel Old Country Store, Inc. (92.7%)	4,737,794	\$ 666,891,883
Other		16,936,701
TOTAL SECURITIES OWNED (cost \$477,534,057) (95.1%)		
		\$ 683,828,584

Percentages shown are computed based on the classification value compared to partners' capital at December 31, 2014.

AS OF DECEMBER 31, 2013	Shares	Amount
INVESTMENTS IN COMMON STOCK AT FAIR VALUE:		
United States:		
Restaurant:		
Cracker Barrel Old Country Store, Inc. (cost \$386,365,067) (100.0%)	3,962,604	\$ 436,163,822

Percentages shown are computed based on the classification value compared to partners' capital at December 31, 2013.

See notes to financial statements.



THE LION FUND II, L.P.  
 (A Delaware Limited Partnership)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014 AND  
 FOR THE PERIOD FROM JULY 1, 2013  
 (DATE OPERATIONS COMMENCED) TO DECEMBER 31, 2013

	2014	2013
<b>INVESTMENT INCOME:</b>		
Dividends	\$ 16,000,887	\$ 5,568,906
<b>EXPENSES:</b>		
Professional fees	48,180	30,020
<b>NET INVESTMENT INCOME</b>	<b>15,952,707</b>	<b>5,538,886</b>
<b>UNREALIZED GAINS FROM INVESTMENTS:</b>		
Net change in unrealized appreciation	156,495,772	49,798,755
<b>NET INCREASE IN PARTNERS' CAPITAL RESULTING FROM OPERATIONS</b>	<b>\$ 172,448,479</b>	<b>\$ 55,337,641</b>

See notes to financial statements.

THE LION FUND II, L.P.  
(A Delaware Limited Partnership)

STATEMENT OF CHANGES IN PARTNERS' CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2014 AND  
FOR THE PERIOD FROM JULY 1, 2013  
(DATE OPERATIONS COMMENCED) TO DECEMBER 31, 2013

	General Partner	Limited Partners	Total
PARTNERS' CAPITAL — June 30, 2013	\$-	\$-	\$-
Capital contributions	-	386,365,067	386,365,067
Capital distributions	-	(5,560,953 )	(5,560,953 )
Net increase from operations	1,651	55,335,990	55,337,641
Performance reallocation	10,743,191	(10,743,191 )	-
PARTNERS' CAPITAL — December 31, 2013	\$10,744,842	\$425,396,913	\$436,141,755
Capital contributions	-	134,418,240	134,418,240
Capital distributions	(12,742,938 )	(10,965,290 )	(23,708,228 )
Net increase from operations	2,408,260	170,040,219	172,448,479
Performance reallocation	34,405,750	(34,405,750 )	-
PARTNERS' CAPITAL — December 31, 2014	\$34,815,914	\$684,484,332	\$719,300,246

See notes to financial statements.

THE LION FUND II, L.P.  
(A Delaware Limited Partnership)

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014 AND  
FOR THE PERIOD FROM JULY 1, 2013  
(DATE OPERATIONS COMMENCED) TO DECEMBER 31, 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net increase in partners' capital resulting from operations	\$172,448,479	\$55,337,641
Adjustments to reconcile net increase in partners' capital resulting from operations to net cash (used in) provided by operating activities:		
Net change in unrealized appreciation from investments	(156,495,772)	(49,798,755)
Purchases of investments	(16,750,750)	-
Increase in accounts payable	19,222	24,500
Net cash (used in) provided by operating activities	(778,821)	5,563,386
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions from partners	60,000,000	-
Distributions to partners	(23,708,228)	(5,560,953)
Net cash provided by (used in) financing activities	36,291,772	(5,560,953)
<b>NET INCREASE IN CASH</b>	<b>35,512,951</b>	<b>2,433</b>
CASH — Beginning of year	2,433	-
CASH — End of year	\$35,515,384	\$2,433
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Non-cash contribution of securities from Limited Partners	\$74,418,240	\$386,365,067

See notes to financial statements.

THE LION FUND II, L.P.  
(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 AND  
FOR THE PERIOD FROM JULY 1, 2013  
(DATE OPERATIONS COMMENCED) TO DECEMBER 31, 2013

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lion Fund II, L.P. (the “Fund”) is an investment fund organized as a limited partnership under the laws of the State of Delaware. The Fund is managed by Biglari Capital Corp. (the “General Partner”). The Fund commenced operations in July 2013 to provide investors with a professionally managed fund with the objective of achieving above-average, long-term growth of capital. In meeting this objective, the Fund will seek to find investments that the General Partner believes offer exceptional value.

**Basis of Accounting** — The accompanying financial statements of the Fund have been presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

**Investments in Securities** — Security transactions are accounted for on the date the securities are purchased or sold (trade date). Gains or losses from sales of investments are computed on the specific identification basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Exchange-listed securities are valued at the last sale price on the principal exchange on which they are traded.

**Income Taxes** — In accordance with federal income tax regulations, no income taxes are levied on a partnership, but rather on the individual partners. Consequently, no provision or liability for federal income taxes has been reflected in the accompanying financial statements.

There were neither liabilities nor deferred tax assets relating to uncertain income tax positions taken or expected to be taken on the tax returns as of December 31, 2014 and 2013. The Fund has reviewed open tax years and has concluded that there is no significant tax liability resulting from uncertain tax provisions. Fiscal year 2013 remains open for both federal and state jurisdictions.

**Cash** — Any highly liquid investments with a maturity of three months or less at the date of acquisition are considered cash equivalents. The cash balances as of December 31, 2014 and 2013 represents cash currently held by the custodian of the Fund’s investments.

**Use of Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Allocation of Net Increase from Operations** — The Fund’s income and losses, including unrealized gains or losses and realized gains or losses from the sale of investments, are allocated to the partners in proportion to their respective capital accounts as of the end of each month, except for the General Partner performance reallocation discussed in Note 3.



Recently Issued Accounting Pronouncements — In June 2013, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2013-08, Amendments to the Scope, Measurement, and Disclosure Requirements of Investment Companies (“ASU 2013-08”), effective for the year ending December 31, 2014. The adoption of ASU 2013-08 did not have a material impact on the financial statements.

2. **CONCENTRATIONS OF CREDIT RISK**

The Fund does not clear its own securities transactions. It has established accounts with financial institutions for this purpose. This can, and often does, result in concentration of credit risk with one or more of these firms. Such risk, however, is mitigated by the obligation of U.S. financial institutions to comply with rules and regulations governing broker/dealers and futures commission merchants. These rules and regulations generally require maintenance of net capital, as defined, and segregation of customers’ funds and securities from holdings of the firm.

3. **RELATED-PARTY TRANSACTIONS**

The General Partner is entitled to receive a performance reallocation of 25% of the increase in net assets annually. This reallocation is subject to a 6% performance hurdle rate that the Fund’s performance must exceed in order for the General Partner to be entitled to such reallocation. Additionally, this reallocation is subject to a highwater mark provision. For the years ended December 31, 2014 and 2013, the General Partner earned \$34,405,750 and \$10,743,191 of performance reallocation fee, respectively.

Sardar Biglari is the Chairman, Chief Executive Officer and sole owner of the General Partner. Mr. Biglari is also the Chairman and Chief Executive Officer of Biglari Holdings Inc. (“Biglari Holdings”) and of Biglari Holdings’ wholly owned subsidiary, Steak n Shake Operations, Inc. (“Steak n Shake”). Biglari Holdings and Steak n Shake are limited partners in the Fund and are subject to pay their proportional share of performance reallocation.

The General Partner of the Fund also serves as the general partner of The Lion Fund, L.P. The Lion Fund, L.P. is a limited partner in the Fund and is not subject to a performance reallocation.

As of December 31, 2014 and 2013, Biglari Holdings, Steak n Shake and The Lion Fund, L.P. represented the only limited partners in the Fund.

4. **FAIR VALUE MEASUREMENTS**

Exchange-listed securities are valued at the last sale price on the principal exchange on which they are traded. Level 1 securities in accordance with the U.S. GAAP established fair value hierarchy are based on unadjusted quoted prices in active markets for identical assets and liabilities. As of December 31, 2014 and 2013, the total securities were \$683,828,584 and \$436,163,822, respectively. The securities are classified as a Level 1 input within the U.S. GAAP established hierarchy.

## 5. SUBSEQUENT EVENTS

We have evaluated subsequent events for recognition or disclosure through the time of issuance of these financial statements on March 31, 2015.

On February 5, 2015, the Fund entered into a pre-paid variable share forward transaction with 1,250,000 shares of Cracker Barrel Old Country Store, Inc. Pursuant to the terms of the forward contract, the Fund received a prepayment of \$135,095,500 on February 10, 2015. Subject to the applicable terms and conditions, the Fund may elect to settle the forward contract in cash or shares. The scheduled valuation dates occur from June 14, 2017 to September 19, 2017.

## 6. FINANCIAL HIGHLIGHTS

	2014		2013	
Total return before performance reallocation	28.59	%	15.49	%
Performance reallocation	(6.15)	)	(2.85)	)
Total return after performance reallocation	22.44	%	12.64	%
Supplemental Data				
	2014		2013	
Annual gross partnership return	40.22	%	30.88	%
Annual net partnership return	40.21	%	30.87	%

Total return for limited partners is calculated for the limited partners as a whole and is measured by dividing the increase or decrease in net assets, net of the expenses and performance reallocation to the General Partner, into the weighted average limited partners' capital measured at the end of each month. An individual limited partner's return may vary from these returns based on the timing of capital transactions.

Gross partnership return is calculated for the Fund as a whole and is measured by dividing the total increase or decrease in net assets, before expenses, into the weighted average partners' capital measured at the end of each month. The net partnership return is calculated in similar fashion, after expenses.

	2014		2013	
Ratio to average partners' capital:				
Expenses before performance reallocation	0.01	%	0.02	%
Performance reallocation	7.21		5.11	
Expenses including performance reallocation	7.22	%	5.13	%
Net investment income	3.28	%	2.65	%

Average partners' capital is determined using the Fund's partners' capital measured at the end of each month. The performance reallocation to the General Partner is not included in the net investment income ratio.

Expenses include accounting fees, interest and other expenses. Net investment income is computed as investment income from dividends and interest, less expenses.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 31, 2015.

Biglari Holdings inc.

By: /s/ Bruce Lewis  
Bruce Lewis  
Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated, on March 31, 2015.

Signature	Title
/s/ Sardar Biglari Sardar Biglari	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
/s/ Bruce Lewis Bruce Lewis	Controller (Principal Financial and Accounting Officer)
/s/ Philip Cooley Philip Cooley	Director
/s/ Kenneth R. Cooper Kenneth R. Cooper	Director
/s/ William L. Johnson William L. Johnson	Director
/s/ James P. Mastrian James P. Mastrian	Director
/s/ Dr. Ruth J. Person Dr. Ruth J. Person	Director

INDEX TO EXHIBITS

Exhibit Number	Description
23.01	Consent of Independent Registered Public Accounting Firm
31.01	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.02	Rule 13a-14(a)/15d-14(a) Certification of Controller
32.01	Section 1350 Certifications
99.01	Consent of The Lion Fund II, L.P.

The Lion Fund II Financial Statements are filed under Item 15(c).