

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

FORM 10-Q
(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarterly Period Ended January 28, 2005

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 000-25225

CBRL GROUP, INC.
(Exact Name of Registrant as
Specified in Its Charter)

Tennessee

62-1749513

(State or Other Jurisdiction
of Incorporation or Organization)

(IRS Employer
Identification No.)

305 Hartmann Drive, P. O. Box 787
Lebanon, Tennessee 37088-0787

(Address of Principal Executive Offices)
(Zip Code)

615-443-9869

(Registrant's Telephone Number, Including Area Code)

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

47,517,345 Shares of Common Stock
Outstanding as of February 25, 2005

CBRL GROUP, INC.

FORM 10-Q

For the Quarter Ended January 28, 2005

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CBRL GROUP, INC.
 CONDENSED CONSOLIDATED BALANCE SHEET
 (In thousands, except share data)
 (Unaudited)

	January 28, 2005 ----	July 30, 2004 ---- (As Restated, see Note 3)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,405	\$ 28,775
Receivables	12,698	9,802
Inventories	125,457	141,820
Prepaid expenses	11,639	8,369
Deferred income taxes	14,274	14,274
	-----	-----
Total current assets	184,473	203,040
Property and equipment	1,574,496	1,502,314
Less: Accumulated depreciation and amortization of capital leases	414,254	383,741
	-----	-----
Property and equipment - net	1,160,242	1,118,573
	-----	-----
Goodwill	93,724	93,724
Other assets	25,591	20,367
	-----	-----
Total assets	\$1,464,030 =====	\$1,435,704 =====

See notes to unaudited condensed consolidated financial statements.

CBRL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except share data)
(Unaudited)

	January 28, 2005 ----	July 30, 2004 ---- (As Restated, see Note 3)
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 78,072	\$ 53,295
Income taxes payable	25,975	18,571
Accrued employee compensation	36,177	49,466
Deferred gift card revenues	31,457	19,347
Other accrued expenses	95,700	101,367
Current maturities of long-term debt and other long-term obligations	200	189
	-----	-----
Total current liabilities	267,581	242,235
	-----	-----
Long-term debt	187,901	185,138
	-----	-----
Other long-term obligations	143,195	134,995
	-----	-----
Commitments and Contingencies (Note 12)		
Shareholders' equity:		
Preferred stock - 100,000,000 shares of \$.01 par value authorized; no shares issued	--	--
Common stock - 400,000,000 shares of \$.01 par value authorized; at January 28, 2005, 47,878,834 shares issued and outstanding and at July 30, 2004, 48,769,368 shares issued and outstanding	479	488
Additional paid-in capital	--	13,982
Retained earnings	864,874	858,866
	-----	-----
Total shareholders' equity	865,353	873,336
	-----	-----
Total liabilities and shareholders' equity	\$1,464,030	\$1,435,704
	=====	=====

See notes to unaudited condensed consolidated financial statements.

CBRL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except share data)
(Unaudited)

	Quarter Ended		Six Months Ended	
	January 28, 2005 ----	January 30, 2004 ---- (As Restated, see Note 3)	January 28, 2005 ----	January 30, 2004 ---- (As Restated, see Note 3)
Total revenue	\$667,189	\$612,801	\$1,279,842	\$1,189,166
Cost of goods sold	236,389	213,527	436,231	399,427
Gross profit	430,800	399,274	843,611	789,739
Labor and other related expenses	232,749	219,007	458,938	433,310
Other store operating expenses	113,580	102,857	218,127	200,063
Store operating income	84,471	77,410	166,546	156,366
General and administrative	32,834	30,519	66,766	63,939
Operating income	51,637	46,891	99,780	92,427
Interest expense	2,200	2,068	4,295	4,291
Interest income	96	5	96	5
Income before income taxes	49,533	44,828	95,581	88,141
Provision for income taxes	16,955	16,180	33,073	31,642
Net income	\$ 32,578 =====	\$ 28,648 =====	\$ 62,508 =====	\$ 56,499 =====
Net income per share (See Notes 2 & 3):				
Basic	\$ 0.68 =====	\$ 0.58 =====	\$ 1.29 =====	\$ 1.16 =====
Diluted	\$ 0.63 =====	\$ 0.53 =====	\$ 1.20 =====	\$ 1.06 =====
Weighted average shares (See Notes 2 & 3):				
Basic	48,138,378 =====	49,528,995 =====	48,425,269 =====	48,825,432 =====
Diluted	53,816,998 =====	55,707,178 =====	54,086,885 =====	55,162,768 =====

See notes to unaudited condensed consolidated financial statements.

CBRL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited and in thousands)

	Six Months Ended	
	January 28, 2005 ----	January 30, 2004 ---- (As Restated, see Note 3)
Cash flows from operating activities:		
Net income	\$ 62,508	\$ 56,499
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33,627	30,929
Loss on disposition of property and equipment	1,227	972
Accretion on zero-coupon contingently convertible senior notes	2,763	2,676
Changes in assets and liabilities:		
Inventories	16,363	11,646
Accounts payable	24,777	(46,579)
Income taxes payable	7,404	19,200
Accrued employee compensation	(13,289)	(7,505)
Deferred gift card revenues	12,110	11,516
Other current assets and other current liabilities	(12,353)	(1,845)
Other assets and other long-term liabilities	2,270	(917)
Net cash provided by operating activities	137,407	76,592
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment	(76,587)	(63,899)
Proceeds from sale of property and equipment	875	682
Net cash used in investing activities	(75,712)	(63,217)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	226,700	130,000
Principal payments under long-term debt and other long-term obligations	(226,794)	(137,049)
Proceeds from exercise of stock options	28,456	43,768
Purchases and retirement of common stock	(87,094)	(18,299)
Dividends on common stock	(11,333)	(5,373)
Other	--	(1)
Net cash (used in) provided by financing activities	(70,065)	13,046
	-----	-----
Net (decrease) increase in cash and cash equivalents	(8,370)	26,421
Cash and cash equivalents, beginning of period	28,775	14,389
	-----	-----
Cash and cash equivalents, end of period	\$ 20,405	\$ 40,810
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the six months for:		
Interest, net of amounts capitalized	\$ 324	\$ 342
	=====	=====
Income taxes	\$ 26,742	\$ 12,600
	=====	=====

See notes to unaudited condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except percentages and share data)
(Unaudited)

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheets as of January 28, 2005 and July 30, 2004 and the related condensed consolidated statements of income and cash flows for the quarters and six-month periods ended January 28, 2005 and January 30, 2004, have been prepared by CBRL Group, Inc. (the "Company") in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") without audit. In the opinion of management, all adjustments (consisting of normal and recurring items) for a fair presentation of such condensed consolidated financial statements have been made.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended July 30, 2004 (the "2004 Form 10-K"). Because of certain financial statement restatements (see Note 3), the Company will be filing an amended 2004 Form 10-K after filing this Form 10-Q.

References in these Notes to the Condensed Consolidated Financial Statements to a year are to the Company's fiscal year unless otherwise noted.

2. Recently Adopted Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Emerging Issues Task Force ("EITF") No. 04-8, "The Effect of Contingently Convertible Debt on Diluted Earnings Per Share" ("EITF 04-8"). EITF 04-8 requires the use of "if-converted" accounting for contingently convertible debt regardless of whether the contingencies allowing debt holders to convert have been met. EITF 04-8 is effective for reporting periods ending after December 15, 2004 and requires retroactive restatement of prior period diluted net income per share. The adoption of EITF 04-8 resulted in the Company's zero-coupon contingently convertible senior notes (the "Senior Notes") (see Note 4 to the Company's Consolidated Financial Statements included in the 2004 Form 10-K for a description of these Senior Notes) representing a dilutive security and required approximately 4.6 million shares to be included in diluted weighted average shares outstanding for the calculation of diluted net income per share. Additionally, diluted consolidated net income per share, is calculated excluding the after-tax interest and financing expenses associated with the Senior Notes since these Senior Notes are treated as if converted into common stock although at the end of the second quarter, the Senior Notes were not actually able to be converted into common stock. The change in accounting affects only the calculation of diluted net income per share, and has no effect on the financial statements themselves or on the terms of the Senior Notes. See Note 3 for the impact of the Senior Notes on diluted net income per share for the three and six month periods ended January 30, 2004.

3. Restatement of Financial Statements

On February 17, 2005, the Company announced that it was restating certain prior financial results because of changes it made in the way it accounted for leases. The decision to restate was made following a review of its accounting policies that was prompted by views expressed on February 7, 2005 by the staff of the SEC (and similar restatements by numerous other companies in the restaurant, retail and other industries) that indicated that the manner in which the Company had been accounting for leases needed to be corrected.

Prior to this review, the Company had believed that its accounting was consistent with GAAP. For purposes of recognizing rental expense, the Company had historically averaged its lease payments over the base term of the lease, excluding the optional renewal periods and initial build-out periods, during which it typically has not been required to make lease payments. For purposes of depreciating leasehold improvements, the Company had historically amortized the amounts over a longer period, including both the base term of the lease and the optional renewal periods.

The Company has now determined that the period in which rental expense is recognized on a straight-line, or average, basis should include any pre-opening periods during construction for which the Company is legally obligated under the terms of the lease, and any optional renewal periods, for which at the inception of the lease, it is reasonably assured that the Company will exercise those renewal options. This lease period will be consistent with the period over which leasehold improvements are amortized.

As a result, the Company has restated its historical condensed consolidated financial statements for the three and six months ended January 30, 2004 and the year ended July 30, 2004. These effects are summarized below, as well as the effects on diluted net income per share for each of these periods from the adoption of EITF 04-8, as discussed in Note 2.

CBRL GROUP, INC.
SELECTED INCOME STATEMENT DATA
(In thousands, except share data)
(Unaudited)

	Total Revenue	Operating income *	Income before income taxes*	Net income*	Basic net income per share *	Diluted net income per share**	Basic weighted average shares	Diluted weighted average shares***
Three months ended January 30, 2004								
As Previously Reported	\$612,801	\$47,444	\$45,381	\$29,001	\$0.59	\$0.57	49,528,995	51,124,390
Lease Adjustment	--	(553)	(553)	(353)	(0.01)	(0.01)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.03)	--	4,582,788
As Restated	<u>\$612,801</u>	<u>\$46,891</u>	<u>\$44,828</u>	<u>\$28,648</u>	<u>\$0.58</u>	<u>\$0.53</u>	<u>49,528,995</u>	<u>55,707,178</u>
Six months ended January 30, 2004								
As Previously Reported	\$1,189,166	\$93,461	\$89,175	\$57,161	\$1.17	\$1.13	48,825,432	50,579,980
Lease Adjustment	--	(1,034)	(1,034)	(662)	(0.01)	(0.02)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.05)	--	4,582,788
As Restated	<u>\$1,189,166</u>	<u>\$92,427</u>	<u>\$88,141</u>	<u>\$56,499</u>	<u>\$1.16</u>	<u>\$1.06</u>	<u>48,825,432</u>	<u>55,162,768</u>

*Reflects restatement effects for operating leases.

**Reflects restatement effects for operating leases and for the adoption of EITF 04-8.

***Reflects restatement effects for the adoption of EITF 04-8.

CBRL GROUP, INC.
 SELECTED BALANCE SHEET DATA
 (Unaudited and in thousands)

	----- Period Ended -----		
	July 30, 2004 ----		July 30, 2004 ----
	(As Previously Reported)	Adjustment*	(As Restated)
ASSETS			
Total current assets	\$ 203,040	\$ --	\$ 203,040
Net property and equipment	1,118,573	--	1,118,573
Total other assets	113,249	842	114,091
	-----	-----	-----
Total assets	\$1,434,862	\$ 842	\$1,435,704
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Total current liabilities	\$ 246,782	\$(4,547)	\$ 242,235
Long-term debt	185,138	--	185,138
Other long-term obligations	122,695	12,300	134,995
Total shareholders' equity	880,247	(6,911)	873,336
	-----	-----	-----
Total liabilities and shareholders' equity	\$1,434,862	\$ 842	\$1,435,704
	=====	=====	=====

*Reflects restatement effects for operating leases

4. Summary of Significant Accounting Policies

The significant accounting policies of the Company are included in the 2004 Form 10-K. During the quarter ended January 28, 2005, there were no significant changes to those accounting policies except those discussed in Notes 2 and 3.

Property, Plant and Equipment - Property and equipment are stated at cost. For financial reporting purposes, depreciation and amortization on these assets are computed by use of the straight-line and double-declining-balance methods over the estimated useful lives of the respective assets, as follows: buildings and improvements, 30-45 years; buildings under capital leases, 15-25 years; restaurant and other equipment, 3-10 years. Leasehold improvements are depreciated over 1-35 years, which represents the shorter of the useful lives or the related lease life. Accelerated depreciation methods generally are used for income tax purposes. Maintenance and repairs, including the replacement of minor items, are charged to expense, and major additions to property and equipment are capitalized. Gain or loss is recognized upon disposal of property and equipment, at which time the asset and related accumulated depreciation and amortization amounts are removed from the accounts.

Operating leases - The Company has ground leases and office space leases that are recorded as operating leases. Most of the leases have rent escalation clauses and some have rent holiday and contingent rent provisions. In accordance with FASB Technical Bulletin ("FTB") No. 85-3, "Accounting for Operating Leases with Scheduled Rent Increases," the liabilities under these leases are recognized on the straight-line basis over the shorter of the useful life, with a maximum of 35 years, or the related lease life. The Company now uses a lease life that generally begins on the date that the Company becomes legally obligated under the lease, including the pre-opening period during construction, when in many cases the Company is not making rent payments, and generally extends through certain of the renewal periods that can be exercised at the Company's option, for which at the inception of the lease, it is reasonably asured that the Company will exercise those renewal options. Prior to the second quarter of 2005, the Company had used a lease life that did not include the optional renewal periods. In either case, the Company generally records rent expense over the lease life at a straight-line rent amount (see Note 3).

Certain leases provide for rent holidays, which are included in the lease life used for the straight-line rent calculation in accordance with FTB No. 88-1, "Issues Relating to Accounting for Leases." Rent expense and an accrued rent liability are recorded during the rent holiday periods, during which the Company has possession of and access to the property, but is not required or obligated to, and normally does not, make rent payments.

Certain leases provide for contingent rent, which is determined as a percentage of gross sales in excess of specified levels. The Company records a contingent rent liability and corresponding rent expense when sales have been achieved in amounts in excess of the specified levels.

Stock-Based Compensation - The Company accounts for its stock based compensation under the recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, and has adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" and below is providing disclosures required by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." Under APB Opinion No. 25, no stock-based compensation cost is reflected in net income for grants of stock options to employees because the Company grants stock options with an exercise price equal to the market value of the stock on the date of grant. The reported stock-based employee compensation expense, net of related tax effects, in the table represents the amortization of restricted stock grants to three executive officers of the Company.

Had the Company used the fair value based accounting method for stock compensation expense prescribed by SFAS Nos. 123 and 148, the Company's consolidated net income and net income per share would have been reduced to the pro-forma amounts illustrated as follows:

	Quarter Ended		Six Months Ended	
	January 28, 2005 ----	January 30, 2004 ---- (As Restated, see Note 3)	January 28, 2005 ----	January 30, 2004 ---- (As Restated, see Note 3)
Net income - as reported	\$32,578	\$28,648	\$62,508	\$56,499
Add: Total stock-based employee compensation included in reported net income, net of related tax effects	19	19	38	37
Deduct: Total stock-based compensation expense determined under fair-value based method for all awards, net of tax effects	(2,026)	(2,661)	(4,524)	(5,367)
Pro forma, net income	===== \$30,571	===== \$26,006	===== \$58,022	===== \$51,169
Net income per share:				
Basic - as reported	===== \$0.68	===== \$0.58	===== \$1.29	===== \$1.16
Basic - pro forma	===== \$0.64	===== \$0.53	===== \$1.20	===== \$1.05
Diluted - as reported	===== \$0.63	===== \$0.53	===== \$1.20	===== \$1.06
Diluted - pro forma	===== \$0.59	===== \$0.49	===== \$1.12	===== \$0.97

5. Recent Accounting Pronouncements Not Yet Adopted

In December 2004, the FASB issued SFAS No. 123 (Revised 2004) "Share-Based Payment" ("SFAS No. 123R"). SFAS No. 123R replaces SFAS No. 123 and supersedes APB Opinion No. 25. SFAS No. 123R requires that the cost of employee services received in exchange for equity instruments issued or liabilities incurred are recognized in the financial statements. Compensation cost will be measured using a fair-value-based method over the period that the employee provides service in exchange for the award. This statement will apply to all awards granted after the effective date and to modifications, repurchases or cancellations of existing awards. SFAS No. 123R is effective as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. As disclosed in Note 4, based on the current assumptions and calculations used, had the Company recognized compensation expense based on the fair value of awards of equity instruments, net income would have been reduced by approximately \$2,007 and \$4,486 for the quarter and six-month periods ended January 28, 2005, respectively, and \$2,642 and \$5,330 for the quarter and six-month periods ended January 30, 2004, respectively.

In November 2004, the FASB issued Statement No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4" ("SFAS No. 151"). SFAS No. 151 clarifies that abnormal inventory costs such as costs of idle facilities, excess freight and handling costs, and wasted materials (spoilage) are required to be recognized as current period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The provisions of SFAS No. 151 are effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company is still evaluating the effects of the adoption of this standard on the Company's consolidated results of operations or its financial position.

6. Income Taxes

The provision for income taxes as a percent of pre-tax income was 34.2% in the second quarter of 2005 and 34.6% in the first six months of 2005 as compared to 36.1% and 35.9%, respectively, during the same periods a year ago and 35.9% for the entire year of 2004. The decrease in the tax rate for 2005 is based upon the estimated effect of the passage of the Work Opportunity and Welfare to Work federal tax credit legislation signed on October 22, 2004 retroactive to January 1, 2004. The variation between the statutory tax rate and the effective tax rate is due to state income taxes offset by employer tax credits for FICA taxes paid on employee tip income and the tax credits above.

7. Seasonality

Historically the consolidated net income of the Company typically has been lower in the first three quarters and highest in the fourth quarter, which includes much of the summer vacation and travel season. Management attributes these variations to the decrease in interstate tourist traffic and propensity to dine out less during the regular school year and winter months and the increase in interstate tourist traffic and propensity to dine out more during the summer months. The Company's retail sales historically have been highest in the Company's second quarter, which includes the Christmas holiday shopping season. Therefore, the results of operations for the quarter or six-month period ended January 28, 2005 cannot be considered indicative of the operating results for the entire year.

8. Inventories

Inventories were comprised of the following at:

	January 28, 2005	July 30, 2004
Retail	\$ 85,460	\$104,148
Restaurant	21,180	19,800
Supplies	18,817	17,872
Total	\$125,457	\$141,820

9. Consolidated Net Income Per Share and Weighted Average Shares

Basic consolidated net income per share is computed by dividing consolidated net income by the weighted average number of common shares outstanding for the reporting period. Diluted consolidated net income per share reflects the potential dilution that could occur if securities, options or other contracts to issue common stock were exercised or converted into common stock. Additionally, diluted consolidated net income per share is calculated excluding the after-tax interest and financing expenses associated with the Senior Notes since these Senior Notes are treated as if converted into common stock (see Note 2). The Company's Senior Notes, outstanding employee and director stock options and restricted stock issued by the Company represent the only dilutive effects on diluted net income per share. The following table reconciles the components of the diluted net income per share computations:

	Quarter Ended		Six Months Ended	
	January 28, 2005	January 30, 2004	January 28, 2005	January 30, 2004
Net income per share numerator:		(As Restated, see Note 3)		(As Restated, see Note 3)
Net income	\$32,578	\$28,648	\$62,508	\$56,499
Add: Interest and loan acquisition costs associated with Senior Notes, net of related tax effects	1,172	1,109	2,327	2,224
Net income available to common shareholders	\$33,750	\$29,757	\$64,835	\$58,723
Net income per share denominator:				
Weighted average shares outstanding for basic net income per share	48,138,378	49,528,995	48,425,269	48,825,432
Add Potential Dilution:				
Senior Notes	4,582,788	4,582,788	4,582,788	4,582,788
Stock options and restricted stock	1,095,832	1,595,395	1,078,828	1,754,548
Weighted average shares outstanding for diluted net income per share	53,816,998	55,707,178	54,086,885	55,162,768

10. Segment Reporting

The Company manages its business on the basis of one reportable operating segment. Cracker Barrel Old Country Store(R) ("Cracker Barrel") units represent a single, integrated operation with two related and substantially integrated product lines. The operating expenses of the restaurant and retail product lines

of a Cracker Barrel unit are shared and are indistinguishable in many respects. The chief operating decision-makers review operating results for both restaurant and retail operations on a combined basis. Likewise, Logan's Roadhouse(R) ("Logan's") units are restaurant operations and those operations have similar investment criteria and economic and operating characteristics as the operations of Cracker Barrel.

All of the Company's operations are located within the United States. The following data are presented in accordance with SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," for all periods presented:

	Quarter Ended		Six Months Ended	
	January 28, 2005	January 30, 2004	January 28, 2005	January 30, 2004
Net sales in Company-owned stores:				
Restaurant	\$504,256	\$457,019	\$ 998,469	\$ 913,539
Retail	162,341	155,313	280,252	274,752
	-----	-----	-----	-----
Total net sales	666,597	612,332	1,278,721	1,188,291
Franchise fees and royalties	592	469	1,121	875
	-----	-----	-----	-----
Total revenue	\$667,189	\$612,801	\$1,279,842	\$1,189,166
	=====	=====	=====	=====

11. Impairment of Long-lived Assets

The Company evaluates long-lived assets and certain identifiable intangibles to be held and used in the business for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment is determined by comparing undiscounted future operating cash flows that are expected to result from an asset to the carrying values of an asset on a store by store basis. If an impairment exists, the amount of impairment is measured as the sum of the estimated discounted future operating cash flows of the asset and the expected proceeds upon sale of the asset less its carrying value. Assets held for sale, if any, are reported at the lower of carrying amount or fair value less costs to sell. The Company recorded no impairment losses in the quarters and six-months ended January 28, 2005 and January 30, 2004. In addition, at least annually the Company assesses the recoverability of goodwill. The impairment tests require the Company to estimate fair values of its related reporting units by making assumptions regarding future cash flows and other factors. This valuation may reflect, among other things, such external factors as capital market valuation for public companies comparable to the operating unit. If these assumptions change in the future, the Company may be required to record material impairment charges for these assets. The Company performed its annual assessment in the second quarter ended January 28, 2005, and concluded at that time that there was no indication of impairment. This annual assessment is performed in the second quarter of each year. Additionally, an assessment is performed between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

12. Commitments and Contingencies

As reported in the Company's Annual Report on Form 10-K for the year ended July 30, 2004, Cracker Barrel agreed, as of September 8, 2004, to settle certain litigation alleging violations of the Fair Labor Standards Act as well as allegations of discrimination in employment and public accommodations. The total payment agreed to by Cracker Barrel was \$8,720, in full satisfaction of all claims (including attorneys' fees and costs) by the plaintiffs, of which \$2,385 is still accrued and expected to be paid by the end of 2005.

Logan's is subject to a lawsuit captioned Joey E. Barlow v. Logan's Roadhouse, Inc., in the United States District Court for the Middle District of Tennessee (Case No. 3-03-0821), filed September 8, 2003. The case is a putative collective action alleging violations of the federal wage and hour laws, although it has not yet been certified as such. The complaint alleges that the plaintiff and 66 opt-in hourly employees at one Logan's restaurant in Macon,

Georgia were subjected to various violations, including being required to work "off the clock," having hours "shaved" (reduced in the computer), and in the case of tipped employees, being required to perform excessive non-server duties without being paid the minimum wage or overtime compensation for that work. The case seeks recovery of unpaid compensation, plus an equal amount of liquidated damages, prejudgment interest, attorney's fees and costs, and unspecified injunctive relief. Substantial discovery has not yet been completed, and the Company denies that Logan's engaged in any of the alleged unlawful employment practices and intends to vigorously defend the case. Neither the likelihood of an unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time. If, however, this litigation were to be resolved unfavorably, it could result in a material adverse effect upon the Company's results of operations.

In addition to the litigation described in the preceding paragraphs, the Company and its subsidiaries are parties to other legal proceedings incidental to their businesses. In the opinion of management, based upon information currently available, the ultimate liability with respect to these other actions will not materially affect the Company's consolidated results of operations or financial position.

The Company makes trade commitments in the course of its normal operations. As of January 28, 2005 the Company was contingently liable for approximately \$396 under outstanding trade letters of credit issued in connection with purchase commitments. These letters of credit have terms of 3 months or less and are used to collateralize obligations to third parties for the purchase of a portion of the Company's imported retail inventories. Additionally, the Company was contingently liable pursuant to standby letters of credit as credit guarantees to insurers. As of January 28, 2005 the Company had \$30,186 of standby letters of credit related to workers' compensation and general liability insurance. All standby letters of credit are renewable annually.

The Company is secondarily liable for lease payments under the terms of an operating lease that has been assigned to a third party and a second operating lease that has been sublet to a third party. The operating leases have remaining lives of approximately 8.7 and 11.7 years, respectively, with annual lease payments of approximately \$350 and \$100, respectively. Under the assigned lease the Company's performance is only required if the assignee fails to perform his obligations as lessee. At this time, the Company has no reason to believe that the assignee will not perform and, therefore, no provision has been made in the accompanying condensed consolidated financial statements for amounts to be paid as a result of non-performance by the assignee. Under the sublease the Company's performance is only required if the sublessee fails to perform his obligations as lessee. The Company has a remaining liability of \$527 in the accompanying condensed consolidated financial statements for estimated amounts to be paid in case of non-performance by the sublessee.

13. Shareholders' Equity

During the six-month period ended January 28, 2005, the Company received proceeds of \$28,456 from the exercise of stock options on 1,384,205 shares of its common stock. During the six-month period ended January 28, 2005 the Company repurchased 2,287,500 shares of its common stock for an aggregate expenditure of \$87,094. Since the Company's share repurchases exceeded the additional paid-in capital balance at the previous year end of \$13,982 and the exercises of stock options during the six-month period ended January 28, 2005, the Company reduced retained earnings by \$44,647, and reduced additional paid-in capital to zero at the end of the second quarter. These retired shares will remain as authorized, but unissued, shares. During the six-month period ended January 28, 2005, the Company paid a dividend of \$0.11 per common share on September 1, 2004 (declared on July 29, 2004) and the Company paid a dividend of \$0.12 per common share on November 1, 2004 (declared on September 23, 2004). Additionally, the Company declared a dividend of \$0.12 per common share on November 23, 2004 that was paid on February 8, 2005 to shareholders of record on January 14, 2005. Finally, the Company declared a dividend of \$0.12 per common share on February 24, 2005 to be paid on May 9, 2005 to shareholders of record on April 15, 2005.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CBRL Group, Inc. and its subsidiaries (collectively, the "Company") are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store(R) ("Cracker Barrel") restaurant and retail concept and the Logan's Roadhouse(R) ("Logan's") restaurant concept. All dollar amounts reported or discussed in Part I, Item 2 of this Quarterly Report on Form 10-Q are shown in thousands, except per share amounts. References in management's discussion and analysis of financial condition and results of operations to a year are to the Company's fiscal year unless otherwise noted. The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition.

This discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto. In addition, as discussed in Note 3 to the condensed consolidated financial statements, on February 17, 2005, the Company announced that it was changing the way in which it accounted for certain operating leases. The reasons for the restatement are described in Note 3. When the Company made this announcement, it disclosed that, as a result, certain previously filed financial statements could no longer be relied upon. See the Company's Current Report on Form 8-K filed with the SEC on February 17, 2005, which is incorporated herein by this reference. The accompanying management's discussion and analysis of financial condition and results of operations gives effect to the restatement of the consolidated financial statements for the periods and as described in Note 3.

The impacts of the restatement on the consolidated statements of income for the 2004, 2003, 2002, 2001, and 2000 fiscal years, all quarters of 2004 and first quarter of 2005 as well as the balance sheets, are summarized below, as well as the impact to diluted net income per share for each of these periods from the adoption of EITF 04-8, as discussed in Note 2:

CBRL GROUP, INC.
 SELECTED ANNUAL INCOME STATEMENT DATA
 (In thousands, except share data)
 (Unaudited)

	Total Revenue	Operating income *	Income before income taxes *	Net income*	Basic net income per share *	Diluted net income per share**	Basic weighted average shares	Diluted weighted average shares***
July 30, 2004								
As Previously Reported	\$2,380,947	\$185,136	\$176,697	\$113,262	\$2.32	\$2.25	48,877,306	50,369,845
Lease Adjustment	--	(2,149)	(2,149)	(1,377)	(0.03)	(0.02)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.11)	--	4,582,788
As Restated	<u>\$2,380,947</u>	<u>\$182,987</u>	<u>\$174,548</u>	<u>\$111,885</u>	<u>\$2.29</u>	<u>\$2.12</u>	<u>48,877,306</u>	<u>54,952,633</u>
August 1, 2003								
As Previously Reported	\$2,198,182	\$174,081	\$165,262	\$106,529	\$2.16	\$2.09	49,274,373	50,998,339
Lease Adjustment	--	(2,203)	(2,203)	(1,421)	(0.03)	(0.03)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.09)	--	4,582,788
As Restated	<u>\$2,198,182</u>	<u>\$171,878</u>	<u>\$163,059</u>	<u>\$105,108</u>	<u>\$2.13</u>	<u>\$1.97</u>	<u>49,274,373</u>	<u>55,581,127</u>
August 2, 2002								
As Previously Reported	\$2,071,784	\$149,300	\$142,531	\$ 91,789	\$1.69	\$1.64	54,198,845	56,090,940
Lease Adjustment	--	(2,090)	(2,090)	(1,345)	(0.02)	(0.03)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.02)	--	1,535,989
As Restated	<u>\$2,071,784</u>	<u>\$147,210</u>	<u>\$140,441</u>	<u>\$ 90,444</u>	<u>\$1.67</u>	<u>\$1.59</u>	<u>54,198,845</u>	<u>57,626,929</u>
August 3, 2001								
As Previously Reported	\$1,967,998	\$ 96,696	\$ 84,464	\$ 49,181	\$0.88	\$0.87	56,128,956	56,799,124
Lease Adjustment	--	(1,062)	(1,062)	(631)	(0.02)	(0.02)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	--	--	--
As Restated	<u>\$1,967,998</u>	<u>\$ 95,634</u>	<u>\$ 83,402</u>	<u>\$ 48,550</u>	<u>\$0.86</u>	<u>\$0.85</u>	<u>56,128,956</u>	<u>56,799,124</u>
July 28, 2000								
As Previously Reported	\$1,777,119	\$118,969	\$ 94,705	\$ 58,998	\$1.02	\$1.02	57,959,646	58,041,290
Lease Adjustment	--	(1,145)	(1,145)	(725)	(0.01)	(0.02)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	--	--	--
As Restated	<u>\$1,777,119</u>	<u>\$117,824</u>	<u>\$ 93,560</u>	<u>\$ 58,273</u>	<u>\$1.01</u>	<u>\$1.00</u>	<u>57,959,646</u>	<u>58,041,290</u>

*Reflects restatement effects for operating leases, see Note 3.

**Reflects restatement effects for operating leases and for the adoption of EITF 04-8, see Notes 2 and 3.

***Reflects restatement effects for the adoption of EITF 04-8, see Note 2.

CBRL GROUP, INC.
SELECTED QUARTERLY INCOME STATEMENT DATA
(In thousands, except share data)
(Unaudited)

	Total Revenue	Operating income *	Income before income taxes *	Net income*	Basic net income per share *	Diluted net income per share**	Basic weighted average shares	Diluted weighted average shares***
October 29, 2004								
As Previously Reported	\$612,653	\$48,672	\$46,577	\$30,275	\$0.62	\$0.61	48,712,161	49,773,983
Lease Adjustment	--	(529)	(529)	(345)	(0.01)	(0.01)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.03)	--	4,582,788
As Restated	\$612,653	\$48,143	\$46,048	\$29,930	\$0.61	\$0.57	48,712,161	54,356,771
July 30, 2004								
As Previously Reported	\$607,499	\$48,823	\$46,677	\$29,919	\$0.61	\$0.60	48,730,740	49,800,652
Lease Adjustment	--	(543)	(543)	(348)	--	(0.01)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.03)	--	4,582,788
As Restated	\$607,499	\$48,280	\$46,134	\$29,571	\$0.61	\$0.56	48,730,740	54,383,440
April 30, 2004								
As Previously Reported	\$584,282	\$42,852	\$40,845	\$26,182	\$0.53	\$0.52	49,127,619	50,518,767
Lease Adjustment	--	(572)	(572)	(367)	--	(0.01)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.02)	--	4,582,788
As Restated	\$584,282	\$42,280	\$40,273	\$25,815	\$0.53	\$0.49	49,127,619	55,101,555
January 30, 2004								
As Previously Reported	\$612,801	\$47,444	\$45,381	\$29,001	\$0.59	\$0.57	49,528,995	51,124,390
Lease Adjustment	--	(553)	(553)	(353)	(0.01)	(0.01)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.03)	--	4,582,788
As Restated	\$612,801	\$46,891	\$44,828	\$28,648	\$0.58	\$0.53	49,528,995	55,707,178
October 31, 2003								
As Previously Reported	\$576,365	\$46,017	\$43,794	\$28,160	\$0.59	\$0.56	48,121,869	50,035,570
Lease Adjustment	--	(481)	(481)	(309)	(0.01)	(0.01)	--	--
EITF 04-8 Adjustment	--	--	--	--	--	(0.02)	--	4,582,788
As Restated	\$576,365	\$45,536	\$43,313	\$27,851	\$0.58	\$0.53	48,121,869	54,618,358

*Reflects restatement effects for operating leases, see Note 3.

**Reflects restatement effects for operating leases and for the adoption of EITF 04-8, see Notes 2 and 3.

***Reflects restatement effects for the adoption of EITF 04-8, see Note 2.

CBRL GROUP, INC.
SELECTED BALANCE SHEET DATA
(Unaudited and in thousands)

	Quarter Ended			Year Ended		
	October 29, 2004 ----- (As Previously Reported)	Adjustment*	October 29, 2004 ----- (As Restated)	July 30, 2004 ----- (As Previously Reported)	Adjustment*	July 30, 2004 ----- (As Restated)
ASSETS						
Total current assets	\$ 225,129	\$ --	\$ 225,129	\$ 203,040	\$ --	\$ 203,040
Net property and equipment	1,139,503	--	1,139,503	1,118,573	--	1,118,573
Total other assets	117,496	842	118,338	113,249	842	114,091
	-----	-----	-----	-----	-----	-----
Total assets	<u>\$1,482,128</u>	<u>\$ 842</u>	<u>\$1,482,970</u>	<u>\$1,434,862</u>	<u>\$ 842</u>	<u>\$1,435,704</u>
	=====	=====	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY						
Total current liabilities	\$ 270,355	\$(4,731)	\$ 265,624	\$ 246,782	\$(4,547)	\$ 242,235
Long-term debt	206,520	--	206,520	185,138	--	185,138
Other long-term obligations	127,711	12,829	140,540	122,695	12,300	134,995
Total shareholders' equity	877,542	(7,256)	870,286	880,247	(6,911)	873,336
	-----	-----	-----	-----	-----	-----
Total liabilities and shareholders' equity	<u>\$1,482,128</u>	<u>\$ 842</u>	<u>\$1,482,970</u>	<u>\$1,434,862</u>	<u>\$ 842</u>	<u>\$1,435,704</u>
	=====	=====	=====	=====	=====	=====

*Reflects restatement effects for operating leases, see Note 3.

Except for specific historical information, many of the matters discussed in this Quarterly Report on Form 10-Q may express or imply projections of revenues or expenditures, statements of plans and objectives or future operations or statements of future economic performance. These, and similar statements are forward-looking statements concerning matters that involve risks, uncertainties and other factors which may cause the actual performance of the Company to differ materially from those expressed or implied by this discussion.

All forward-looking information is provided by the Company pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "assumptions", "target", "guidance", "outlook", "plans", "projection", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "potential" or "continue" (or the negative or other derivatives of each of these terms) or similar terminology. Factors which could materially affect actual results include, but are not limited to: the effects of uncertain consumer confidence or general or regional economic weakness on sales and customer travel activity; the ability of the Company to identify, acquire and sell successful new lines of retail merchandise; the availability and cost of acceptable sites for development and the Company's ability to identify such sites; commodity, workers' compensation, group health and utility price changes; consumer behavior based on concerns over nutritional or safety aspects of the Company's products or restaurant food in general; competitive marketing and operational initiatives; the effects of plans intended to improve operational execution and performance; changes in or implementation of additional governmental or regulatory rules, regulations and interpretations affecting accounting, tax, wage and hour matters, health and safety, pensions, insurance or other undeterminable areas; practical or psychological effects of terrorist acts or war and military or government responses; the effects of increased competition at Company locations on sales and on labor recruiting, cost, and retention; increases in construction costs; the ability of and cost to the Company to recruit, train, and retain qualified restaurant hourly and management employees; disruptions to the company's restaurant or retail supply chain; changes in foreign exchange rates affecting the Company's future retail inventory purchases; the actual results of pending or threatened litigation or governmental investigations; the costs and effects of negative publicity associated with Company operations or political or charitable activities; changes in accounting principles generally accepted in the United States of America or changes in capital market conditions that could affect valuations of restaurant companies in general or the Company's goodwill in particular; changes in interest rates affecting the Company's financing costs; and other factors described from time to time in the Company's filings with the SEC, press releases, and other communications.

Results of Operations

The following table highlights operating results by percentage relationships to total revenue for the quarter and six-month period ended January 28, 2005 as compared to the same period a year ago:

	Quarter Ended		Six Months Ended	
	January 28, 2005	January 30, 2004 (As Restated, see Note 3)	January 28, 2005	January 30, 2004 (As Restated, see Note 3)
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	35.4	34.8	34.1	33.6
Gross profit	64.6	65.2	65.9	66.4
Labor and other related expenses	34.9	35.8	35.9	36.5
Other store operating expenses	17.0	16.8	17.0	16.8
Store operating income	12.7	12.6	13.0	13.1
General and administrative	5.0	5.0	5.2	5.3
Operating income	7.7	7.6	7.8	7.8
Interest expense	0.3	0.3	0.3	0.4
Interest income	--	--	--	--
Income before income taxes	7.4	7.3	7.5	7.4
Provision for income taxes	2.5	2.6	2.6	2.6
Net income	4.9%	4.7%	4.9%	4.8%

The following table highlights the components of total revenue by percentage relationships to total revenue for the quarter and six-month period ended January 28, 2005 as compared to the same period a year ago:

	Quarter Ended		Six Months Ended	
	January 28, 2005	January 30, 2004	January 28, 2005	January 30, 2004
Net sales:				
Cracker Barrel restaurant	61.5%	61.8%	64.0%	64.1%
Logan's	14.1	12.8	14.0	12.7
Total restaurant	75.6	74.6	78.0	76.8
Cracker Barrel retail	24.3	25.3	21.9	23.1
Total net sales	99.9	99.9	99.9	99.9
Franchise fees and royalties	0.1	0.1	0.1	0.1
Total revenue	100.0%	100.0%	100.0%	100.0%

The following table highlights the units in operation and units added for the quarter and six-month period ended January 28, 2005 as compared to the same period a year ago:

	Quarter Ended		Six Months Ended	
	January 28, 2005	January 30, 2004	January 28, 2005	January 30, 2004
Cracker Barrel Old Country Store:				
Open at beginning of period	509	484	504	480
Opened during period	5	4	10	8
Open at end of period	514	488	514	488
		===	===	===
Logan's Roadhouse - company-owned:				
Open at beginning of period	114	101	107	96
Opened during period	4	2	11	7
Open at end of period	118	103	118	103
	===	===	===	===
Logan's Roadhouse - franchised:				
Open at beginning of period	20	16	20	16
Opened during period	2	1	2	1
Open at end of period	22	17	22	17
	==	==	==	==

Average comparable store sales includes sales of stores open at least six full quarters at the beginning of the quarter or six-month period ended January 28, 2005 and are measured on comparable calendar weeks in the prior year. The following table highlights average comparable store sales for the quarter and six-month period ended January 28, 2005 as compared to the same period a year ago:

	Quarter Ended		Six Months Ended	
	January 28, 2005	January 30, 2004	January 28, 2005	January 30, 2004
Cracker Barrel (472 and 466 stores for the quarter and six months, respectively) Net sales:				
Restaurant	\$ 804.1	\$ 779.0	\$1,617.8	\$1,574.1
Retail	314.5	315.6	545.8	560.0
Total net sales	\$1,118.6	\$1,094.6	\$2,163.6	\$2,134.1
	=====	=====	=====	=====
Logan's (96 and 93 restaurants for the quarter and six months, respectively)	\$793.7	\$760.2	\$1,561.9	\$1,498.8
	=====	=====	=====	=====

Total Revenue

Total revenue for the second quarter of 2005 increased 8.9% compared to the prior year second quarter. For the second quarter ended January 28, 2005, Cracker Barrel comparable store restaurant sales increased 3.2% and comparable store retail sales decreased 0.3% resulting in a combined comparable store sales (total net sales) increase of 2.2%. The comparable store restaurant sales increase consisted of a 4.1% average check increase for the quarter (including a 3.1% average menu price increase) and a 0.9% guest traffic decrease. We believe that the comparable store retail sales decrease is due to exceptionally strong retail sales in the prior year quarter (comparable store retail sales were up 7.0% in the prior year second quarter), uncertain consumer sentiment and reduced discretionary purchases, restaurant guest traffic decreases and weaker than expected response to the retail merchandise assortment. Logan's comparable restaurant sales (including alcohol) increased 4.4%, which consisted of a 4.0% average check increase (including a 3.3% average menu price increase) and a 0.4% guest traffic increase. Sales from newly opened Cracker Barrel stores and Logan's restaurants accounted for the balance of the total revenue increase in the second quarter.

Total revenue for the six-month period ended January 28, 2005 increased 7.6% compared to the six-month period ended January 30, 2004. For the six-month period ended January 28, 2005, Cracker Barrel comparable store restaurant sales increased 2.8% and comparable store retail sales decreased 2.5% resulting in a combined comparable store sales (total net sales) increase of 1.4%. The comparable store restaurant sales increase consisted of a 3.6% average check increase for the six months (including a 2.5% net price increase effect) and a 0.8% guest traffic decrease. We believe that the comparable store retail sales decrease is related to exceptionally strong retail sales in the prior year six-month period (comparable retail sales were up 8.5% in the prior year six month period), restaurant guest traffic decrease, uncertain consumer sentiment and reduced discretionary purchases, weaker than expected response to the retail merchandise assortment, and the hurricanes in Florida during the first quarter of 2005. Logan's comparable restaurant sales increased 4.2%, which consisted of a 4.6% average check increase and a 0.4% guest traffic decrease. Sales from newly opened Cracker Barrel stores and Logan's restaurants primarily accounted for the balance of the total revenue increase in the six-month period ended January 28, 2005.

Cost of Goods Sold

Cost of goods sold as a percentage of total revenue for the second quarter of 2005 increased to 35.4% from 34.8% in the second quarter of the prior year. This increase was due to higher commodity costs for beef, tomatoes, dairy, including eggs, pork and poultry and an obsolescence reserve addition of approximately \$1,000 to reflect expected disposition of certain aged and slow-moving retail inventory at Cracker Barrel. These increases were partially offset by higher menu pricing versus the prior year and a lower percentage of retail sales that have a higher cost as a percent of sales.

Cost of goods sold as a percentage of total revenue for the six-month period ended January 28, 2005 increased to 34.1% from 33.6% in the six-month period ended January 30, 2004. This increase was due to higher commodity costs for beef, dairy, including eggs, pork and poultry and an obsolescence reserve addition of approximately \$1,000 to reflect expected disposition of certain aged and slow-moving retail inventory at Cracker Barrel. These increases were partially offset by higher menu pricing versus the prior year and a lower percentage of retail sales that have a higher cost as a percent of sales.

Labor and Other Related Expenses

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. Labor and other related expenses as a percentage of total revenue decreased to 34.9% in the second quarter this year from 35.8% in the prior year. This decrease was due to lower restaurant and retail management compensation under unit-level bonus programs versus prior year, lower hourly labor expenses as a percent of revenue and higher menu pricing versus the prior year. The decrease in restaurant and retail management bonus accruals reflected relatively lower performance against financial objectives in the second quarter of 2005 versus the same period a year ago.

Labor and other related expenses as a percentage of total revenue decreased to 35.9% in the six-month period ended January 28, 2005 as compared to 36.5% in the six-month period ended January 30, 2004. This decrease was due to lower restaurant and retail management compensation under unit-level bonus programs versus prior year, lower hourly labor expenses as a percent of revenue and higher menu pricing versus the prior year.

Two states in which the Company operates, Illinois and New York, implemented increases in the state minimum wage effective January 1, 2005, including mandated increases in the minimum cash wage paid to tipped employees. Additionally, Florida is expected to implement similar increases in May of 2005. The Company expects these changes primarily to affect the third and fourth quarters of 2005. The Company is evaluating alternatives to deal with this increase in labor costs in these states. The estimated cost of the minimum wage increase on the Company is expected to be approximately \$1,200 to \$1,300 in the fourth quarter of 2005 and substantially less in the third quarter of 2005.

Other Store Operating Expenses

Other store operating expenses include all unit-level operating costs, the major components of which are operating supplies, repairs and maintenance, advertising expenses, utilities, rent, depreciation, general insurance, credit card fees and non-labor-related pre-opening expenses. Other store operating expenses as a percentage of total revenue increased to 17.0% in the second quarter of 2005 from 16.8% in the second quarter of the prior year. This increase was due to higher credit card fees, general insurance and advertising expenses as a percent of revenue. These increases are offset partially by a decrease in numerous miscellaneous expenses versus the prior year.

Other store operating expenses as a percentage of total revenue increased to 17.0% in the six-month period ended January 28, 2005 as compared to 16.8% in the six-month period ended January 30, 2004. This increase was due to higher credit card fees, utilities, and general insurance as a percent of revenue. These increases in other store operating expenses were offset partially by higher menu pricing versus the prior year and a decrease in numerous miscellaneous expenses versus the prior year.

General and Administrative Expenses

General and administrative expenses as a percentage of total revenue were 5.0% in both the second quarter of 2005 and in the second quarter of last year. General and administrative expenses remained constant as a percentage of total revenue due to increases in legal and audit fees versus the prior year offset by a non-recurring insurance recovery for certain insured losses.

General and administrative expenses as a percentage of total revenue decreased to 5.2% in the six-month period ended January 28, 2005 as compared to 5.3% in the six-month period ended January 30, 2004. This decrease was due to lower bonus accruals and a non-recurring insurance recovery for certain insured losses received in the second quarter offset partially by higher payroll expenses, travel expenses and legal and audit fees versus the prior year.

Provision for Income Taxes

The provision for income taxes as a percent of pre-tax income was 34.2% in the second quarter and 34.6% in the first six months of 2005 as compared to 36.1% in the second quarter a year ago and 35.9% in the first six months of 2004. The decrease in the tax rate for 2005 is based upon the estimated effect of the passage of the Work Opportunity and Welfare to Work federal tax credit legislation signed on October 22, 2004 retroactive to January 1, 2004. The variation between the statutory tax rate and the effective tax rate is due to state income taxes offset by employer tax credits for FICA taxes paid on employee tip income and the tax credits above.

Liquidity and Capital Resources

The Company's operating activities provided net cash of \$137,407 for the six-month period ended January 28, 2005, which represented an increase from the \$76,592 provided during the same period a year ago. This increase was due to a significant increase in accounts payable in the first six months of 2005 versus prior year, as well as higher net income and depreciation, offset partially by a smaller increase in income taxes payable in the first six months of 2005 versus prior year. The changes in accounts payable and income taxes payable were due to timing of payments versus the prior year.

The Company had negative working capital of \$83,108 at January 28, 2005 versus negative working capital of \$39,195 at July 30, 2004. In the restaurant industry, substantially all sales are either for cash or credit card. Like many other restaurant companies, the Company is able to, and may more often than not, operate with negative working capital. Restaurant inventories purchased through the Company's principal food distributor are on terms of net zero days, while restaurant inventories purchased locally generally are financed from normal trade credit. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through letters of credit and wire transfers. These various trade terms are aided by rapid turnover of the restaurant inventory. Employees generally are paid on weekly, bi-weekly or semi-monthly schedules in arrears of hours worked, and certain expenses such as certain taxes and some benefits are deferred for longer periods of time. The larger negative working capital compared with July 30, 2004, reflected higher accounts payable, deferred gift card revenues and income taxes payable and lower cash and cash equivalents and inventories partially offset by lower accrued employee compensation.

Capital expenditures were \$76,587 for the six-month period ended January 28, 2005 as compared to \$63,899 during the same period a year ago. Construction of new locations accounted for most of the expenditures. The increase from the prior year is due to the current year increase in the number of new locations under construction versus the prior year, the current year increase in owned versus leased land for new locations and the timing of maintenance and replacement capital expenditures for existing stores versus the same period a year ago. Capitalized interest was \$180 and \$361 for the quarter and six-month period ended January 28, 2005, as compared to \$164 and \$288 for the quarter and six-month period ended January 30, 2004. This difference was due to an increase in the average number of new locations under construction versus the same period a year ago.

During the six-month period ended January 28, 2005 the Company repurchased 2,287,500 shares of its common stock for approximately \$38.07 per share. As of January 28, 2005, the Company had 604,500 shares remaining under the current repurchase authorization. The purchases are to be made from time to time in the open market at prevailing market prices. The Company presently expects to complete the remaining share repurchase authorization before the end of the third quarter of 2005, although there can be no assurance that such repurchase actually will be completed in that period of time.

On February 25, 2005, the Company announced that the Board of Directors had authorized the repurchase of up to an additional 2,000,000 shares of the Company's common stock. The purchases are to be made from time to time in the open market at prevailing market prices. The Company presently expects to complete this new share repurchase authorization during 2005, although there can be no assurance that such repurchase actually will be completed in that period of time. The Company's principal criteria for share repurchases are that they be accretive to net income per share and that they do not unfavorably affect the Company's investment grade debt rating and target capital structure.

During the six-month period ended January 28, 2005, the Company received proceeds of \$28,456 from the exercise of stock options on 1,384,205 shares of its common stock. During the six-month period ended January 28, 2005, the Company paid a dividend of \$0.11 per common share on September 1, 2004 (declared on July 29, 2004) and the Company paid a dividend of \$0.12 per common share on November 1, 2004 (declared on September 23, 2004). Additionally, the Company declared a dividend of \$0.12 per common share on November 23, 2004 that was paid on February 8, 2005 to shareholders of record on January 14, 2005. Finally, the Company declared a dividend of \$0.12 per common share on February 24, 2005 to be paid on May 9, 2005 to shareholders of record on April 15, 2005.

The Company's internally generated cash and cash generated by option exercises, along with cash at July 30, 2004, the Company's availability under its Revolving Credit Facility and its real estate operating lease arrangements, were sufficient to finance all of its growth, share repurchase, dividend payment and working capital needs in the first six months of 2005.

The Company estimates that its capital expenditures for 2005 will be approximately \$165,000, most of which will be related to the construction of new Cracker Barrel and Logan's units. The Company, through internally generated cash and available borrowing capacity, expects to be able to meet its capital needs for the foreseeable future. The Company expects to open 25 new Cracker Barrel units in 2005, of which 13 have already opened. The Company also expects to open 17 new company-operated Logan's units in 2005, of which 12 have already opened.

Management believes that cash at January 28, 2005, along with cash generated from the Company's operating activities and its available Revolving Credit Facility, as well as financing obtained through real estate operating leases, will be sufficient to finance its continued operations, its remaining share repurchase authorizations, its dividends and its continued expansion plans through 2005. At January 28, 2005, the Company had \$300,000 available under its Revolving Credit Facility.

Critical Accounting Policies

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 (see Note 2 to the Company's Consolidated Financial Statements contained in its Annual Report on Form 10-K for the year ended July 30, 2004 (the "2004 Form 10-K")). Actual results could differ from those estimates. Critical accounting policies are those that management believes are both most important to the portrayal of the Company's financial condition and operating results, and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. The Company considers the following policies to be most critical in understanding the judgments that are involved in preparing its consolidated financial statements.

Impairment of Long-Lived Assets

The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total future cash flows are less than the carrying amount of the asset, the carrying amount is written down to the estimated fair value of an asset to be held and used or over the fair value, net of estimated costs of disposal, of an asset to be disposed of, and a loss resulting from value impairment is recognized by a charge to earnings. Judgments and estimates made by the Company related to the expected useful lives of long-lived assets are affected by factors such as changes in economic conditions and changes in operating performance. As the Company assesses the ongoing expected cash flows and carrying amounts of its long-lived assets, these factors could cause the Company to realize a material impairment charge. From time to time the Company has decided to exit from or dispose of certain operating units. Typically, such decisions are made based on operating performance or strategic considerations and must be made before the actual costs or proceeds of disposition are known, and management must make estimates of these outcomes. Such outcomes could include the sale of a property or leasehold, mitigating costs through a tenant or subtenant, or negotiating a buyout of a remaining lease term. In these instances management evaluates possible outcomes, frequently using outside real estate and legal advice, and records in the financial statements provisions for the effect of such outcomes. The accuracy of such provisions can vary materially from original estimates, and management regularly monitors the adequacy of the provisions until final disposition occurs. In addition, at least annually the Company assesses the recoverability of goodwill. The impairment tests require the Company to estimate fair values of its related reporting units by making assumptions regarding future cash flows and other factors. This valuation may reflect, among other things, such external factors as capital market valuation for public companies comparable to the operating unit. If these assumptions change in the future, the Company may be required to record material impairment charges for these assets. The Company performed its annual assessment in the second quarter ending January 28, 2005, and concluded at that time that there was no indication of impairment. This annual assessment is performed in the second quarter of each year. Additionally, an assessment is performed between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Insurance Reserves

The Company self-insures a significant portion of expected losses under its workers' compensation, general liability and health insurance programs. The Company has purchased insurance for individual claims that exceed \$250 for workers' compensation and general liability insurance prior to 2003, but increased this amount to \$500 for 2003 and to \$1,000 for certain coverages for 2004 and 2005. The Company elected not to purchase such insurance for its primary group health program, but its offered benefits are limited to not more than \$1,000 lifetime for any employee (including dependents) in the program. The Company records a liability for workers' compensation and general liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost to the Company based upon an actuarially determined reserve as of the end of the Company's third quarter and adjusting it by the actuarially determined losses and actual claims payments for the subsequent quarters until the next annual, actuarial study of its reserve requirements. Those reserves and these losses are determined actuarially from a range of possible outcomes within which no given estimate is more likely than any other estimate. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 5, "Accounting for Contingencies," the Company records the losses at the low end of that range and discounts them to present value using a risk-free interest rate based on the actuarially projected timing of payments. The Company also monitors actual claims development, including incurrence or settlement of individual large claims during the interim period between actuarial studies as another means of estimating the adequacy of its reserves. From time to time the Company has performed limited scope interim updates of its actuarial studies to verify and/or modify its reserves. The Company records a liability for its group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience provided by the Company's third-party administrator. The Company's accounting policies regarding insurance reserves include certain actuarial assumptions and management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. Unanticipated changes in these factors may produce materially different amounts of expense and liabilities that would be reported under these insurance programs.

Inventory Shrinkage

Cost of sales includes the cost of retail merchandise sold at the Cracker Barrel stores utilizing the retail inventory accounting method. During the first quarter ended October 29, 2004, an estimate of shortages was recorded based on the physical inventory counts observed as the end of fiscal 2004. During the second quarter ended January 28, 2005, Cracker Barrel performed physical inventory counts in approximately 33% of its stores and in its retail distribution center. Actual shortages were recorded in the second quarter ended January 28, 2005 for those stores that were counted. An estimate of shortages was recorded for the remaining stores based on the results of the physical inventory counts at approximately 33% of its stores. Historically, physical inventory counts were observed in all stores and the retail distribution center during the second quarter, therefore actual inventory shortages were reflected in the second quarter of 2004 results. The 2005 estimated shortages will be adjusted to actual upon physical inventory counts in all stores and the retail distribution center during the fourth quarter of the 2005 and, although the Company believes the sampling approach to the mid-year inventory is materially accurate, could produce materially different amounts than estimated by the Company for the first and second quarters ended October 29, 2004 and January 28, 2005.

Tax Provision

The Company must make estimates of certain items that comprise its income tax provision. These estimates include effective state and local income tax rates, employer tax credits for items such as FICA taxes paid on tip income, Work Opportunity and Welfare to Work, as well as estimates related to certain depreciation and capitalization policies. These estimates are made based on current tax laws, the best available information at the time of the provision and historical experience. The Company files its income tax returns many months after its year-end. These returns are subject to audit by various federal and state governments years after the returns are filed and could be subject to differing interpretations of the tax laws. The Company then must assess the likelihood of successful legal proceedings or reach a settlement with the relevant taxing authority, either of which could result in material adjustments to the Company's consolidated financial statements and its consolidated financial position (see Note 6 to the Company's Condensed Consolidated Financial Statements filed herein and Note 7 to the Company's Consolidated Financial Statements included in its 2004 Form 10-K).

Legal Proceedings

As discussed in Note 12 to the Company's Condensed Consolidated Financial Statements contained in this Quarterly Report, the Company's principal subsidiaries have been involved in certain litigation that if resolved unfavorably could result in a material adverse effect upon the Company's results of operations. In addition to the litigation described in the preceding paragraph, the Company and its subsidiaries are parties to other legal proceedings incidental to their businesses. In the opinion of management, based upon information currently available, the ultimate liability with respect to these other actions will not materially affect the Company's consolidated results of operations or financial position.

Recent Accounting Pronouncements Not Yet Adopted

In December 2004, the FASB issued SFAS No. 123 (Revised 2004) "Share-Based Payment" ("SFAS No. 123R"). SFAS No. 123R replaces SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123R requires that the cost of employee services received in exchange for equity instruments issued or liabilities incurred are recognized in the financial statements. Compensation cost will be measured using a fair-value-based method over the period that the employee provides service in exchange for the award. This statement will apply to all awards granted after the effective date and to modifications, repurchases or cancellations of existing awards. SFAS No. 123R is effective as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. As disclosed in Note 5, based on the current assumptions and calculations used, had the Company recognized compensation expense based on the fair value of awards of equity instruments, net earnings would have been reduced by approximately \$2,007 and \$4,486 for the quarter and six-month period ended January 28, 2005, respectively, and \$2,642 and \$5,330 for the quarter and six-month period ended January 30, 2004, respectively.

In November 2004, the FASB issued Statement No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4" ("SFAS No. 151"). SFAS No. 151 clarifies that abnormal inventory costs such as costs of idle facilities, excess freight and handling costs, and wasted materials (spoilage) are required to be recognized as current period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The provisions of SFAS No. 151 are effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company is still evaluating the effects of the adoption of this standard on the Company's consolidated results of operations or its financial position.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 7A of the 2004 Form 10-K is incorporated in this item of this Quarterly Report by this reference. There have been no material changes in the quantitative and qualitative market risks of the Company since July 30, 2004.

Item 4. Controls and Procedures

The Company's management, with the participation of its principal executive and financial officers, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of January 28, 2005, the Company's disclosure controls and procedures were effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e).

There have been no significant changes during the quarter ended January 28, 2005 in the Company's internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

On February 17, 2005, the Company announced that it was restating certain prior financial results because of changes it made in the way it accounted for leases. The decision to restate was made following a review of its accounting policies that was prompted by views expressed on February 7, 2005 by the staff of the SEC (and similar restatements by numerous other companies in the restaurant, retail and other industries) that indicated that the manner in which the Company had been accounting for leases needed to be corrected (see also Note 3 to the condensed consolidated unaudited financial statements). Prior to the Company's review, the Company believed that such accounting was consistent with generally accepted accounting principles. Some companies have indicated that such a change in accounting and resulting restatement is a material weakness in disclosure controls and procedures or in internal controls over financial reporting. The Company does not believe this to be the case in its situation, and the effects of the restatement were not material to the Company's financial position or the results of operations for any prior annual or quarterly period. The Company has discussed its conclusion with its independent registered public accounting firm. However, the Company is discussing the restatement in question in this Part I, Item 4 of this Quarterly Report out of an abundance of caution. No other changes were made in the Company's disclosure controls and procedures or in the Company's internal controls over financial reporting that address the issues raised by the change in lease accounting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

 Part I, Item 3 of the 2004 Form 10-K is incorporated herein by this reference.

Item 7.01 of the Company's Current Report on Form 8-K filed with the SEC on September 9, 2004 is incorporated herein by this reference.

See also Note 12 to the Company's Condensed Consolidated Financial Statements filed in Part I, Item 1 of this Quarterly Report on Form 10-Q, which also is incorporated in this item by this reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

 There were no equity securities sold by the Company during the period covered by this Quarterly Report on Form 10-Q that were not registered under the Securities Act of 1933, as amended.

The following table sets forth information with respect to purchases of shares of the Company's common stock made during the quarter ended January 28, 2005 by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of shares Purchased as Part of Publicly Announced Plans or Programs (3) (4)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (3)(4)
-----	-----	-----	-----	-----
10/30/04 - 11/26/04	400,000	\$37.89	400,000	1,392,000
11/27/04 - 12/24/04	403,242	\$40.86	403,242	988,758
12/25/04 - 1/28/05	384,258	\$40.57	384,258	604,500
Total for the quarter	1,187,500	\$39.76	1,187,500	604,500

(1) All share repurchases were made in open-market transactions pursuant to publicly announced repurchase plans. This table excludes shares owned and tendered by employees to meet the exercise price of option exercises and shares withheld from employees to satisfy minimum tax withholding requirements on option exercises and other equity-based transactions. The Company administers employee cashless exercises through an independent, third party broker and does not repurchase stock in connection with cashless exercises.

(2) Average price paid per share is calculated on a settlement basis and includes commission.

- (3) As of January 28, 2005 the Company had 604,500 shares remaining under its previous 2 million share repurchase authorization announced in May 2004, with no expiration date.
- (4) On February 25, 2005, the Company announced that it had purchased an additional 483,419 shares under the previously announced authorizations, and that its Board of Directors has approved an additional new authorization of 2 million shares, with no expiration date.

Item 4. Submission of Matters to a Vote of Security Holders

Part II, Item 4 of the Company's Quarterly Report on Form 10-Q for the Quarterly Period ended October 29, 2004 (filed with the SEC on December 3, 2004) is incorporated herein by this reference.

Item 6. Exhibits

See Exhibit Index immediately following the signature page hereto.

SIGNATURES

Pursuant to the requirements 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.

CBRL GROUP, INC.

Date: 3/9/05

By /s/Lawrence E. White

Lawrence E. White, Senior Vice President,
Finance and Chief Financial Officer

Date: 3/9/05

By /s/Patrick A. Scruggs

Patrick A. Scruggs, Vice President,
Accounting and Tax and Chief Accounting
Officer

EXHIBIT INDEX

Exhibit No.	Description
4.1	Third amendment, dated as of December 31, 2004, to the Indenture dated as of April 3, 2002, among the Company, the Guarantors (as defined therein) and Wachovia Bank, National Association, as trustee, relating to the Company's zero-coupon convertible senior notes (the "LYONs Indenture")
4.2	Fourth amendment, dated as of January 28, 2005, to the LYONs Indenture (1)
31	Rule 13a-14(a)/15d-14(a) Certifications
32	Section 1350 Certifications

(1) Incorporated by reference to the Company's Current Report on Form 8-K filed on February 2, 2005 (File No. 000-25225).

I, Michael A. Woodhouse, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CBRL Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2005

/s/ Michael A. Woodhouse

Michael A. Woodhouse, Chairman, President
and Chief Executive Officer

I, Lawrence E. White, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CBRL Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2005

/s/ Lawrence E. White

Lawrence E. White, Senior Vice President, Finance and
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CBRL Group, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended January 28, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Woodhouse, President and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: March 9, 2005

By: /s/ Michael A. Woodhouse

Michael A. Woodhouse,
Chairman, President and Chief
Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CBRL Group, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended January 28, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence E. White, Senior Vice President-Finance and Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: March 9, 2005

By: /s/ Lawrence E. White

Lawrence E. White,
Senior Vice President, Finance
and Chief Financial Officer

THIRD SUPPLEMENT TO INDENTURE

THIS THIRD SUPPLEMENT TO INDENTURE, is dated as of December 31, 2004 (the "Supplement"), by and among CBOCS Kentucky, LLC, a Kentucky limited liability company ("CBOCS Kentucky"), CBOCS Pennsylvania, LLC, a Pennsylvania limited liability company ("CBOCS Pennsylvania"), and Wachovia Bank, National Association, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, CBRL Group, Inc., a Tennessee corporation ("CBRL"), the Guarantors (as defined therein) which are party a thereto, and the Trustee executed that certain Indenture dated as of April 3, 2002, as supplemented by that certain First Supplement to Indenture dated as of June 19, 2002 and by that certain Second Supplement to Indenture dated as of July 30, 2004 (as so supplemented, the "Indenture"), providing for the issuance of certain Liquid Yield Option(TM) Notes due 2032 (Zero Coupon-Senior) in the principal amount at maturity of up to Four Hundred Twenty-Two Million Fifty Thousand and No/100 Dollars (\$422,050,000) (the "Securities"), all of which currently are issued and outstanding; and

WHEREAS, the Securities are fully guaranteed, on an unsecured senior basis, as to the payment of principal and interest by the Guarantors (as defined in the Indenture); and

WHEREAS, Cracker Barrel Old Country Store, Inc., a Tennessee corporation and a Subsidiary (as defined in the Indenture) of CBRL, is a Guarantor (as defined in the Indenture) under the Indenture; and

WHEREAS, Cracker Barrel Old Country Store, Inc. formed CBOCS Kentucky, a "domestic Subsidiary" (as defined in the Indenture), effective December 31, 2004; and

WHEREAS, Cracker Barrel Old Country Store, Inc. formed CBOCS Pennsylvania, a "domestic Subsidiary" (as defined in the Indenture), effective December 31, 2004; and

WHEREAS, Section 13.03 of the Indenture provides that any "domestic Subsidiary" (as defined in the Indenture) formed by a Subsidiary (as defined in the Indenture) of CBRL must execute and deliver to the Trustee a supplement to the Indenture pursuant to which such "domestic Subsidiary" (as defined in the Indenture) shall guarantee all of the obligations on the Securities; and

WHEREAS, CBOCS Kentucky and CBOCS Pennsylvania must each become a Guarantor (as defined in the Indenture) of the Securities in compliance with Section 13.03 of the Indenture, this Supplement is required by the terms of the Indenture; and

WHEREAS, all acts and proceedings necessary have been done to make this Supplement, when executed and delivered by CBOCS Kentucky, CBOCS Pennsylvania and the Trustee, the legal, valid and binding agreement of CBOCS Kentucky and CBOCS Pennsylvania in accordance with its terms.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

Section 1. Confirmation of the Indenture; Definitions. Except as amended and supplemented hereby, the Indenture is hereby confirmed and reaffirmed in all respects. Capitalized defined terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Section 2. Guarantee. CBOCS Kentucky and CBOCS Pennsylvania do each hereby guarantee all of the obligations on the Securities, whether for principal, interest (including contingent interest, and interest accruing after the filing of, or which would have accrued but for the filing of, a petition by or against CBRL under Bankruptcy Law, whether or not such interest is allowed as a claim after such filing in any proceeding under such law), if any and other amounts due in connection therewith (including any fees, expenses and indemnities), on a senior unsecured basis on the terms and subject to the limitations set forth in the Indenture as if it were an original party thereto. On and after the date hereof, the obligations of CBOCS Kentucky and CBOCS Pennsylvania and the other Guarantors under the Indenture under their respective Guarantees shall be joint and several, and each reference in the Indenture to "Guarantor" shall be deemed to refer to all Guarantors, including, without limitation, CBOCS Kentucky and CBOCS Pennsylvania.

Section 3. Effectiveness of Supplement. This Supplement shall become effective immediately upon the execution hereof by CBOCS Kentucky, CBOCS Pennsylvania and the Trustee.

Section 4. Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 5. Governing Law. This Supplement shall be governed by and construed in accordance with the internal laws of the State of New York.

[The remainder of this page was intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed, all as of the date first above written.

ATTEST: CBOCS KENTUCKY, LLC
By: CRACKER BARREL OLD COUNTRY STORE,
INC.

/s/Michael J. Zylstra By: /s/Cyril J. Taylor

Name: Michael J. Zylstra Name: Cyril J. Taylor

Title: Secretary Title: Executive Vice President

ATTEST: CBOCS PENNSYLVANIA, LLC
By: CRACKER BARREL OLD COUNTRY STORE,
INC.

/s/Michael J. Zylstra By: /s/Cyril J. Taylor

Name: Michael J. Zylstra Name: Cyril J. Taylor

Title: Secretary Title: Executive Vice President

ATTEST: WACHOVIA BANK, NATIONAL ASSOCIATION,
AS TRUSTEE

/s/Laura Bass By: Wachovia Bank, N.A.

Name: Laura Bass Name: Myra B. Stagge

Title: Assistant Vice President Title: Assistant VP
