

WESTERN SIZZLIN CORP
Form S-4/A
May 07, 2008

As filed with the Securities and Exchange Commission on May 7, 2008

Registration No. 333-148349

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

AMENDMENT NO. 3
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

WESTERN SIZZLIN CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	5812	86-0723400
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

416 South Jefferson Street, Suite 600
Roanoke, Virginia 24011
(540) 345-3195

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Robyn B. Mabe
Vice President and Chief Financial Officer
Western Sizzlin Corporation
416 South Jefferson Street, Suite 600
Roanoke, Virginia 24011
(540) 345-3195

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Steven Wolosky
Olshan Grundman Frome Rosenzweig & Wolosky LLP
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300

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

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

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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

WESTERN SIZZLIN CORPORATION

Offer to Exchange
Up to 2,700,000 Shares of Common Stock
of
ITEX CORPORATION
for
Shares of Western Sizzlin Corporation Common Stock
by
WESTERN SIZZLIN CORPORATION

at an Exchange Ratio of One Share of ITEX Corporation Common Stock for
.06623 Shares of Western Sizzlin Corporation Common Stock

THE OFFER AND THE WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, MAY 13, 2008, REFERRED TO AS THE “EXPIRATION DATE,” UNLESS EXTENDED. SHARES TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

Western Sizzlin Corporation is offering to exchange up to 2,700,000 shares of common stock of ITEX Corporation at an exchange ratio of one share of ITEX common stock for .06623 shares of Western common stock, par value \$0.01 per share, upon the terms and subject to the conditions in this prospectus and accompanying revised letter of transmittal. This offer is referred to in this prospectus as the “exchange offer,” the “offer,” the “amended exchange offer” or the “amended offer.” In addition, you will receive cash instead of any fractional shares of Western common stock to which you may be entitled.

This prospectus amends and supersedes information included in the prospectus originally filed with the Securities and Exchange Commission on December 27, 2007, which we refer to as the “original prospectus,” as amended by the prospectuses filed with the Securities and Exchange Commission on February 1, 2008 and March 13, 2008. Western’s exchange offer contained in the original prospectus is referred to as the “original offer.”

Western is seeking to acquire up to 2,700,000 shares of ITEX common stock in the offer for investment purposes. Following the consummation of the offer, Western intends to evaluate its investment in the ITEX common stock on a continual basis and may, from time to time, communicate with ITEX management, members of ITEX’s board of directors and other stockholders of ITEX.

Western’s common stock commenced trading on the Nasdaq Capital Market under the symbol “WEST” on February 25, 2008, and was previously quoted on the OTC Bulletin Board under the symbol “WSZL.OB.” ITEX’s common stock is quoted on the OTC Bulletin Board under the symbol “ITEX.OB.” On December 12, 2007, the last full trading day before Western announced its intention to commence its original offer, the closing price of a share of Western common stock was \$15.40 and the closing price of a share of ITEX common stock was \$0.90. Based on these closing prices and the exchange ratio in the offer of one share of ITEX common stock for .06623 shares of Western common stock, the Western offer had a value of \$1.02 per share of ITEX common stock. This represents a 13% premium over ITEX’s closing share price on December 12, 2007, a 20% premium over ITEX’s six-month average closing share price

through December 12, 2007 and a 28% premium over ITEX's one-year average closing share price through December 12, 2007. On December 26, 2007, the last full trading day before the date of the original prospectus, based on the closing price of a share of Western common stock of \$18.00 and the closing price of a share of ITEX common stock of \$0.96, the Western offer had a value of \$1.19 per ITEX share, representing a 24% premium over ITEX's closing share price on December 26, 2007, a 38% premium over ITEX's six-month average closing share price through that date and a 48% premium over ITEX's one-year average closing share price through that date.

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FOR A DISCUSSION OF CERTAIN FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE OFFER, PLEASE CAREFULLY READ THE SECTION CAPTIONED “RISK FACTORS” BEGINNING ON PAGE 14.

Western’s obligation to exchange shares of Western common stock for shares of ITEX common stock is subject to specified conditions, which are more fully described in the section captioned “The Offer—Conditions of the Offer.” The offer is no longer conditioned on any minimum number of shares being tendered. Western has also eliminated a number of other significant conditions to the offer.

Western has not authorized any person to provide any information or to make any representation in connection with the offer other than the information contained in this prospectus, and if any person provides any of this information or makes any representation of this kind, that information or representation must not be relied upon as having been authorized by Western.

WESTERN IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND WESTERN A PROXY.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 6, 2008

THIS OFFER DOES NOT CONSTITUTE A SOLICITATION OF PROXIES FOR ANY MEETING OF STOCKHOLDERS OF ITEX. ANY SOLICITATION OF PROXIES WHICH WESTERN MIGHT MAKE WILL BE MADE ONLY PURSUANT TO SEPARATE PROXY OR CONSENT SOLICITATION MATERIALS COMPLYING WITH THE REQUIREMENTS OF SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, OR THE “EXCHANGE ACT.” EACH STOCKHOLDER IS URGED TO READ THE PROXY STATEMENT REGARDING THE BUSINESS TO BE CONDUCTED AT THE APPLICABLE MEETING, IF AND WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. ANY SUCH PROXY STATEMENT WILL BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, OR “SEC.” ITEX STOCKHOLDERS WILL BE ABLE TO OBTAIN A COPY OF ANY PROXY STATEMENT, AS WELL AS OTHER FILINGS CONTAINING INFORMATION ABOUT THE PARTIES (INCLUDING INFORMATION REGARDING THE PARTICIPANTS (WHICH MAY INCLUDE WESTERN’S OFFICERS AND DIRECTORS) IN THE PROXY SOLICITATION AND A DESCRIPTION OF THEIR DIRECT AND INDIRECT INTERESTS, BY SECURITY HOLDINGS OR OTHERWISE), FREE AT THE SEC’S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). EACH SUCH PROXY STATEMENT (IF AND WHEN IT IS AVAILABLE) AND THESE OTHER DOCUMENTS MAY ALSO BE OBTAINED FOR FREE FROM WESTERN AT [HTTP://WWW.WESTERN-SIZZLIN.COM](http://www.western-sizzlin.com).

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QUESTIONS AND ANSWERS ABOUT THE TRANSACTION

The following are some of the questions that you as a holder of shares of ITEX Corporation, or "ITEX," common stock may have regarding the offer and answers to those questions. The answers to these questions do not contain all information relevant to your decision whether to tender your shares of ITEX common stock, and Western Sizzlin Corporation, or "Western," urges you to read carefully the remainder of this prospectus and revised letter of transmittal.

What is Western's Proposed Transaction?

Pursuant to the filing of the registration statement on Form S-4, of which this prospectus is a part, with the SEC, Western is offering to acquire up to 2,700,000 outstanding shares of ITEX common stock, in exchange for shares of Western common stock. According to ITEX's Quarterly Report on Form 10-Q for the quarterly period ended January 31, 2008, as of that date, there were 17,816,248 shares of ITEX common stock outstanding. As of the date of this prospectus, Western owned 700,714 shares of ITEX common stock, representing approximately 3.9% of the outstanding shares. If Western acquires the maximum 2,700,000 shares in the offer, it would own 3,400,714 shares of ITEX common stock, representing approximately 19.0% of the outstanding shares.

How Has Western Amended its Offer?

Western believes that its ability to successfully consummate its original offer for all of the outstanding shares of ITEX common stock was impeded by the ITEX board's and management's unwillingness to negotiate in good faith with Western. Accordingly, Western has amended its exchange offer to seek up to a maximum of 2,700,000 shares of ITEX common stock, at the same exchange ratio of one share of ITEX common stock for .06623 shares of Western common stock. Western is seeking to acquire these shares in the offer for investment purposes. As a result of its amended offer, Western has eliminated a number of significant conditions to the offer, as further described below.

If I Have Already Tendered My Shares of ITEX Common Stock, Do I Need to Do Anything to Tender into the Amended Offer?

If you have already tendered your shares of ITEX common stock, you do not need to do anything to tender into the amended offer. Shares of ITEX common stock validly tendered and not properly withdrawn prior to the date of this prospectus will automatically be considered to have been tendered pursuant to the terms of the amended offer set forth in this prospectus.

How Many Shares Will Western Purchase in the Offer?

Western will purchase up to 2,700,000 shares of ITEX common stock in the offer, or such lesser number of shares as are validly tendered and not properly withdrawn. If more than 2,700,000 shares are tendered, all shares tendered will be purchased on a pro rata basis. The offer is no longer conditioned on any minimum number of shares being tendered.

What Will I Receive in Exchange for My Shares of ITEX Common Stock?

In exchange for each share of ITEX common stock that is purchased pursuant to the offer, you will receive .06623 shares of Western common stock. In addition, you will receive cash instead of any fractional shares of Western common stock to which you may be entitled. The number of shares of Western common stock into which one share of ITEX common stock will be exchanged in the offer is sometimes referred to in this prospectus as the "exchange ratio." Western's common stock is listed on the Nasdaq Capital Market.

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What is the Per Share Value of the Offer and the Premium Over ITEX's Share Price?

On December 12, 2007, the last full trading day before Western announced its intention to commence its original offer, the closing price of a share of Western common stock was \$15.40 and the closing price of a share of ITEX common stock was \$0.90. Based on these closing prices and the exchange ratio in the offer of one share of ITEX common stock for .06623 shares of Western common stock, the Western offer had a value of \$1.02 per share of ITEX common stock. This represents a 13% premium over ITEX's closing share price on December 12, 2007, a 20% premium over ITEX's six-month average closing share price through December 12, 2007 and a 28% premium over ITEX's one-year average closing share price through December 12, 2007. On December 26, 2007, the last full trading day before the date of the original prospectus, based on the closing price of a share of Western common stock of \$18.00 and the closing price of a share of ITEX common stock of \$0.96, the Western offer had a value of \$1.19 per ITEX share, representing a 24% premium over ITEX's closing share price on December 26, 2007, a 38% premium over ITEX's six-month average closing share price through that date and a 48% premium over ITEX's one-year average closing share price through that date.

The value of the offer will change as the market prices of Western common stock and ITEX common stock fluctuate during the offer period and thereafter, and may therefore be different from the prices set forth above at the expiration of the offer period and at the time you receive your shares of Western common stock. Stockholders are encouraged to obtain current market quotations for shares of Western and ITEX common stock prior to making any decision with respect to the offer. See "Risk Factors" and "Comparative Market Price Data."

What does the Board of Directors of ITEX Think of the Offer?

On January 11, 2008, ITEX filed a solicitation/recommendation statement with the SEC on Schedule 14D-9 announcing that its board of directors determined that the original offer was inadequate and not in the best interests of ITEX or its stockholders and recommended that ITEX's stockholders reject the original offer and not tender their ITEX shares in the original offer. On March 25, 2008, ITEX announced that its board of directors' recommendation that ITEX stockholders reject the offer had not changed.

Have You Discussed the Offer with the Board of Directors of ITEX?

We were only given the opportunity to discuss the original offer generally with members of the board of directors of ITEX. We informed ITEX that we would like to meet with its full board of directors as promptly as possible to negotiate the original offer with them, but were never granted such a meeting. We have not discussed the amended offer with ITEX management or its board of directors in view of their previous unwillingness to negotiate with us in good faith.

What are the Conditions of the Offer? What Conditions Have Been Eliminated?

Western's obligation to exchange shares of Western common stock for shares of ITEX common stock pursuant to the offer is subject to several conditions referred to below under "The Offer—Conditions of the Offer," including the following:

- the "registration statement condition"—the registration statement of which this prospectus is a part shall have become effective under the Securities Act of 1933, as amended, referred to in this prospectus as the "Securities Act," no stop order suspending the effectiveness of the registration statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC and Western shall have received all necessary state securities law or "blue sky" authorizations; and

- the “listing condition”—Western’s common stock shall have been approved for listing on the Nasdaq Capital Market or other national securities exchange reasonably acceptable to Western, and the shares of Western common stock to be issued pursuant to the offer shall have been authorized for listing on such national securities exchange, subject to official notice of issuance. Western’s common stock was approved for listing on the Nasdaq Capital Market and commenced trading on Nasdaq on February 25, 2008.

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The satisfaction or existence of any of the conditions to the offer, including those set forth above, will be determined by Western in its reasonable discretion. Any and all conditions to the offer, including those set forth above, may be waived (to the extent legally permissible) by Western in its reasonable discretion.

As a result of the amended offer, Western has eliminated the following conditions to the offer, and the offer is no longer subject to the satisfaction of these conditions :

- the “minimum tender condition”—there shall have been validly tendered and not properly withdrawn prior to the expiration of the offer that number of shares of ITEX common stock representing, together with the shares owned by Western and its affiliates, at least 60% of the total voting power of all of the outstanding securities of ITEX entitled to vote generally in the election of directors or in a merger, calculated on a fully diluted basis immediately prior to the expiration of the offer;
- the “control share condition”—Western must be satisfied, in its reasonable discretion, that the provisions of Section 78.378, et seq. of the Nevada Revised Statutes, referred to in this prospectus as the “Nevada Control Share Statute,” do not and will not apply to the shares of ITEX common stock to be acquired pursuant to the offer or are invalid or the stockholders of ITEX must have approved full voting rights for all of the shares of ITEX common stock to be acquired by Western pursuant to the offer under the Nevada Control Share Statute;
- the “business combination condition”—Western must be satisfied, in its reasonable discretion, that, after consummation of the offer, Section 78.411, et seq. of the Nevada Revised Statutes will not prohibit or restrict for any period of time the merger or any other business combination involving ITEX and Western or an affiliate or associate of Western;
 - the “antitrust condition”—any waiting periods under applicable antitrust laws shall have expired or terminated;
- the “ITEX debt condition”—Western shall have received all consents, waivers and approvals required under the terms of ITEX’s indebtedness in order for Western to consummate the offer; and
- της στοχκηολδερ αππροσβαλ χονδιτιον Ωεστερν σ στοχκηολδερσ σηαλλ ηαωε αππροωεδ, ασ ανδ το τηε εξτεντ ρεθυιρεδ βψ τηε ρυλεσ οφ ανψ νατιοναλ σεχυριτιεσ εξηανγε ον ωηιχη τηε Ωεστερν χομμον στοχκ ισ λιστεδ, τηε ισσυανχε οφ σηαρεσ οφ Ωεστερν χομμον στοχκ πυρσυαντ το τηε οφφερ.

Will I Be Taxed on the Western Common Stock I Receive?

The receipt of Western common stock by a U.S. holder in exchange for its shares of ITEX common stock pursuant to the offer is expected to be a taxable transaction for U.S. federal income tax purposes. For a discussion of material U.S. federal tax consequences of the offer, see the section captioned “The Offer—Taxation.”

BECAUSE TAX MATTERS ARE COMPLICATED, WESTERN URGES YOU TO CONTACT YOUR OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO YOU OF THE OFFER.

Is Western’s Financial Condition Relevant to My Decision to Tender in the Offer?

Yes. Western’s financial condition is relevant to your decision to tender your shares because shares of ITEX common stock accepted in the offer will be exchanged for shares of Western common stock. You should therefore consider Western’s financial condition before you decide to become one of Western’s stockholders through the offer. This prospectus contains financial information regarding Western and ITEX, which we encourage you to review.

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What Percentage of Western's Shares Will Former Holders of Shares of ITEX Common Stock Own After the Offer?

Based on the exchange ratio for the offer, Western estimates that if the maximum 2,700,000 ITEX shares are exchanged pursuant to the offer, former ITEX stockholders would own, in the aggregate, approximately 6.2% of the outstanding shares of Western common stock. For a detailed discussion of the assumptions on which this estimate is based, see "The Offer—Ownership of Western After the Offer."

How Long Do I Have to Decide Whether to Tender in the Offer?

You have until 5:00 p.m., New York City time, on Tuesday, May 13, 2008 to decide whether to tender your shares in the offer unless Western extends the period of time during which the offer is open. If you cannot deliver everything required to make a valid tender to Continental Stock Transfer & Trust Company, the exchange agent for the offer, prior to such time, you may be able to use a guaranteed delivery procedure to tender your shares in the offer, which is described in "The Offer—Guaranteed Delivery." When Western makes reference to the "expiration of the offer" or the "expiration date" anywhere in this prospectus, this is the time to which Western is referring, including, when applicable, any extension period that may apply.

Can the Offer Be Extended and Under What Circumstances?

Western may, in its sole discretion, extend the offer at any time or from time to time. For instance, the offer may be extended if any of the conditions specified in "The Offer—Conditions of the Offer" are not satisfied prior to the scheduled expiration date of the offer. Because the amended offer is for less than all of the outstanding ITEX common stock, Western may not elect to provide a "subsequent offering period" for the offer.

How Will I Be Notified if the Offer is Extended?

If Western decides to extend the offer, it will inform the exchange agent of that fact and will make a public announcement of the extension, not later than 9:00 a.m., New York City time, on the business day after the day on which the offer was scheduled to expire.

How Do I Tender My Shares?

To tender shares, you must deliver the certificates representing your shares, together with a properly completed and duly executed letter of transmittal, to the exchange agent not later than the time the offer expires. If your shares are held in street name by your broker, dealer, commercial bank, trust company or other nominee, such nominee can tender your shares through The Depository Trust Company. If you cannot deliver everything required to make a valid tender to the exchange agent for the offer prior to the expiration of the offer, you may have a limited amount of additional time by having a broker, a bank or other fiduciary that is a member of the Securities Transfer Agents Medallion Program or other eligible institution guarantee that the missing items will be received by the exchange agent within three business days after the expiration of the offer by using the enclosed revised notice of guaranteed delivery. However, the exchange agent must receive the missing items within that three business day period.

Tendering stockholders may use either the revised letter of transmittal and the revised notice of guaranteed delivery circulated with this prospectus or the original letter of transmittal and the original notice of guaranteed delivery previously circulated with the original prospectus. Stockholders using the original letter of transmittal to tender their shares will nevertheless be deemed to be tendering pursuant to the terms and conditions contained in this prospectus and the enclosed revised letter of transmittal.

For a complete discussion on the procedures for tendering your shares, see “The Offer—Procedure for Tendering” and “The Offer—Guaranteed Delivery.”

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Will I Have to Pay any Fee or Commission to Exchange Shares of ITEX Common Stock?

If you are the record owner of your shares and you tender your shares in the offer, you will not have to pay any brokerage fees, commissions or similar expenses. If you own your shares through a broker, dealer, commercial bank, trust company or other nominee and your broker, dealer, commercial bank, trust company or other nominee tenders your shares on your behalf, they may charge a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

Until What Time Can I Withdraw Tendered Shares?

You can withdraw tendered shares at any time until the offer has expired and, if Western has not agreed to accept your shares for exchange by the expiration date, you can withdraw them at any time after that date until it accepts shares for exchange. For a complete discussion on the procedures for withdrawing your shares, see “The Offer—Withdrawal Rights.”

How Do I Withdraw Tendered Shares?

To withdraw shares, you must deliver a written notice of withdrawal, or a facsimile of one, with the required information to the exchange agent for the offer, while you have the right to withdraw the shares. If you tendered shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct the broker, dealer, commercial bank, trust company or other nominee to arrange for the withdrawal of your shares. For a complete discussion on the procedures for withdrawing your shares, see “The Offer—Withdrawal Rights.”

When and How Will I Receive the Western Shares for My Tendered Shares?

Western will exchange up to 2,700,000 validly tendered and not properly withdrawn shares promptly after the expiration date of the offer, subject to the terms of the offer and the satisfaction or waiver of the conditions to the offer, as set forth in “The Offer—Conditions of the Offer.” Western will exchange your validly tendered and not properly withdrawn shares by depositing shares of Western common stock with the exchange agent, which will act as your agent for the purpose of receiving shares from Western and transmitting such shares to you. In all cases, exchange of tendered shares will be made only after timely receipt by the exchange agent of certificates for such shares (or of a confirmation of a book-entry transfer of such shares as described in “The Offer—Procedure for Tendering”) and a properly completed and duly executed letter of transmittal and any other required documents for such shares.

If I Decide Not to Tender, How Will the Offer Affect My Shares?

The exchange of shares of ITEX common stock by Western pursuant to the offer will reduce the number of holders of ITEX common stock and could adversely affect the liquidity and market value of the shares of ITEX common stock. See “The Offer—Effect of the Offer on the Market for Shares of ITEX Common Stock; Registration Under the Exchange Act; Margin Regulations.”

Are Dissenters’ Rights Available in the Offer?

Dissenters’ rights are the rights of stockholders, in certain cases, to receive “fair value” for their shares, plus accrued interest, as determined by a statutorily-prescribed process, which may include a judicial appraisal process. Dissenters’ rights are not available in the offer. See “The Offer—Purpose of the Offer; Dissenters’ Rights.”

What is the Market Value of My Shares of ITEX Common Stock as of a Recent Date?

On December 12, 2007, the last full trading day before Western announced its intention to commence the original offer, the closing price of a share of common stock of ITEX as quoted on the OTC Bulletin Board was \$0.90. On May 5, 2008, the closing price of a share of ITEX common stock was \$0.95. Western advises you to obtain a recent quotation for the ITEX common stock before deciding whether to tender your shares.

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Why Does the Cover Page to this Prospectus State that the Offer is Subject to Change and that the Registration Statement Filed with the SEC is not yet Effective? Does this Mean that the Offer has not Commenced?

No. Completion of this preliminary prospectus and effectiveness of the registration statement are not necessary for the offer to commence. We cannot, however, accept for exchange any shares tendered in the offer or exchange any shares of ITEX common stock until the registration statement is declared effective by the SEC and the other conditions to the offer have been satisfied or, to the extent legally permissible, waived.

Where Can I Find More Information on Western and ITEX?

You can find more information about Western and ITEX from various sources described in the section captioned "Where You Can Find More Information."

Who Can I Talk to If I Have Questions About the Offer?

You can call Morrow & Co., LLC, the information agent for the offer, at the numbers below.

The information agent for the offer is:

MORROW & CO., LLC

470 West Avenue
Stamford, CT 06902

E-mail: offer.info@morrowco.com

Banks and Brokerage Firms, Please Call: 203.658.9400
Stockholders Call Toll Free: 800.607.0088

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WHERE YOU CAN FIND MORE INFORMATION

Western and ITEX file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information that Western and ITEX file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the public reference room. Western's and ITEX's public filings also are available to the public from commercial document retrieval services and at the Internet website maintained by the SEC at <http://www.sec.gov>.

Western has filed a registration statement on Form S-4 to register with the SEC the offering and sale of shares of Western common stock to be issued in the offer. This prospectus is a part of that registration statement. As allowed by SEC rules, this prospectus does not contain all of the information that you can find in the registration statement or the exhibits to the registration statement. For further information, reference is made to the registration statement and its exhibits. Western has filed, and may in the future file, amendments to the registration statement. In addition, on December 27, 2007, Western filed with the SEC a Tender Offer Statement on Schedule TO under the Exchange Act, together with exhibits, to furnish certain information about the offer, and Western has filed, and may in the future file, amendments to the Schedule TO. You may obtain copies of the Form S-4 and Schedule TO (and any amendments to those documents) by contacting the information agent as directed on the back cover of this prospectus.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS IN MAKING YOUR DECISION WHETHER TO TENDER YOUR SHARES OF ITEX COMMON STOCK INTO WESTERN'S OFFER. WESTERN HAS NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT DIFFERS FROM THAT CONTAINED IN THIS PROSPECTUS. THIS PROSPECTUS IS DATED MAY 6, 2008. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, AND NEITHER THE MAILING OF THIS PROSPECTUS TO STOCKHOLDERS NOR THE ISSUANCE OF SHARES OF WESTERN COMMON STOCK IN WESTERN'S OFFER SHALL CREATE ANY IMPLICATION TO THE CONTRARY.

NOTE ON ITEX INFORMATION

In respect of information relating to ITEX's business, operations and management presented in, or omitted from, this prospectus, Western has relied upon publicly available information, primarily information publicly filed by ITEX with the SEC. Information publicly filed by ITEX may be examined and copies may be obtained at the places and in the manner set forth in the section captioned "Where You Can Find More Information." Western is not affiliated with ITEX, and non-public information concerning ITEX was not available to Western for the purpose of preparing this prospectus. ITEX has not cooperated with Western in, and has not been involved in, the preparation of this prospectus and has not verified the information contained in this prospectus relating to ITEX. Publicly available information concerning ITEX may contain errors. Western has no knowledge that would indicate that any statements contained herein regarding ITEX's operations, financial condition or condition in general, based upon such publicly filed reports and documents, are inaccurate, incomplete or untrue. However, Western was not involved in the preparation of such reports and documents.

Pursuant to Rule 409 under the Securities Act and Rule 12b-21 under the Exchange Act, Western has requested that ITEX provide Western with the information required to furnish complete disclosure regarding the business, operations, financial condition and management of ITEX. Western will amend or supplement this prospectus to include any and all information Western receives from ITEX, if Western receives the information before the offer expires and Western considers it to be material, reliable and appropriate. As of the date of this prospectus, no such information has been received.

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In addition, pursuant to Rule 437 under the Securities Act, Western has requested that (i) ITEX cooperate in obtaining the consent of its independent public accountants and (ii) ITEX's independent public accountants provide Western with their consent required for Western to include in this prospectus the audit report included in ITEX's Annual Report on Form 10-KSB for the fiscal year ended July 31, 2007. ITEX has declined to furnish this consent from its independent public accountants. On February 20, 2008, under Section 7(a) of the Securities Act and Rule 437 promulgated thereunder, Western submitted to the SEC a request for a waiver of the requirement to include the consent of ITEX's independent public accountants in the registration statement of which this prospectus is a part. On February 22, 2008, subject to specified conditions with which Western has complied or will comply, the SEC granted Western's waiver request, permitting the registration statement to be declared effective without the consent of ITEX's independent public accountants, which consent would otherwise be required under Section 7(a) of the Securities Act. See "Risk Factors."

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SUMMARY

This summary highlights selected information from this prospectus, and may not contain all of the information that is important to you. To better understand the offer to holders of shares of ITEX common stock, you should read this entire prospectus carefully, as well as those additional documents to which Western refers you.

The Companies

Western

Western is a Delaware corporation with principal executive offices at 416 South Jefferson Street, Suite 600, Roanoke, Virginia 24011. The telephone number of Western's executive offices is (540) 345-3195. Western is a holding company owning subsidiaries engaged in a number of diverse business activities. Western's primary business activities are conducted through Western Sizzlin Franchise Corporation and Western Sizzlin Stores, Inc., which franchise and operate 122 restaurants in 20 states. Financial decisions are centralized at the holding company level, and management of operating businesses is decentralized at the business unit level. Western's primary objective centers on achieving above-average returns on capital in pursuit of maximizing the eventual net worth of its stockholders. In this prospectus, references to "Western" refer to Western Sizzlin Corporation and its subsidiaries, unless the context otherwise requires.

The name, business address, principal occupation or employment, five-year employment history and citizenship of each director and executive officer of Western and certain other information are set forth on Schedule I to this prospectus. During the last five years, neither Western nor, to Western's best knowledge, any of the persons listed on Schedule I of this prospectus (1) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (2) was a party to any judicial or administrative proceeding that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

ITEX

ITEX is a Nevada corporation with principal executive offices at 3326 160th Avenue SE, Suite 100, Bellevue, Washington 98008. The telephone number of ITEX's executive offices is (425) 463-4000. ITEX, The Membership Trading CommunitySM, is a leading exchange for cashless business transactions across North America (the "Marketplace"). ITEX services its member businesses through its independent licensed brokers, area directors and franchise network (individually, "Broker" and together, the "Broker Network") in the United States and Canada. ITEX's business services and payment systems enable approximately 24 thousand member businesses to trade goods and services valued at more than \$270 million without exchanging cash. These products and services are instead exchanged for ITEX dollars which can only be redeemed in the Marketplace. ITEX administers the Marketplace and acts as a third-party record-keeper for its members' transactions. ITEX generates revenue by charging members percentage-based transaction fees, association fees, and other fees assessed in United States dollars and Canadian dollars where applicable.

The Offer

Western is offering to exchange up to 2,700,000 shares of ITEX common stock at an exchange ratio of one share of ITEX common stock for .06623 shares of Western common stock, upon the terms and subject to the conditions contained in this prospectus and the accompanying revised letter of transmittal. In addition, you will receive cash instead of any fractional shares of Western common stock to which you may be entitled. If more than 2,700,000 shares of ITEX common stock are validly tendered and not properly withdrawn, all shares tendered will be purchased

on a pro rata basis. The offer is no longer conditioned on any minimum number of shares being tendered.

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On December 12, 2007, the last full trading day before Western announced its intention to commence the original offer, the closing price of a share of Western common stock was \$15.40 and the closing price of a share of ITEX common stock was \$0.90. Based on these closing prices and the exchange ratio in the offer of one share of ITEX common stock for .06623 shares of Western common stock, the Western offer had a value of \$1.02 per share of ITEX common stock. This represents a 13% premium over ITEX's closing share price on December 12, 2007, a 20% premium over ITEX's six-month average closing share price through December 12, 2007 and a 28% premium over ITEX's one-year average closing share price through December 12, 2007. On December 26, 2007, the last full trading day before the date of the original prospectus, based on the closing price of a share of Western common stock of \$18.00 and the closing price of a share of ITEX common stock of \$0.96, the Western offer had a value of \$1.19 per ITEX share, representing a 24% premium over ITEX's closing share price on December 26, 2007, a 38% premium over ITEX's six-month average closing share price through that date and a 48% premium over ITEX's one-year average closing share price through that date.

The value of the offer will change as the market prices of Western common stock and ITEX common stock fluctuate during the offer period and thereafter, and may therefore be different from the prices set forth above at the expiration of the offer period and at the time you receive your shares of Western common stock. Stockholders are encouraged to obtain current market quotations for shares of Western and ITEX common stock prior to making any decision with respect to the offer. See "Risk Factors" and "Comparative Market Price Data."

Reasons for the Offer

Western is seeking to acquire up to 2,700,000 shares of ITEX common stock in the offer for investment purposes. Following the consummation of the offer, Western intends to evaluate its investment in the ITEX common stock on a continual basis and may, from time to time, communicate with ITEX management, members of ITEX's board of directors and other stockholders of ITEX.

Following the consummation of the offer, Western may, from time to time, acquire additional shares of ITEX common stock, dispose of shares of ITEX common stock or formulate other purposes, plans or proposals regarding ITEX or the ITEX common stock, to the extent deemed advisable in light of its general investment policies, market conditions or other factors.

Ownership of Western After the Offer

Based on the exchange ratio for the offer, Western estimates that if the maximum 2,700,000 ITEX shares are exchanged pursuant to the offer, former ITEX stockholders would own, in the aggregate, approximately 6.2% of the outstanding shares of Western common stock. For a detailed discussion of the assumptions on which this estimate is based, see "The Offer—Ownership of Western After the Offer."

Conditions of the Offer

Western's obligation to exchange shares of Western common stock for shares of ITEX common stock pursuant to the offer is subject to several conditions referred to below under "The Offer—Conditions of the Offer," including the registration statement condition and the listing condition. The offer is no longer conditioned on any minimum number of shares being tendered. Western has also eliminated a number of other significant conditions to the offer.

Expiration Date of the Offer

The offer is scheduled to expire at 5:00 p.m., New York City time, on May 13, 2008, unless extended by Western. For more information, you should read the discussion below under the caption "The Offer—Extension,

Termination and Amendment.”

Extension, Termination and Amendment

To the extent legally permissible, Western reserves the right, in its sole discretion, at any time or from time to time:

- to extend, for any reason, the period of time during which the offer is open;

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- to delay acceptance for exchange of, or exchange of, any shares of ITEX common stock pursuant to the offer in order to comply in whole or in part with applicable law;
- to terminate the offer and not accept or exchange any shares of ITEX common stock not previously accepted or exchanged, upon the failure of any of the conditions of the offer to be satisfied prior to the expiration date;
- to amend or terminate the offer without accepting for exchange or exchanging any shares of ITEX common stock if ITEX agrees to enter into a negotiated merger agreement with Western; and
 - to waive any condition or otherwise amend the offer in any respect.

In addition, even if Western has accepted for exchange, but not exchanged, shares in the offer, it may terminate the offer and not exchange shares of ITEX common stock that were previously tendered if completion of the offer is illegal or if a governmental authority has commenced or threatened legal action related to the offer.

Procedure for Tendering Shares

The procedure for tendering shares of ITEX common stock varies depending on whether you possess physical certificates or a nominee holds your certificates for you and on whether or not you hold your securities in book-entry form. Western urges you to read the section captioned “The Offer—Procedure for Tendering” as well as the accompanying revised letter of transmittal.

Withdrawal Rights

You can withdraw tendered shares at any time until the offer has expired and, if Western has not agreed to accept your shares for exchange by the expiration date, you can withdraw them at any time after that date until it accepts shares for exchange.

Exchange of Shares of ITEX Common Stock; Delivery of Shares of Western Common Stock

Upon the terms and subject to the conditions of the offer (including, if the offer is extended or amended, the terms and conditions of any such extension or amendment), Western will accept for exchange, and will exchange for Western common stock, up to 2,700,000 shares of ITEX common stock validly tendered and not properly withdrawn promptly after the expiration date.

Cash Instead of Fractional Shares of Western Common Stock

Western will not issue certificates representing fractional shares of Western common stock pursuant to the offer. Instead, each tendering stockholder who would otherwise be entitled to a fractional share of Western common stock will receive cash in an amount equal to such fraction (expressed as a decimal and rounded to the nearest 0.01 of a share) multiplied by the average of the closing prices, rounded to four decimal points, of Western common stock for the 15 consecutive trading day period ending on the third trading day before the expiration date.

Regulatory Approvals

Western does not believe that the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, is applicable to the proposed transaction, and is not aware of any other material filings that will be required or advisable with any regulatory authorities in connection with the proposed transaction.

Comparison of Stockholders' Rights

You will receive Western common stock if you tender your shares of ITEX common stock in the offer. There are a number of differences between the rights of a stockholder of ITEX, a Nevada corporation, and the rights of a stockholder of Western, a Delaware corporation. Western urges you to review the discussion in the section captioned "Comparison of Stockholders' Rights."

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Risk Factors

Western's business and the offer are subject to several risks. In deciding whether to tender your shares of ITEX common stock pursuant to the offer, you should carefully read and consider the risk factors contained in the section captioned "Risk Factors."

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RECENT DEVELOPMENTS

On March 28, 2008, Western signed a term sheet to purchase a controlling interest in Mustang Capital Advisors, LP and Mustang Capital Management, LLC. Under the proposed transaction which Western announced in a press release on March 28, 2008, Western will purchase a 50.5% limited partnership interest in Mustang Capital Advisors and a 51% membership interest in Mustang Capital Management, which owns a 1% interest in Mustang Capital Advisors as its general partner. The total purchase price for these interests will be \$1,173,000, consisting of \$300,000 in cash and \$873,000 in shares of Western's common stock. The transaction is subject to definitive documentation. As of March 28, 2008, Mustang, through its funds and managed accounts, holds a total of 7.4% of Western's common stock which will be distributed to its limited partners prior to the closing of the proposed transaction. Although definitive documentation has not yet been signed between the parties and the transaction has not yet been consummated, Western has included in this prospectus financial statements of Mustang Capital Advisors, including unaudited pro forma condensed combined financial statements that give effect to this proposed transaction, because it believes that the transaction is probable to occur. There is no assurance that this transaction will be consummated. See "Unaudited Pro Forma Condensed Combined Financial Statements of Western and Mustang Capital Advisors" and the audited consolidated financial statements of Mustang Capital Advisors included elsewhere in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements.” Specific forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, words such as “may,” “will,” “expects,” “believes,” “anticipates,” “plans,” “estimates,” “projects,” “targets,” “forecasts,” “seeks,” “could” or the negative terms or other variations on such terms or comparable terminology. Similarly, statements that describe Western’s objectives, plans or goals are forward-looking. Western’s forward-looking statements are based on management’s current intent, belief, expectations, estimates and projections regarding Western and its industry. These statements are not guarantees of future performance and involve risks, uncertainties, assumptions and other factors that are difficult to predict, including those discussed below. Therefore, actual results may vary materially from what is expressed in or indicated by the forward-looking statements. Readers of this prospectus are cautioned not to place undue reliance on forward-looking statements since, while Western believes the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove to be accurate. This cautionary statement is applicable to all forward-looking statements contained in this prospectus and the material accompanying this prospectus.

RISK FACTORS

Risk Factors Relating to the Offer

The exchange ratio for the offer is fixed and will not be adjusted. Because the market price of shares of Western common stock may fluctuate, ITEX stockholders cannot be sure of the market value of the shares of Western common stock that they will receive in the offer.

Subject to the terms and conditions of the offer, each outstanding share of ITEX common stock that is accepted for exchange pursuant to the offer will be exchanged for .06623 shares of Western common stock. This exchange ratio is fixed and will not be adjusted in case of any increases or decreases in the price of Western common stock or ITEX common stock. If the price of Western common stock declines (which may occur as a result of a number of reasons (many of which are out of Western’s control), including as a result of the risks described in this “Risk Factors” section), ITEX stockholders will receive less value for their shares in the offer than the value calculated pursuant to the exchange ratio on the last full trading day before Western announced its intention to commence the original offer. Because the offer may not be completed until specified conditions have been satisfied or waived (please see the section of this prospectus entitled “The Offer — Conditions of the Offer”), a significant period of time may pass between the commencement of the offer and the time that Western accepts shares of ITEX common stock for exchange. Therefore, at the time you tender your shares pursuant to the offer, you will not know the exact market value of the shares of Western common stock that will be issued to you if Western accepts your shares for exchange. ITEX stockholders are urged to obtain current market quotations for Western and ITEX common stock when they consider whether to tender their shares of ITEX common stock pursuant to the offer.

This transaction may adversely affect the liquidity and value of non-tendered ITEX common stock.

In the event that Western accepts for exchange those shares tendered into the offer, the number of stockholders and the number of shares of ITEX common stock held by individual holders will be reduced. As a result, the closing of the offer could adversely affect the liquidity and market value of the shares of ITEX common stock.

Western has only conducted a review of ITEX’s publicly available information and has not had access to ITEX’s non-public information. Any unknown liabilities of ITEX that cause a decrease in ITEX’s share price in the future may have an adverse effect on Western’s profitability and results of operations.

To date, Western has only conducted a due diligence review of ITEX's publicly available information. ITEX may be subject to liabilities that Western might have discovered if Western had been permitted to conduct a complete due diligence review of ITEX's non-public information. Any such currently unknown liabilities that come to light after the consummation of the offer may cause a decrease in ITEX's share price. Such a decline in ITEX's share price could, as a result of Western's ownership of ITEX shares, have an adverse effect on Western's profitability and results of operations.

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Western's verification of the reliability of the ITEX information included in, or omitted from, this prospectus pursuant to Western's due diligence review of ITEX has been limited by ITEX's refusal to provide Western with the accounting and other records necessary for Western to fully assess the financial and operating condition of ITEX. In addition, ITEX's refusal to provide its independent public accounting firm's consent may impact your ability to assert or recover on certain claims.

In respect of all information relating to ITEX presented in, or omitted from, this prospectus, Western has relied upon publicly available information, including information publicly filed by ITEX with the SEC. Although Western has no knowledge that would indicate that any statements contained herein regarding ITEX's condition, including its financial or operating condition, based upon such publicly filed reports and documents, are inaccurate, incomplete or untrue, Western was not involved in the preparation of such reports and documents.

ITEX has declined to furnish to Western the consent of ITEX's independent public accounting firm, which is necessary for the filing in the registration statement on Form S-4, of which this prospectus is a part, of that firm's audit report with respect to the financial statements of ITEX for its fiscal years ended July 31, 2007 and 2006.

On February 20, 2008, under Section 7(a) of the Securities Act and Rule 437 promulgated thereunder, Western submitted to the SEC a request for a waiver of the requirement to include the consent of ITEX's independent public accounting firm in the registration statement. On February 22, 2008, subject to specified conditions with which Western has complied or will comply, the SEC granted Western's waiver request, permitting the registration statement to be declared effective without the consent of ITEX's independent public accounting firm, which consent would otherwise be required under Section 7(a) of the Securities Act. The absence of this consent may limit recovery by investors on certain claims, and limit the ability of investors to assert claims against ITEX's independent public accounting firm, under Section 11 of the Securities Act, for any untrue statements of a material fact contained, or any omissions to state a material fact required to be stated, in ITEX's audited financial statements included in the registration statement. The sections of the prospectus containing ITEX financial information or information derived therefrom may, nonetheless, remain expertised under Section 11(b)(3)(c) of the Securities Act so as to provide a "due diligence" defense to third parties involved in the offer based on any claims asserted in connection with the offering of Western common stock as part of the offer.

The market price of Western common stock may decline as a result of the offer, and Western's common stock could be delisted from the Nasdaq Capital Market .

The market price of Western's common stock may decline as a result of the offer. In particular, Western estimates that it will issue approximately 178,821 shares of Western common stock in connection with the offer. The increase in the number of shares of Western common stock issued may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Western common stock.

Although Western's common stock was approved for listing, and has commenced trading, on the Nasdaq Capital Market, there can be no assurance that Western's common stock will continue to meet the requirements for listing on the Nasdaq Capital Market. It is a condition to the offer that Western's common stock be approved for listing on the Nasdaq Capital Market or other national securities exchange reasonably acceptable to Western. If Western's common stock were to be delisted from the Nasdaq Capital Market, Western may seek to have its common stock listed on another national securities exchange. Any inability on the part of Western to continue to satisfy the listing requirements of the Nasdaq Capital Market, or to satisfy the initial listing or continued maintenance requirements of another national securities exchange, could result in the anticipated benefits of such listing not being realized and/or the termination or amendment of the offer.

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Antitrust authorities may attempt to delay or prevent Western's acquisition of ITEX shares.

Western does not believe that the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, is applicable to the proposed transaction, and is not aware of any other material filings that will be required with any regulatory authorities in connection with the proposed transaction. Western cannot provide any assurance that any necessary approvals will be obtained or that there will not be any adverse consequences to Western's business resulting from the failure to obtain any required regulatory approvals or from conditions that could be imposed in connection with obtaining any such approvals. You should be aware that any required regulatory approvals may not be obtained in time and could result in a significant delay in the consummation of the offer.

Upon your receipt of shares of Western common stock in the offer, you will become a stockholder in Western, a Delaware corporation, which may change some of the rights and privileges you hold as a stockholder of ITEX, a Nevada corporation.

Western is a Delaware corporation and is governed by the laws of the State of Delaware and by its certificate of incorporation and bylaws. The General Corporation Law of the State of Delaware, referred to in this prospectus as the "DGCL," extends to stockholders rights and privileges that may not exist under Nevada law and, conversely, does not extend other rights and privileges that you may have as a stockholder of a company governed by Nevada law. The directors of a Delaware corporation may elect to adopt provisions that have the effect of discouraging a third party from acquiring control of the corporation. These provisions could limit the price that some investors might be willing to pay in the future for shares of Western common stock. These Delaware provisions may also have the effect of discouraging or preventing transactions involving an actual or a threatened change in control of Western, including unsolicited takeover attempts, even though such a transaction may offer Western stockholders the opportunity to sell their shares of Western common stock at a price above the prevailing market price. For a detailed discussion of the rights of Western stockholders versus the rights of ITEX stockholders, see the section captioned "Comparison of Stockholders' Rights."

Risk Factors Relating to Western's Business

Western is dependent on key personnel.

Western believes that its success depends in part on the services of Sardar Biglari, its Chairman, Chief Executive Officer and President, and Robyn B. Mabe, its Vice President and Chief Financial Officer. The loss of the services of Mr. Biglari or Mrs. Mabe could have a material adverse effect upon Western's business, financial condition and results of operations. Qualified replacements may not be available in a timely manner, if at all. Western's continued growth will also depend on its ability to attract and retain additional skilled management personnel.

Western's stock price could be volatile.

Fluctuations in Western's stock price may result from general market conditions, perceived changes in the underlying characteristics of its business and the relative price of competing investments. The volume of trading in the market for Western common stock is typically very limited. As a consequence, liquidating your investment could cause a decline in Western's stock price. Because of changes in the balance of buy and sell orders, notwithstanding other relevant factors, the price of Western's common stock can fluctuate for reasons unrelated to the performance of its business.

Western is controlled by a few stockholders.

Two stockholders, Sardar Biglari, Western's Chairman and Chief Executive Officer, and Jonathan Dash, a director, beneficially own or exercise voting power over approximately 61% of Western's total common stock. In particular, Mr. Biglari controls approximately 35% and Mr. Dash approximately 26% of Western's outstanding common stock. Further details on their respective holdings are reflected in their Schedules 13D, as amended, which are filed with the SEC. Were these stockholders to agree to act in concert, they would have the ability to control or significantly influence all matters requiring the approval of Western's stockholders, including the election of its directors. Sale of a substantial number of shares of Western common stock by these principal stockholders in the public market could substantially reduce the prevailing market price of its common stock.

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Western's Board of Directors has recently undergone significant change.

In November 2005, Western added three new members to its Board of Directors, namely Sardar Biglari, Philip L. Cooley and Paul D. Sonkin. Subsequently, in March 2006, six of the incumbent directors, Paul C. Schorr, III (former Chairman), A. Jones Yorke, J. Alan Cowart, Jr., Pat Vezertzis, Jesse M. Harrington and Roger D. Sack, resigned from the Board. At that same time Mr. Sonkin indicated that he would not stand for reelection at the 2006 annual meeting of stockholders. He ultimately resigned prior to the annual meeting. Jonathan Dash was elected to the Board in March 2006. Thomas M. Hontzas resigned from the Board in August 2006. Kenneth R. Cooper was elected to the Board in February 2007 and Martin S. Fridson was elected to the Board in November 2007. While Western believes that the Board of Directors as presently constituted with Sardar Biglari as Chairman, Philip L. Cooley as Vice Chairman and Directors Titus W. Greene, Jonathan Dash, Kenneth R. Cooper and Martin S. Fridson, will function at least as well as the Board had done previously, there is no guarantee this will be the case. The failure of the Board to function adequately together would have a material adverse effect on Western's business. This could result in an adverse impact on Western's financial condition, results of operations and its stock price.

Western recently formed a new wholly-owned subsidiary, Western Investments, Inc., to serve as the general partner of a private investment limited partnership, Western Acquisitions, L.P. Western Investments will bear the first 30% of any cumulative net losses otherwise allocable to the capital accounts of certain limited partners.

In April 2007, Western formed Western Investments, Inc., a Delaware corporation, as a wholly-owned subsidiary. Western Investments, Inc. is the general partner of Western Acquisitions, L.P., a Delaware limited partnership also formed in April 2007. The purpose of Western Acquisitions, L.P. is to invest primarily in equity securities of U.S. publicly traded companies. Sardar Biglari, Western's Chairman, Chief Executive Officer and President, will manage the portfolio. Western Investments, Inc. will bear the first 30% of any cumulative net losses otherwise allocable to the capital accounts of limited partners holding Class B interests of Western Acquisitions, L.P. In the event that Western Investments, Inc. has insufficient resources to fund this commitment, it may be necessary for Western to make a capital contribution to keep that company from defaulting on its obligation. Such an event could potentially have a material adverse effect on Western's financial position and prevent it from using the funds provided to Western Investments, Inc. in other areas. As of the date of this prospectus, Western Acquisitions, L.P. did not have any limited partners holding Class B interests.

Western recently formed a new wholly-owned subsidiary, Western Properties, Inc., to serve as the general partner of a private investment limited partnership, Western Real Estate, L.P., which had no limited partners in 2007 but intends to operate as a private real estate investment partnership.

In December 2007, Western formed Western Properties, Inc., a Delaware corporation, as a wholly-owned subsidiary. Western Properties is the general partner of Western Real Estate, L.P., a Delaware limited partnership also formed in December 2007. There were no limited partners in the partnership at December 31, 2007 and the sole activity of these entities in 2007 was the purchase by the limited partnership of 23 acres of real property in Bexar County, Texas from an unaffiliated third party. It is the intention of Western Real Estate, L.P. to operate as a private limited partnership investing in real estate. However, this venture is in the formative stages and there is no guarantee that it will be successful.

Western is dependent on one key person for investment and capital allocation decisions.

Investment decisions and all major capital allocation decisions are made for Western and its subsidiaries, including Western Acquisitions, by Sardar Biglari, Western's Chairman of the Board of Directors, Chief Executive Officer and President. Although there are limitations on Mr. Biglari's authority at the parent company level and the Western Board of Directors monitors his investment and capital allocation decisions (see "Recent Developments"), there is risk in

having concentrated decision-making authority. Mr. Biglari's decisions could either independently or in the aggregate involve amounts that are material to Western's business. Additionally, if for any reason the services of Mr. Biglari were to become unavailable, there could be a material adverse effect on Western's business, since he is singularly responsible for these decisions.

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Western's investments in marketable securities, including through Western Acquisitions L.P., are highly concentrated.

Western's investments in marketable securities, including through Western Acquisitions, L.P., are highly concentrated. A decline in the market value of these investments may result in a decrease in Western's stock price.

Western's investment activities, including through Western Acquisitions, L.P., may involve the purchase of securities on margin.

Western may purchase securities on margin in connection with its investment activities, including through Western Acquisitions, L.P. If it does so, a significant decrease in the value of the securities that collateralize the margin line of credit could result in a margin call. If Western does not have sufficient cash available from other sources in the event of a margin call, it may be required to sell those securities at a time when it would prefer not to sell them.

Western's investment activities could require registration as an Investment Company.

While Western has historically been principally engaged in franchising and operating restaurants, its recent investment activities could bring it within the definition of an "investment company" and require it to register as an investment company under the Investment Company Act of 1940. Western's Board of Directors has adopted a policy requiring management to restrict its operations and investment activities to avoid becoming an investment company, until and unless the Board approves otherwise. Western does not intend to change its principal business and the Board has not approved otherwise. Although Western does not presently intend to change its principal business, and the Board has not approved any such change, Western has expanded its investment activities, and it may decide in the future to register as an investment company under the Investment Company Act. Also, under certain circumstances, if Western is successful in its investment activities, then it may inadvertently fall within the definition of an investment company, in which event it may be required to register as an investment company.

Notwithstanding Western's Board policy, if its investment activities inadvertently result in it being determined to be an investment company and Western fails to register as an investment company, it might be unable to enforce contracts with third parties, and third parties could seek rescission of transactions with it undertaken during the period that it was an unregistered investment company, subject to equitable considerations set forth in the Investment Company Act. In addition, Western might be subject to monetary penalties or injunctive relief, or both, in an action brought against it by the SEC.

If Western decides to register as an investment company, then it would become subject to various provisions of the Investment Company Act and the regulations adopted under such Act, which are very extensive and could adversely affect Western's operations. For example, Western might be prohibited from entering into or continuing transactions with certain of its affiliates.

Western is experiencing a decline in its franchise base.

Western has experienced steady declines in its existing franchise base for the past several years. Since January 1, 2005, Western had a total of 35 closures and currently has a total of 116 franchised restaurants. Of the 35 closed restaurants the majority were Western Sizzlin brand restaurants. The average annual sales of Western's franchised restaurants are approximately \$1.6 million. The average annual sales of the closed restaurants were \$1.0 million or less. The closures of franchised restaurants were caused by their operating at a competitive disadvantage which stemmed from such factors as location, facility, lack of reinvestment and mismanagement, among others factors. There is no guarantee that these reasons will be eliminated. Moreover, these closures occurred during generally favorable economic conditions and it is possible that this trend could accelerate in the event of an economic downturn or recession. While Western is striving to reverse this trend by revitalizing its franchise models, there is no assurance

that it will be successful in doing so and as a result its franchise base may continue to decline regardless of the economic environment.

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Western's restaurants operate in a highly competitive environment.

Western's restaurants, both franchised and company-owned, operate in a highly competitive industry comprised of a large number of restaurants, including national and regional restaurant chains and franchised restaurant operations, as well as locally-owned, independent restaurants. Price, restaurant location, food quality, service and attractiveness of facilities are important aspects of competition. The competitive environment is often affected by factors beyond a particular restaurant management's control, including changes in the public's taste and eating habits, population and traffic patterns and economic conditions. New competitors may emerge at any time. Western may not be able to compete successfully against its competitors in the future. Competition may have a material adverse effect on Western's operations or earnings.

Western is highly dependent on attracting and retaining qualified employees while also controlling labor costs.

Western is extremely dependent upon the availability of qualified restaurant personnel. Availability of staff varies widely from location to location. If restaurant management and staff turnover trends increase, Western would suffer higher direct costs associated with recruiting and retaining replacement personnel. Western could suffer from significant indirect costs, including restaurant disruptions due to management changeover and potential delays in new store openings due to staff shortages. Competition for qualified employees exerts upward pressure on wages paid to attract personnel, resulting in higher labor costs, together with greater expense to recruit and train them. Many of Western's employees are hourly workers whose wages are likely to be impacted by an increase in the federal or state minimum wage. An increase in the minimum wage may require an increase or create pressure to increase the pay scale for Western's employees. A shortage in the labor pool or other general inflationary pressures or changes could also increase Western's labor costs.

Western is dependent upon the timely delivery of fresh ingredients.

Western's restaurant operations are dependent on timely deliveries of fresh ingredients, including fresh produce, dairy products and meat. The cost, availability and quality of the ingredients Western uses to prepare its food are subject to a range of factors, many of which are beyond Western's control. Fluctuations in weather, supply and demand and economic and political conditions could adversely affect the cost, availability and quality of Western's ingredients. Historically, when operating expenses increased due to inflation or increases in food costs, Western generally has been able to offset these higher costs by increasing its menu prices. Western may not be able to recover increased costs in the future because competition may limit or even prohibit such future increases. If the variety or quality of its food products declines due to the lack or lower quality of its ingredients or due to interruptions in the flow of fresh ingredients and similar factors, customer traffic may decline and negatively affect Western's sales.

General economic factors may adversely affect Western's results of operations.

National, regional, and local economic conditions, such as recessionary economic cycles or a worsening economy, could adversely affect disposable consumer income and consumer confidence. Unfavorable changes in these factors or in other business and economic conditions affecting Western's customers could reduce customer traffic in some or all of its restaurants, impose practical limits on its pricing and increase its costs. Any of these factors could lower its profit margins and have a material adverse affect on its results of operations. The impact of inflation on food, beverages, labor, utilities and other aspects of Western's business can negatively affect its results of operations. Although Western attempts to offset inflation through periodic menu price increases, cost controls and incremental improvement in operating margins, it may not be able to completely do so. This may negatively affect Western's results of operations.

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Western faces the risk of adverse publicity and litigation relating to food-borne illness, employment and other matters that could have a material adverse effect on its business and financial performance.

Western may be the subject of complaints or litigation from customers alleging illness, injury or other food quality, health or operational concerns. While the risk of food-borne illness is real, whether it results from improper operations, new diseases or from chemicals in certain food products, the risk would generally only affect a limited number of Western's restaurants. As soon as any food issues became known to Western, those food items that were potentially at risk would be no longer served to customers.

While the risk of food-borne illness or injury would likely be localized, the risk of the adverse publicity that might result from such an incident is more generalized and accordingly much greater. The general public's response to adverse publicity relating to Western's restaurant brands could materially adversely affect a significant number of its restaurants. This could be true whether the allegations underlying the adverse publicity are valid or whether Western is liable.

Furthermore, more generalized health concerns about the consumption of beef or chicken due to reported incidents of diseases such as Bovine Spongiform Encephalopathy ("mad cow disease") or Avian Influenza ("bird flu") could lead to changes in customer preferences, reduce consumption of Western's products and adversely affect its financial performance. These events could also reduce the available supply of beef or chicken or significantly raise the prices of beef or chicken.

In addition, Western is subject to employee claims alleging injuries, wage and hour violations, discrimination, harassment or wrongful termination. In recent years, a number of restaurant companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace, employment and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Regardless of whether any claims against Western are valid or whether Western is ultimately determined to be liable, claims may be expensive to defend and may divert time and money away from its operations and hurt its financial performance. A significant judgment for any claim(s) could materially adversely affect Western's financial condition or results of operations.

Western is regulated by the federal and state government.

The restaurant industry is subject to extensive federal, state and local laws and regulations. The development and operation of restaurants depend to a significant extent on the selection and acquisition of suitable sites. Those are subject to zoning, land use, environmental, traffic and other regulations and requirements. Western is also subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards and building codes. Federal and state laws govern Western's relationships with employees, including the Fair Labor Standards Act and applicable minimum wage requirements, overtime, employment tax rates, family leave, tip credits, working conditions, safety standards and citizenship requirements. Federal and state laws prohibit discrimination and other laws regulating the design and operation of facilities, such as the Americans with Disabilities Act of 1990. In addition, Western is subject to a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations could increase Western's compliance and other costs of doing business. These could adversely affect its results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability.

Adverse weather conditions or losses due to casualties such as fire could negatively impact Western's financial performance.

Although Western maintains, and requires its franchisees to maintain, property and casualty insurance to protect against property damage caused by casualties and natural disasters, inclement weather, flooding, hurricanes, fire and other acts of God can adversely impact Western's sales in several ways. For example, severe weather typically discourages potential customers from dining out. In addition, a restaurant that is damaged by a natural disaster can be inoperable for a significant amount of time due to either physical damage or to a shortage of employees resulting from a relocation of the general population.

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Litigation could have a material adverse effect on Western's financial position, cash flows and results of operations.

In September 2006, Western was served with a lawsuit filed in the Circuit Court of Pulaski County, Arkansas, captioned Parks Land Company, LLLP, et al. v. Western Sizzlin Corporation, et al. The plaintiffs are owners/landlords of four restaurant premises located in the Little Rock, Arkansas metropolitan area which had been leased pursuant to a single lease agreement and previously occupied by Western. Most recently, each of these premises had been subleased to various operators. The lease agreement expired pursuant to its terms on June 30, 2006. The plaintiffs claimed in their lawsuit unspecified damages allegedly owing for certain repair and maintenance expenses on the premises, for the replacement of certain equipment, for diminution of property value, and for loss of rental income, as well as interest and costs. On February 12, 2008, this case came before the Court for trial. On February 20, 2008, a 12 member jury returned a plaintiffs' verdict in the amount of \$689,526. On February 29, 2008, the Circuit Court of Pulaski County, Arkansas entered judgment in the case captioned Parks Land Company, LLLP, et al. v. Western Sizzlin Corporation, et al. against Western in the amount of \$689,666 plus plaintiffs' legal costs. Western has currently added to the reserve as a result of the verdict and as of December 31, 2007 has accrued \$900,000. Of this amount, \$275,000 had been accrued in 2006. Western disagrees with the result of the trial and has filed post-trial motions, seeking a new trial or judgment notwithstanding the verdict. In the event the court denies the post-judgment relief, Western will consider an appeal. There can be no assurance that ultimate settlement of this case will not be more than \$900,000.

Western is also from time to time a party to various other legal actions which are ordinary routine matters incidental to its business. While Western believes that the ultimate outcome of these matters individually and in the aggregate will not have a material impact on its financial position, it cannot assure that an adverse outcome on any of these matters would not, in fact, materially impact its financial position, cash flows and results of operations.

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COMPARATIVE MARKET PRICE DATA

Western's common stock commenced trading on the Nasdaq Capital Market under the symbol "WEST" on February 25, 2008, and was previously quoted on the OTC Bulletin Board under the symbol "WSZL.OB." Shares of ITEX common stock are quoted on the OTC Bulletin Board under the symbol "ITEX.OB."

As quoted on the OTC Bulletin Board, the following table sets forth historical closing prices per share for shares of Western common stock and shares of ITEX common stock on December 12, 2007, the last full trading day before Western announced its intention to commence the original offer. The table below illustrates the number of shares and per share value of Western common stock you would receive based on these closing prices and the exchange ratio for the offer.

	Western Common Stock	ITEX Common Stock	Shares of Western Common Stock to be Received	Per Share Value of Western Common Stock to be Received
December 12, 2007	\$ 15.40	\$ 0.90	.06623	\$ 1.02

The value of the offer will change as the market prices of Western common stock and ITEX common stock fluctuate during the offer period and thereafter, and may therefore be different from the prices set forth above at the expiration of the offer period and at the time you receive your shares of Western common stock. **YOU ARE ENCOURAGED TO OBTAIN CURRENT MARKET QUOTATIONS PRIOR TO MAKING ANY DECISION WITH RESPECT TO THE OFFER.**

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COMPARATIVE HISTORICAL PER SHARE DATA

The table set forth below depicts historical information about basic and diluted net income (loss) per share and book value per share for Western for its fiscal year ended December 31, 2007 and for ITEX for its fiscal year ended July 31, 2007 and six months ended January 31, 2008, on a historical basis. You should read the information presented in this table below together with the historical financial statements of Western and ITEX and the related notes, which are included elsewhere in this prospectus.

	Year Ended December 31, 2007	
Western historical data		
Net (loss) per share		
Basic	\$	(0.13)
Diluted	\$	(0.13)
Book value per share	\$	8.72
	Six Months Ended January 31, 2008	Year Ended July 31, 2007
ITEX historical data		
Net income per share		
Basic	\$ 0.03	\$ 0.25
Diluted	\$ 0.03	\$ 0.25
Book value per share	\$ 0.72	\$ 0.69

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF WESTERN

October 2003 Merger, Name Change and Format Restructuring

Effective October 21, 2003, Western merged its wholly-owned subsidiary, The Western Sizzlin Corporation, a Delaware corporation, into Austins Steak and Saloon, Inc., with Austins being the surviving entity. At the same time, Western changed its name to “Western Sizzlin Corporation” by amending its Certificate of Incorporation. The amendment was approved by solicitation of written stockholder consents without a meeting pursuant to Section 288 of the DGCL. On September 30, 2003, the 60th day following the date of the first consent received, stockholders voting 6,495,149 shares or 53.4% of the outstanding common stock submitted written consents to the action.

Effective January 1, 2007, Western restructured its operations into a holding company/subsidiary format whereby all of its operations are now conducted through wholly-owned subsidiaries. This restructuring is not anticipated to have any tax impact and will have no impact on Western’s financial reporting as it will continue to report consolidated financial statements.

Financial Data

The following selected historical consolidated financial information for each of the years ended December 31, 2003 through 2007 has been derived from Western’s consolidated financial statements. For additional information see “Western Management’s Discussion and Analysis of Financial Condition and Results of Operations”, included in this prospectus. The information set forth below is qualified by reference to, and should be read in conjunction with, the consolidated financial statements and related notes included in this prospectus.

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	In Thousands, except per share data				
	2007	2006	2005	2004	2003
Statement of Operations					
Data:					
Total revenues	\$ 17,257	\$ 17,404	\$ 19,372	\$ 21,708	\$ 21,060
Income from restaurant and franchise operations	508	572	1,405	1,174	783
Income (loss) from investment activities	(1,163)	(105)	—	—	—
Net income (loss)	(244)	274	681	566	212
Basic and diluted earnings (loss) per share	\$ (0.13)	\$ 0.23	\$ 0.57	\$ 0.48	\$ 0.17
Shares used in computing basic earnings (loss) per share	1,905	1,215	1,189	1,190	1,212
Shares used in computing diluted earnings (loss) per share	1,905	1,225	1,190	1,190	1,212
Balance Sheet Data:					
Working capital surplus (deficit)	(1,609)	3,238	2,001	1,480	141
Total assets	30,509	19,820	15,476	16,697	16,894
Long-term debt, excluding current maturities	566	685	848	2,698	3,549
Other long-term liabilities	89	464	42	15	50
Stockholders' equity	23,502	17,398	11,760	10,093	10,527
Other Financial Data:					
Dividends declared	—	—	—	—	119

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FINANCIAL DATA OF ITEX

The following table sets forth selected historical consolidated financial data of ITEX for each of the years in the four-year period ended July 31, 2007 and for the six months ended January 31, 2008 and 2007. This information is derived from, and should be read in conjunction with, ITEX's audited consolidated financial statements for each of the years in the four-year period ended July 31, 2007 and unaudited consolidated financial statements for the six months ended January 31, 2008 and 2007 which are included elsewhere in this prospectus or in ITEX's publicly filed reports with the SEC. For additional information, see "ITEX Management's Discussion and Analysis of Financial Condition and Results of Operations."

	2007	Year Ended July 31,			Six Months Ended	
	2007	2006	2005	2004	2008	2007
	(In thousands, except per share data)					
Revenue	\$ 14,171	\$ 14,646	\$ 10,225	\$ 10,283	\$ 8,028	\$ 7,455
Costs and expenses	12,666	13,305	9,496	9,662	7,274	6,632
Income from operations	1,505	1,341	729	621	754	823
Other income - net	156	117	109	1,622	5	86
Income before income taxes	1,661	1,458	838	2,243	759	909
Income tax (benefit) expense	(2,843)	(1,975)	(2,260)	--	290	337
Net income	\$ 4,504	\$ 3,433	\$ 3,098	\$ 2,243	\$ 469	\$ 572
Net income per common share						
Basic	\$ 0.25	\$ 0.19	\$ 0.17			