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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended May 1, 2009

or

o 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

CRACKER BARREL OLD COUNTRY STORE, 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)

615-444-5533
(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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

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

22,612,937 Shares of Common Stock
Outstanding as of May 29, 2009

CRACKER BARREL OLD COUNTRY STORE, INC.

FORM 10-Q

For the Quarter Ended May 1, 2009

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except share data)
(Unaudited)

	May 1, 2009	August 1, 2008*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 35,932	$ 11,978
Property held for sale	5,543	3,248
Accounts receivable	13,600	13,484
Income taxes receivable	229	6,919
Inventories	133,346	155,954
Prepaid expenses and other current assets	11,338	10,981
Deferred income taxes	25,142	18,075
Total current assets	225,130	220,639
Property and equipment	1,609,021	1,571,816
Less: Accumulated depreciation and amortization of capital leases	563,073	526,576
Property and equipment – net	1,045,948	1,045,240
Other assets	40,596	47,824
Total assets	$ 1,311,674	$ 1,313,703
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 61,999	$ 93,112
Current maturities of long-term debt and other long-term obligations	8,812	8,714
Accrued interest expense	10,841	12,485
Other current liabilities	144,869	150,408
Total current liabilities	226,521	264,719
Long-term debt	769,709	779,061
Capital lease obligations	64	77
Interest rate swap liability	65,123	39,618
Other long-term obligations	82,919	83,147
Deferred income taxes	52,386	54,330
Commitments and contingencies (Note 17)		
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; 22,605,346 shares issued and outstanding at May 1, 2009, and 22,325,341 shares issued and outstanding at August 1, 2008	226	223
Additional paid-in capital	11,694	731
Accumulated other comprehensive loss	(45,977)	(27,653)
Retained earnings	149,009	119,450
Total shareholders' equity	114,952	92,751
Total liabilities and shareholders' equity	$ 1,311,674	$ 1,313,703

See notes to unaudited condensed consolidated financial statements.

* This condensed consolidated balance sheet has been derived from the audited consolidated balance sheet as of August 1, 2008, as filed in the Company's Annual Report on Form 10-K for the fiscal year ended August 1, 2008.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except share and per share data)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	May 1, 2009	May 2, 2008	May 1, 2009	May 2, 2008
Total revenue	$ 567,568	$ 567,138	$ 1,771,682	$ 1,782,756
Cost of goods sold	176,327	180,588	580,177	584,551
Gross profit	391,241	386,550	1,191,505	1,198,205
Labor and other related expenses	230,014	226,851	686,565	681,652
Impairment and store closing charges	--	--	--	877
Other store operating expenses	104,235	103,157	315,941	314,850
Store operating income	56,992	56,542	188,999	200,826
General and administrative expenses	27,979	28,800	88,155	91,641
Operating income	29,013	27,742	100,844	109,185
Interest expense	12,737	14,215	40,051	43,578
Interest income	--	--	--	185
Income before income taxes	16,276	13,527	60,793	65,792
Provision for income taxes	4,328	3,048	17,651	21,096
Income from continuing operations	11,948	10,479	43,142	44,696
Income (loss) from discontinued operations, net of tax	4	(35)	4	(146)
Net income	$ 11,952	$ 10,444	$ 43,146	$ 44,550
Basic net income per share:				
Income from continuing operations	$ 0.53	$ 0.47	$ 1.93	$ 1.94
Income (loss) from discontinued operations, net of tax	$ --	$ --	$ --	$ --
Net income per share	$ 0.53	$ 0.47	$ 1.93	$ 1.94
Diluted net income per share:				
Income from continuing operations	$ 0.52	$ 0.46	$ 1.90	$ 1.88
Income (loss) from discontinued operations, net of tax	$ --	$ --	$ --	$ --
Net income per share	$ 0.52	$ 0.46	$ 1.90	$ 1.88
Weighted average shares:				
Basic	22,467,468	22,140,557	22,402,344	22,993,121
Diluted	22,830,712	22,812,380	22,698,074	23,671,903
Dividends declared per share	$ 0.20	$ 0.18	$ 0.60	$ 0.54

See notes to unaudited condensed consolidated financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited and in thousands)

	Nine Months Ended May 1, 2009	Nine Months Ended May 2, 2008
Cash flows from operating activities:		
Net income	$ 43,146	$ 44,550
(Income) loss from discontinued operations, net of tax	(4)	146
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:		
Depreciation and amortization	44,060	42,666
Loss on disposition of property and equipment	2,285	101
Impairment	--	532
Share-based compensation	6,330	6,626
Excess tax benefit from share-based compensation	(830)	(41)
Changes in assets and liabilities:		
Accounts receivable	712	(377)
Income taxes receivable	6,690	(8,771)
Inventories	22,608	11,096
Prepaid expenses and other current assets	(357)	957
Accounts payable	(31,146)	(23,603)
Accrued interest expense	(1,644)	12,776
Other current liabilities	(6,032)	(7,403)
Other long-term assets and liabilities	4,279	4,582
Net cash provided by operating activities of continuing operations	90,097	83,837
Cash flows from investing activities:		
Purchase of property and equipment	(49,862)	(60,834)
Proceeds from sale of property and equipment	1,590	4,878
Proceeds from insurance recoveries of property and equipment	122	135
Net cash used in investing activities of continuing operations	(48,150)	(55,821)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	620,000	577,400
Principal payments under long-term debt and other long-term obligations	(629,267)	(545,661)
Proceeds from exercise of share-based compensation awards	3,806	2,218
Excess tax benefit from share-based compensation	830	41
Purchases and retirement of common stock	--	(52,380)
Deferred financing costs	(274)	--
Dividends on common stock	(13,094)	(11,756)
Net cash used in financing activities of continuing operations	(17,999)	(30,138)
Cash flows from discontinued operations:		
Net cash provided by (used in) operating activities of discontinued operations	6	(225)
Net cash provided by (used in) discontinued operations	6	(225)
Net increase (decrease) in cash and cash equivalents	23,954	(2,347)
Cash and cash equivalents, beginning of period	11,978	14,248
Cash and cash equivalents, end of period	$ 35,932	$ 11,901
Supplemental disclosures of cash flow information:		
Cash paid during the nine months for:		
Interest, excluding interest rate swap payments, net of amounts capitalized	$ 27,312	$ 27,598
Interest rate swap	$ 12,540	$ 1,495
Income taxes	$ 12,196	$ 26,331
Supplemental schedule of non-cash financing activity:		
Change in fair value of interest rate swap	$ (25,505)	$ (33,634)
Change in deferred tax asset for interest rate swap	$ 7,181	$ 10,070

See notes to unaudited condensed consolidated financial statements.

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

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheets at May 1, 2009 and August 1, 2008 and the related condensed consolidated statements of income and cash flows for the quarters and/or nine-month periods ended May 1, 2009 and May 2, 2008, have been prepared by Cracker Barrel Old Country Store, 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. The Company is principally engaged in the operation and development of the Cracker Barrel Old Country Store® ("Cracker Barrel") restaurant and retail concept. In the opinion of management, all adjustments (consisting of normal and recurring items) necessary for a fair presentation of such condensed consolidated financial statements have been made. The results of operations for any interim period are not necessarily indicative of results for a full year.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended August 1, 2008 (the "2008 Form 10-K").

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

2. Summary of Significant Accounting Policies

The significant accounting policies of the Company are included in the 2008 Form 10-K. During the nine-month period ended May 1, 2009, there were no significant changes to those accounting policies.

3. Recent Accounting Pronouncements

Fair Value

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements for financial assets and liabilities, as well as any other assets and liabilities that are carried at fair value on a recurring basis in the financial statements. Effective August 2, 2008, the first day of 2009, the Company adopted SFAS No. 157 on a prospective basis. The adoption of SFAS No. 157 resulted in a $5,809 decrease in the Company's interest rate swap liability related to non-performance risk, with the offset reflected in accumulated other comprehensive loss ("AOCL"), net of the deferred tax asset, on the Company's condensed consolidated balance sheet (see Note 8). See Note 4 for additional information on the Company's fair value measurements.

In February 2008, the FASB issued FASB Staff Position ("FSP") FAS No. 157-2, "Effective Date of FASB Statement No. 157" ("FSP FAS No. 157-2"), which deferred the effective date of SFAS No. 157 as it applies to certain nonfinancial assets and liabilities to fiscal years beginning after November 15, 2008. The deferral applies to such items as nonfinancial long-lived asset groups measured at fair value for an impairment assessment. The Company elected the deferral for nonfinancial assets and liabilities under FSP FAS No. 157-2. The Company is currently evaluating but has not yet determined the impact of FSP FAS No. 157-2 for these assets and liabilities upon adoption in the first quarter of 2010.

In April 2009, the FASB issued FSP FAS No. 107-1 and APB No. 28-1, “Interim Disclosures about Fair Value of Financial Instruments” (“FSP FAS No. 107-1 and APB No. 28-1”), which amends SFAS No. 107, “Disclosures about Fair Value of Financial Instruments” to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. It also amends Accounting Principles Board (“APB”) Opinion No. 28-1, “Interim Financial Reporting” to require those disclosures in summarized financial information at interim reporting periods. FSP FAS No. 107-1 and APB No. 28-1 is effective for interim reporting periods ending after June 15, 2009. The Company does not expect that the adoption of FSP FAS No. 107-1 and APB No. 28-1 in the fourth quarter of 2009 will have a significant impact on its consolidated financial statements.

Income Tax Benefits of Dividends on Share–Based Payment Awards

The Emerging Issues Task Force (“EITF”) reached a consensus on EITF 06-11, “Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards” (“EITF 06-11”) in June 2007. The EITF consensus indicates that the tax benefit received on dividends associated with share-based awards that are charged to retained earnings should be recorded in additional paid-in capital and included in the pool of excess tax benefits available to absorb potential future tax deficiencies on share-based award payments. The Company adopted EITF 06-11 on August 2, 2008, the first day of 2009. The adoption of EITF 06-11 did not have a significant impact on the Company’s consolidated financial statements.

Derivative Disclosures

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS No. 161”), which amends SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS No. 133”). SFAS No. 161 requires enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity’s financial position, results of operations, financial performance and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The Company adopted SFAS No. 161 on a prospective basis in the third quarter of 2009; accordingly, disclosures related to interim periods prior to the date of adoption have not been presented. The adoption of SFAS No. 161 did not have a significant impact on the Company’s consolidated financial statements. See Note 8 for the Company’s derivative disclosures.

GAAP Hierarchy

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles” (“SFAS No. 162”). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP. SFAS No. 162 was effective on November 15, 2008. The adoption of SFAS No. 162 did not have a significant impact on the Company’s consolidated financial statements.

Subsequent Events

In May 2009, the FASB issued SFAS No. 165, “Subsequent Events” (“SFAS No. 165”), which establishes the requirements for evaluating, recording and disclosing events or transactions occurring after the balance sheet date in an entity’s financial statements. SFAS No. 165 is effective for interim and annual financial periods ending after June 15, 2009. The Company does not expect that the adoption of SFAS No. 165 in the fourth quarter of 2009 will have a significant impact on its consolidated financial statements.

4. <u>Fair Value Measurements</u>

Fair value is defined under SFAS No. 157 as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels of inputs to the valuation methodology are:

- Level 1 – quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 – quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 – unobservable and significant to the fair value measurement of the asset or liability.

The Company’s assets and liabilities measured at fair value on a recurring basis subject to the disclosure requirements of SFAS No. 157 at May 1, 2009 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of May 1, 2009
Cash equivalents*	$ 24,146	$ --	$ --	$ 24,146
Deferred compensation plan assets**	20,506	--	--	20,506
Total assets at fair value	$ 44,652	$ --	$ --	$ 44,652
Interest rate swap liability (Note 8)	$ --	$ 65,123	$ --	$ 65,123
Total liabilities at fair value	$ --	$ 65,123	$ --	$ 65,123

*Consists of money market fund investments.
**Represents plan assets invested in mutual funds established under a Rabbi Trust for the Company’s non-qualified savings plan and is included in the condensed consolidated balance sheet as other assets.

5. Property Held for Sale

Property held for sale consists of real estate properties that the Company expects to sell within one year. The assets are reported at the lower of carrying amount or fair value less estimated selling costs. At May 1, 2009, property held for sale was $5,543 and consisted of office space and closed stores. At August 1, 2008, property held for sale was $3,248 and consisted of closed stores.

6. Inventories

Inventories were comprised of the following at:

	May 1, 2009	August 1, 2008
Retail	$ 98,421	$ 124,572
Restaurant	20,169	17,439
Supplies	14,756	13,943
Total	$ 133,346	$ 155,954

7. Debt

Long-term debt consisted of the following at:

	May 1, 2009	August 1, 2008
Term Loan B payable $1,792 per quarter with the remainder due on April 27, 2013	$ 628,080	$ 633,456
Delayed-Draw Term Loan Facility payable $383 per quarter with the remainder due on April 27, 2013	149,955	151,103
Revolving Credit Facility payable on or before April 27, 2011	--	3,200
Note payable	468	--
	778,503	787,759
Current maturities	(8,794)	(8,698)
Long-term debt	$ 769,709	$ 779,061

The Company has a credit facility (the "Credit Facility") that consists of term loans (aggregate outstanding at May 1, 2009 was $778,035) with a scheduled maturity date of April 27, 2013 and a $250,000 revolving credit facility expiring April 27, 2011 (the "Revolving Credit Facility"). At May 1, 2009, $625,000 of the Company's term loans was swapped at 7.07% and the weighted average interest rate on the remaining $153,035 was 1.94%. At May 1, 2009, the Company had outstanding $33,892 of standby letters of credit, which reduce the Company's availability under the Revolving Credit Facility (see Note 17). At May 1, 2009, the Company had $216,108 available under the Revolving Credit Facility.

The Credit Facility contains customary financial covenants, which are specified in the agreement and include maintenance of a maximum consolidated total leverage ratio and a minimum interest coverage ratio. At May 1, 2009, the Company was in compliance with all debt covenants.

The Credit Facility also imposes restrictions on the amount of dividends the Company is able to pay. If there is no default then existing and there is at least $100,000 then available under the Revolving Credit Facility, the Company may both: (1) pay cash dividends on its common stock if the aggregate amount of dividends paid in any fiscal year is less than 15% of Consolidated EBITDA from continuing operations (as defined in the Credit Facility) during the immediately preceding fiscal year; and (2) in any event, increase its regular quarterly cash dividend in any quarter by an amount not to exceed the greater of $.01 or 10% of the amount of the dividend paid in the prior fiscal quarter.

The note payable consists of a five-year note with a vendor in the original principal amount of $507 and represents the financing of prepaid maintenance for telecommunications equipment. The note payable is payable in monthly installments of principal and interest of $9 through October 16, 2013 and bears interest at 2.88%.

8. Derivative Instruments and Hedging Activities

The Company uses derivative instruments to mitigate its interest rate risk. The Company does not hold or use derivative instruments for trading purposes. The Company also does not have any derivatives not designated as hedging instruments under SFAS No. 133 and has not designated any non-derivatives as hedging instruments.

The Company has interest rate risk relative to its outstanding borrowings under its Credit Facility (see Note 7). Loans under the Credit Facility bear interest, at the Company's election, either at the prime rate or LIBOR plus a percentage point spread based on certain specified financial ratios.

The Company's policy has been to manage interest cost using a mix of fixed and variable rate debt (see Note 7). To manage this risk in a cost efficient manner, the Company entered into an interest rate swap on May 4, 2006 in which it agreed to exchange with a counterparty, at specified intervals effective August 3, 2006, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The interest rate swap was accounted for as a cash flow hedge under SFAS No. 133. The swapped portion of the Company's outstanding debt is fixed at a rate of 5.57% plus the Company's credit spread, or 7.07% based on the Company's credit spread at May 1, 2009 over the 7-year life of the interest rate swap.

The swapped portion of the outstanding debt or notional amount of the interest rate swap is as follows:

From May 6, 2008 to May 4, 2009	$625,000
From May 5, 2009 to May 3, 2010	600,000
From May 4, 2010 to May 2, 2011	575,000
From May 3, 2011 to May 2, 2012	550,000
From May 3, 2012 to May 3, 2013	525,000

At May 1, 2009, the estimated fair value of the Company's derivative instrument was as follows:

	May 1, 2009	
	Balance Sheet Location	Fair Value
Interest rate swap	Interest rate swap liability	$ 65,123
Total		$ 65,123

The estimated fair value of the interest rate swap liability at May 1, 2009 increased $25,505 from its estimated fair value of $39,618 at August 1, 2008. In accordance with the provisions of SFAS No. 157, the estimated fair value of the Company's interest rate swap liability at May 1, 2009 incorporates the Company's own non-performance risk. The adjustment related to non-performance risk at May 1, 2009 represents an additional reduction of $2,469 in the fair value of the interest rate swap liability as the result of adopting SFAS No. 157 in the first quarter of 2009 (see Note 3). The offset to the interest rate swap liability is recorded in AOCL, net of the deferred tax asset, and will be reclassified into earnings over the term of the underlying debt.

Cash flows related to the interest rate swap are included in interest expense and in operating activities. Cash paid for interest on the interest rate swap was $12,540, $1,495 and $5,578, respectively, for the first nine months of 2009, the first nine months of 2008 and for the full year 2008. As of May 1, 2009, the estimated pre-tax portion of AOCL that is expected to be reclassified into earnings over the next twelve months is $26,912.

The following table summarizes the pre-tax effects of the Company's derivative instrument on income and AOCL for the quarter and nine-month period ended May 1, 2009:

	Amount of Loss Recognized in AOCL on Derivative (Effective Portion)		Location of Loss Reclassified from AOCL into Income (Effective Portion)	Amount of Loss Reclassified from AOCL into Income (Effective Portion)	
	Quarter Ended May 1, 2009	Nine Months Ended May 1, 2009		Quarter Ended May 1, 2009	Nine Months Ended May 1, 2009
Cash flow hedge:					
Interest rate swap	$ (1,797)	$ (25,505)	Interest expense	$ 3,797	$ 12,540

No ineffectiveness has been recorded in the first nine months of 2009.

9. Shareholders' Equity

During the nine-month period ended May 1, 2009, the Company received proceeds of $3,806 from the exercise of share-based compensation awards and the corresponding issuance of 280,005 shares of its common stock. During the nine-month period ended May 1, 2009, the Company did not make any share repurchases.

During the nine-month period ended May 1, 2009, the Company paid dividends of $0.58 per common share. During the third quarter of 2009, the Company also declared an additional dividend of $0.20 per common share that was paid on May 5, 2009 and is recorded in other current liabilities in the accompanying condensed consolidated balance sheet. On May 29, 2009, the Company's Board of Directors declared a regular dividend of $0.20 per share payable on August 5, 2009 to shareholders of record on July 17, 2009.

During the nine-month period ended May 1, 2009, the unrealized loss, net of tax, on the Company's interest rate swap increased by $18,324 to $45,977 and is recorded in AOCL (see Notes 3, 4, 8 and 10).

During the nine-month period ended May 1, 2009, total share-based compensation was $6,330 and the excess tax benefit from share-based compensation was $830. During the nine-month period ended May 2, 2008, total share-based compensation was $6,626 and the excess tax benefit from share-based compensation was $41.

10. Comprehensive Income

Comprehensive income consisted of the following at:

	Quarter Ended		Nine Months Ended	
	May 1, 2009	May 2, 2008	May 1, 2009	May 2, 2008
Net income	$ 11,952	$ 10,444	$ 43,146	$ 44,550
Other comprehensive income:				
Change in fair value of interest rate swap, net of tax	(1,459)	7,613	(18,324)	(23,564)
Total comprehensive income	$ 10,493	$ 18,057	$ 24,822	$ 20,986

For the quarters ended May 1, 2009 and May 2, 2008, the change in fair value of the Company's interest rate swap is net of a tax benefit of $338 and a tax provision of $5,654, respectively. For the nine-month periods ended May 1, 2009 and May 2, 2008, the change in fair value of the Company's interest rate swap is net of a tax benefit of $7,181 and $10,070, respectively.

11. Seasonality

Historically, the net income of the Company 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 any interim period cannot be considered indicative of the operating results for an entire year.

12. Segment Reporting

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 line of a Cracker Barrel unit are shared and are indistinguishable in many respects. Accordingly, the Company manages its business on the basis of one reportable operating segment. All of the Company's operations are located within the United States. The following data is presented in accordance with SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," for all periods presented.

	Quarter Ended		Nine Months Ended	
	May 1, 2009	May 2, 2008	May 1, 2009	May 2, 2008
Revenue:				
Restaurant	$ 466,562	$ 460,406	$ 1,391,448	$ 1,388,264
Retail	101,006	106,732	380,234	394,492
Total revenue	$ 567,568	$ 567,138	$ 1,771,682	$ 1,782,756

13. Impairment of Long-lived Assets

In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company evaluates for impairment long-lived assets and certain identifiable intangibles to be held and used in its business whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Whether impairment exists 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. In addition, the recoverability test considers the likelihood of possible outcomes that existed at the balance sheet date, including the assessment of the likelihood of the future sale of the asset. If 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 (see Note 5).

During the nine months ended May 1, 2009, the Company recorded no impairment charges. During the nine months ended May 2, 2008, the Company closed two stores, which resulted in impairment charges of $532 and store closing charges of $345 (see "Impairment of long-lived assets" in Note 2 to the Consolidated Financial Statements contained in the 2008 Form 10-K for additional information). These impairments were recorded based upon the lower of unit carrying amount or fair value less estimated selling costs.

14. Shared-Based Compensation

The Company accounts for share-based compensation in accordance with SFAS No. 123 (Revised 2004), “Share-Based Payment,” which requires the measurement and recognition of compensation cost at fair value for all share-based payments. Share-based compensation is recorded in general and administrative expenses. For the quarter and nine-month period ended May 1, 2009, share-based compensation expense totaled $859 and $2,811, respectively, for stock options and $1,727 and $3,519, respectively, for nonvested stock. For the quarter and nine-month period ended May 2, 2008, share-based compensation expense was $1,116 and $3,542, respectively, for stock options and $530 and $3,084, respectively, for nonvested stock.

During the first nine months of 2009, there were no forfeitures of equity awards and, therefore, no reversals. During the third quarter of 2008 and first nine months of 2008, the Company reversed approximately $172 and $467, respectively, of share-based compensation expense for nonvested stock grants that were forfeited.

15. Discontinued Operations

The Company sold Logan’s Roadhouse, Inc. (“Logan’s”) in 2007 (see Note 3 to the Company’s Consolidated Financial Statements included in the 2008 Form 10-K for additional information).

In the nine-month period ended May 2, 2008, the Company reported in discontinued operations certain expenses related to the divestiture of Logan’s, which consisted of the following:

	Quarter Ended		Nine Months Ended	
	May 1, 2009	May 2, 2008	May 1, 2009	May 2, 2008
Income (loss) before tax benefit from discontinued operations	$ --	$ (55)	$ --	$ (225)
Tax benefit	--	20	--	79
Income (loss) from discontinued operations, net of tax, before gain on sale of Logan’s	--	(35)	--	(146)
Gain on sale of Logan’s, net of tax of $2	4	--	4	--
Income (loss) from discontinued operations, net of tax	$ 4	$ (35)	$ 4	$ (146)

In the third quarter of 2009, the Company recorded an adjustment in accordance with the Logan’s sale agreement related to taxes, resulting in additional proceeds from the sale of Logan’s of $6.

16. Net Income Per Share and Weighted Average Shares

Basic consolidated net income per share is computed by dividing consolidated net income available to common shareholders 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 and is based upon the weighted average number of common and common equivalent shares outstanding during the reporting period. Common equivalent shares related to stock options and nonvested stock and stock awards issued by the Company are calculated using the treasury stock method. The Company’s outstanding stock options and nonvested stock and stock awards represent the only dilutive effects on diluted consolidated net income per share.

The following table reconciles the components of the diluted earnings per share computations:

	Quarter Ended		Nine Months Ended	
	May 1, 2009	May 2, 2008	May 1, 2009	May 2, 2008
Income from continuing operations per share numerator	$ 11,948	$ 10,479	$ 43,142	$ 44,696
Income (loss) from discontinued operations, net of tax, per share numerator	$ 4	$ (35)	$ 4	$ (146)
Income from continuing operations, income (loss) from discontinued operations, net of tax, and net income per share denominator:				
Weighted average shares	22,467,468	22,140,557	22,402,344	22,993,121
Add potential dilution:				
Stock options and nonvested stock and stock awards	363,244	671,823	295,730	678,782
Diluted weighted average shares	22,830,712	22,812,380	22,698,074	23,671,903

17. Commitments and Contingencies

The Company and its subsidiaries are parties to various legal and regulatory proceedings and claims incidental to and arising out of the ordinary course of its business. In the opinion of management, based upon information currently available, the ultimate liability with respect to these proceedings and claims will not materially affect the Company's consolidated results of operations or financial position.

The Company is contingently liable pursuant to standby letters of credit as credit guarantees related to insurers. At May 1, 2009, the Company had $33,892 of standby letters of credit related to securing reserved claims under workers' compensation insurance. All standby letters of credit are renewable annually and reduce the Company's availability under its Revolving Credit Facility (see Note 7 for further information on the Company's Revolving Credit Facility).

The Company is secondarily liable for lease payments under the terms of an operating lease that has been assigned to a third party. At May 1, 2009, the lease has a remaining life of approximately 4.4 years with annual lease payments of approximately $361 for a total guarantee of $1,593. The Company's performance is required only if the assignee fails to perform its 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 balance sheet for amounts to be paid in case of non-performance by the assignee.

Upon the sale of Logan's, the Company reaffirmed its guarantee of the lease payments for two Logan's restaurants. At May 1, 2009, the operating leases have remaining lives of 2.7 and 10.9 years with annual payments of approximately $94 and $98, respectively, for a total guarantee of $1,465. The Company's performance is required only if Logan's fails to perform its obligations as lessee. At this time, the Company has no reason to believe Logan's will not perform, and therefore, no provision has been made in the condensed consolidated balance sheet for amounts to be paid as a result of non-performance by Logan's.

The Company enters into certain indemnification agreements in favor of third parties in the ordinary course of business. The Company believes that the probability of incurring an actual liability under such indemnification agreements is sufficiently remote so that no liability has been recorded. In connection with the divestiture of Logan's and Logan's sale-leaseback transaction (see Note 3 to the Company's Consolidated Financial Statements included in the 2008 Form 10-K), the Company entered into various agreements to indemnify third parties against certain tax obligations, for any breaches of representations and warranties in the applicable transaction documents and for certain costs and expenses that may arise out of specified real estate matters, including potential relocation and legal costs. With the exception of certain tax indemnifications, the Company believes that the probability of being required to make any indemnification payments to Logan's is remote. Therefore, at May 1, 2009, the Company has recorded a liability of $67 in the condensed consolidated balance sheet for these potential tax indemnifications, but no provision has been recorded for potential non-tax indemnifications.

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

Cracker Barrel Old Country Store, Inc. and its subsidiaries (collectively, the “Company,” “our” or “we”) are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® (“Cracker Barrel”) restaurant and retail concept. At May 1, 2009, we operated 588 Cracker Barrel units in 41 states. Unless otherwise noted, management’s discussion and analysis of financial condition and results of operations (“MD&A”) relates only to results from continuing operations. All dollar amounts reported or discussed in our MD&A are shown in thousands, except per share amounts and certain statistical information (e.g., number of stores). References to years in MD&A are to our fiscal year unless otherwise noted.

MD&A provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. MD&A should be read in conjunction with the (i) condensed consolidated financial statements and notes thereto in this Form 10-Q and (ii) financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended August 1, 2008 (the “2008 Form 10-K”). Except for specific historical information, many of the matters discussed in this report may express or imply projections of revenues or expenditures, plans and objectives for future operations, growth or initiatives, expected future economic performance, or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results which we expect will or may occur in the future, are forward-looking statements that involve risks, uncertainties and other factors which may cause our actual results and performance to differ materially from those expressed or implied by those statements. All forward-looking information is provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these risks, uncertainties and other factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “trends,” “assumptions,” “target,” “guidance,” “outlook,” “opportunity,” “future,” “plans,” “goals,” “objectives,” “expectations,” “near-term,” “long-term,” “projection,” “may,” “will,” “would,” “could,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “potential,” “regular,” “should,” “projects,” “forecasts” or “continue” (or the negative or other derivatives of each of these terms) or similar terminology.

We believe the assumptions underlying any forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. Factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those contained in Part I, Item 1A of the 2008 Form 10-K, which is incorporated herein by this reference, as well as other factors discussed throughout this report, including, without limitation, the factors described under “Critical Accounting Estimates” on pages 23-27 of this Form 10-Q or, from time to time, in our filings with the Securities and Exchange Commission (“SEC”), press releases and other communications.

Readers are cautioned not to place undue reliance on forward-looking statements made in this report, since the statements speak only as of the report’s date. Except as may be required by law, we have no obligation, and do not intend, to publicly update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any future public disclosures that we may make on related subjects in reports that we file with or furnish to the SEC or in our other public disclosures.

Results of Operations

The following table highlights operating results by percentage relationships to total revenue for the quarter and nine-month period ended May 1, 2009 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 1, 2009	May 2, 2008	May 1, 2009	May 2, 2008
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	31.1	31.8	32.7	32.8
Gross profit	68.9	68.2	67.3	67.2
Labor and other related expenses	40.5	40.0	38.8	38.2
Impairment and store closing charges	--	--	--	--
Other store operating expenses	18.4	18.2	17.8	17.7
Store operating income	10.0	10.0	10.7	11.3
General and administrative expenses	4.9	5.1	5.0	5.2
Operating income	5.1	4.9	5.7	6.1
Interest expense	2.2	2.5	2.3	2.4
Interest income	--	--	--	--
Income before income taxes	2.9	2.4	3.4	3.7
Provision for income taxes	0.8	0.6	1.0	1.2
Income from continuing operations	2.1	1.8	2.4	2.5
Income (loss) from discontinued operations, net of tax	--	--	--	--
Net income	2.1%	1.8%	2.4%	2.5%

The following table highlights the components of total revenue by percentage relationships to total revenue for the quarter and nine-month period ended May 1, 2009 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 1, 2009	May 2, 2008	May 1, 2009	May 2, 2008
Revenue:				
Restaurant	82.2%	81.2%	78.5%	77.9%
Retail	17.8	18.8	21.5	22.1
Total revenue	100.0%	100.0%	100.0%	100.0%

The following table sets forth the number of units in operation at the beginning and end of the quarters and nine-month periods ended May 1, 2009 and May 2, 2008, respectively:

	Quarter Ended		Nine Months Ended	
	May 1, 2009	May 2, 2008	May 1, 2009	May 2, 2008
Open at beginning of period	585	570	577	562
Opened during period	3	6	11	16
Closed during period	--	--	--	(2)
Open at end of period	588	576	588	576

During the nine months ended May 2, 2008, we also replaced an existing unit with a new unit in a nearby community. Replacements are not counted as either units opened or closed.

Average unit volumes include sales of all stores. The following table highlights average unit volumes for the quarter and nine-month period ended May 1, 2009 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 1, 2009	May 2, 2008	May 1, 2009	May 2, 2008
Revenue:				
Restaurant	$793.9	$803.9	$2,385.4	$2,442.6
Retail	171.9	186.4	651.9	694.1
Total revenue	$965.8	$990.3	$3,037.3	$3,136.7

Quarterly Pre-Tax Results

Total Revenue

Total revenue for the third quarter of 2009 increased 0.1% compared to the prior year third quarter. For the third quarter, comparable store restaurant sales decreased 0.9% and comparable store retail sales decreased 7.4% resulting in a combined comparable store sales (total revenue) decrease of 2.1%. The comparable store restaurant sales decrease consisted of a 2.8% average check increase for the quarter (including a 3.4% average menu price increase) and a 3.7% guest traffic decrease. The comparable store retail sales decrease was due to a decline in guest traffic and lower guest spending on retail products. We continue to experience the effects of pressures on consumer discretionary income in our guest traffic and sales. Sales from newly opened stores offset the decrease in comparable store restaurant and retail sales.

Gross Profit

Gross profit as a percentage of total revenue for the third quarter of 2009 increased to 68.9% compared to 68.2% in the third quarter of the prior year. The increase was due in equal parts to food inflation, which was lower than our menu pricing referenced above, the shift in a retail porch sale from the third quarter to the fourth quarter this year versus the third quarter in the prior year and a shift in the mix versus prior year from retail sales toward restaurant sales, the latter of which typically have a lower cost 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 increased to 40.5% in the third quarter of 2009 from 40.0% in the prior year. This increase resulted primarily from a 0.8% increase in healthcare costs as a percentage of total revenue partially offset by a 0.2% decrease in pre-opening labor as a percentage of total revenue as compared to the prior year. The increase in healthcare costs was due to higher enrollment, higher utilization and termination costs associated with the calendar 2008 plan. Lower pre-opening labor was due to fewer store openings compared to the prior year.

Interest Expense

Interest expense as a percentage of total revenue decreased to 2.2% in the third quarter of 2009 as compared to 2.5% in the third quarter of last year primarily due to lower average interest rates.

Year-to-Date Pre-Tax Results

Total Revenue

Total revenue for the nine-month period ended May 1, 2009 decreased 0.6% compared to the nine-month period ended May 2, 2008. For the nine-month period ended May 1, 2009, comparable store restaurant sales decreased 1.8% and comparable store retail sales decreased 5.6% resulting in a combined comparable store sales (total revenue) decrease of 2.7%. The comparable store restaurant sales decrease consisted of a 3.1% average check increase for the nine months (including a 3.4% average menu price increase) and a 4.9% guest traffic decrease. The comparable store retail sales decrease was due to a decline in guest traffic. We continue to experience the effects of pressures on consumer discretionary income in our guest traffic and sales. Sales from newly opened stores partially offset the decrease in comparable store restaurant and retail sales.

Labor and Other Related Expenses

Labor and other related expenses as a percentage of total revenue increased to 38.8% in the nine-month period ended May 1, 2009 as compared to 38.2% in the nine-month period ended May 2, 2008. This increase resulted primarily from increases of 0.3% and 0.2%, respectively, in healthcare costs and in store management compensation as a percentage of total revenue compared to the prior year. The increase in healthcare costs was due to higher enrollment, higher utilization and termination costs associated with the calendar 2008 plan. The increase in store management compensation was primarily due to higher staffing levels.

Impairment and Store Closing Charges

We did not record any impairment or store closing charges in the first nine months of 2009. During the first nine months of 2008, we closed two stores, which resulted in impairment charges of $532 and store closing charges of $345 (see “Impairment of long-lived assets” in Note 2 to the Consolidated Financial Statements contained in the 2008 Form 10-K for additional information).

Provision for Income Taxes

The provision for income taxes as a percent of pre-tax income was 26.6% in the third quarter of 2009 and 29.0% in the first nine months of 2009. The provision for income taxes as a percent of pre-tax income was 22.5% in the third quarter of 2008 and 32.1% in the first nine months of 2008. The decrease in the effective tax rate from the first nine months of 2008 to the first nine months of 2009 reflected higher employer tax credits on both an absolute dollar basis as well as a percent of pre-tax income due to the decrease in income from continuing operations.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from our operations and our borrowing capacity under our $250,000 revolving credit facility (the “Revolving Credit Facility”), which will expire on April 27, 2011. Our internally generated cash, along with cash on hand at August 1, 2008, proceeds from exercises of share-based compensation awards and our borrowings under our Revolving Credit Facility were sufficient to finance all of our growth, dividend payments, working capital needs and other cash payment obligations in the first nine months of 2009.

We believe that cash at May 1, 2009, along with cash generated from our operating activities, the borrowing capacity under our Revolving Credit Facility and the expected proceeds from the planned sale-leaseback transactions described below will be sufficient to finance our continued operations, our continued expansion plans, our principal payments on our debt and our dividend payments for at least the next twelve months and thereafter for the foreseeable future.

Cash Generated From Operations

Our operating activities from continuing operations provided net cash of $90,097 for the nine-month period ended May 1, 2009, which represented an increase from the $83,837 provided during the same period a year ago. This increase reflected the change in retail inventories and the timing of payments for income taxes, interest and accounts payable.

Borrowing Capacity and Debt Covenants

At May 1, 2009, although we did not have any outstanding borrowings under the Revolving Credit Facility, we had $33,892 of standby letters of credit related to securing reserved claims under workers' compensation insurance which reduce our availability under the Revolving Credit Facility. At May 1, 2009, we had $216,108 in borrowing capacity under our Revolving Credit Facility.

The Revolving Credit Facility is part of our $1,250,000 credit facility (the “Credit Facility”), which also includes a Term Loan B facility and Delayed-Draw Term Loan facility, each of which has a scheduled maturity date of April 27, 2013. At May 1, 2009, our Term Loan B balance was $628,080 and our Delayed-Draw Term Loan balance was $149,955. See Note 7 to our Condensed Consolidated Financial Statements for further information on our long-term debt.

The Credit Facility contains customary financial covenants, which include a requirement that we maintain a maximum consolidated total leverage ratio (ratio of total indebtedness to EBITDA, which is defined as earnings before interest, taxes, depreciation and amortization) as follows:

From May 3, 2008 through May 1, 2009	4.00
From May 2, 2009 thereafter	3.75

The Credit Facility’s financial covenants also require that we maintain a minimum consolidated interest coverage ratio (ratio of earnings before interest, taxes, depreciation and amortization to cash interest payable, as defined) as follows:

From May 3, 2008 through May 1, 2009	3.50
From May 2, 2009 through April 30, 2010	3.75
From April 31, 2010 thereafter	4.00

At May 1, 2009, our consolidated total leverage ratio and consolidated interest coverage ratio were 3.66 and 6.05, respectively.

We currently expect to conclude sale-leaseback transactions involving 15 of our stores and our retail distribution center before the end of 2009. Total net proceeds from the transactions, which are presently expected to be approximately $53,000 to $54,000, together with excess cash flow from operations, will be used to reduce borrowings outstanding under the Credit Facility.

We presently expect to remain in compliance with the Credit Facility's financial covenants for the remaining term of the facility.

Share Repurchases, Dividends and Proceeds from the Exercise of Share-Based Compensation Awards

On July 31, 2008, our Board of Directors approved share repurchases of up to $65,000 of our common stock. The principal criteria for share repurchases are that they be accretive to expected net income per share, are within the limits imposed by our Credit Facility and that they be made only from free cash flow (operating cash flow less capital expenditures and dividends) rather than borrowings. During the nine-month period ended May 1, 2009, we did not make any share repurchases owing to a suspension of our share repurchase plans during the current economic climate.

Our Credit Facility imposes restrictions on the amount of dividends we are able to pay. If there is no default then existing and there is at least $100,000 then available under our Revolving Credit Facility, we may both: (1) pay cash dividends on our common stock if the aggregate amount of such dividends paid during any fiscal year is less than 15% of Consolidated EBITDA from continuing operations (as defined in the Credit Facility) during the immediately preceding fiscal year; and (2) in any event, increase our regular quarterly cash dividend in any quarter by an amount not to exceed the greater of $.01 or 10% of the amount of the dividend paid in the prior fiscal quarter.

During the nine-month period ended May 1, 2009, we paid dividends of $0.58 per common share. During the third quarter of 2009, we also declared an additional dividend of $0.20 per common share that was paid on May 5, 2009. On May 29, 2009, our Board of Directors declared a regular dividend of $0.20 per share payable on August 5, 2009 to shareholders of record on July 17, 2009.

During the nine-month period ended May 1, 2009, we received proceeds of $3,806 from the exercise of share-based compensation awards and the corresponding issuance of 280,005 shares of our common stock.

Working Capital

We had negative working capital of $1,391 at May 1, 2009 versus negative working capital of $44,080 at August 1, 2008. The change in working capital compared with August 1, 2008 reflected more cash and cash equivalents at May 1, 2009 and the timing of payments for accounts payable partially offset by lower retail inventories. In the restaurant industry, substantially all sales are either for cash or third-party credit card. Like many other restaurant companies, we are able to, and often do, operate with negative working capital. Restaurant inventories purchased through our 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 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.

Capital Expenditures

Capital expenditures (purchase of property and equipment) were $49,862 for the nine-month period ended May 1, 2009 as compared to $60,834 during the same period a year ago. Construction of new locations accounted for most of the expenditures. The decrease in capital expenditures from the first nine months of 2008 to the first nine months of 2009 is primarily due to a reduction in the number of new locations acquired and under construction as compared to the prior year. We estimate that our capital expenditures for 2009 will be approximately $65,000. This estimate includes certain costs related to the acquisition of sites and construction of 11 new stores that have opened during 2009, as well as for acquisition and construction costs for seven new stores to be opened in 2010 and capital expenditures for maintenance programs. We intend to fund our capital expenditures with cash flows from operations and borrowings under our Revolving Credit Facility, as necessary. Capitalized interest was $38 and $332, respectively, for the quarter and nine-month period ended May 1, 2009, as compared to $113 and $526, respectively, for the quarter and nine-month period ended May 2, 2008.

Off-Balance Sheet Arrangements

Other than various operating leases, we have no material off-balance sheet arrangements. Refer to our 2008 Form 10-K for additional information regarding our operating leases.

Material Commitments

There have been no material changes in our material commitments other than in the ordinary course of business since the end of 2008. Refer to our 2008 Form 10-K for additional information regarding our material commitments.

Recent Accounting Pronouncements

Fair Value

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements for financial assets and liabilities, as well as any other assets and liabilities that are carried at fair value on a recurring basis in the financial statements. Effective August 2, 2008, the first day of 2009, we adopted SFAS No. 157 on a prospective basis. The adoption of SFAS No. 157 resulted in a $5,809 decrease in our interest rate swap liability related to non-performance risk, with the offset reflected in accumulated other comprehensive loss, net of the deferred tax asset, on our condensed consolidated balance sheet. See Note 4 to our Condensed Consolidated Financial Statements for additional information on our fair value measurements.

In February 2008, the FASB issued FASB Staff Position FAS No. 157-2, “Effective Date of FASB Statement No. 157” (“FSP FAS No. 157-2”), which deferred the effective date of SFAS No. 157 as it applies to certain nonfinancial assets and liabilities to fiscal years beginning after November 15, 2008. The deferral applies to such items as nonfinancial long-lived asset groups measured at fair value for an impairment assessment. We elected the deferral for nonfinancial assets and liabilities under FSP FAS No. 157-2. We are currently evaluating but have not yet determined the impact of FSP FAS No. 157-2 for these assets and liabilities upon adoption in the first quarter of 2010.

In April 2009, the FASB issued FSP FAS No. 107-1 and APB No. 28-1, “Interim Disclosures about Fair Value of Financial Instruments” (“FSP FAS No. 107-1 and APB No. 28-1”), which amends SFAS No. 107, “Disclosures about Fair Value of Financial Instruments” to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. It also amends Accounting Principles Board (“APB”) Opinion No. 28-1, “Interim Financial Reporting” to require those disclosures in summarized financial information at interim reporting periods. FSP FAS No. 107-1 and APB No. 28-1 is effective for interim reporting periods ending after June 15, 2009. We do not expect that the adoption of FSP No. FAS No. 107-1 and APB No. 28-1 in the fourth quarter of 2009 will have a significant impact on our consolidated financial statements.

Income Tax Benefits of Dividends on Share–Based Payment Awards

The Emerging Issues Task Force ("EITF") reached a consensus on EITF 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards" ("EITF 06-11") in June 2007. The EITF consensus indicates that the tax benefit received on dividends associated with share-based awards that are charged to retained earnings should be recorded in additional paid-in capital and included in the pool of excess tax benefits available to absorb potential future tax deficiencies on share-based award payments. We adopted EITF 06-11 on August 2, 2008, the first day of 2009. The adoption of EITF 06-11 did not have a significant impact on our consolidated financial statements.

Derivative Disclosures

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS No. 161"), which amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 161 requires enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity's financial position, results of operations, financial performance and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. We adopted SFAS No. 161 on a prospective basis in the third quarter of 2009; accordingly, disclosures related to interim periods prior to the date of adoption have not been presented. The adoption of SFAS No. 161 did not have a significant impact on our consolidated financial statements. See Note 8 to our Condensed Consolidated Financial Statements for our derivative disclosures.

GAAP Hierarchy

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). SFAS No. 162 was effective on November 15, 2008. The adoption of SFAS No. 162 did not have a significant impact on the Company's consolidated financial statements.

Subsequent Events

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS No. 165"), which establishes the requirements for evaluating, recording and disclosing events or transactions occurring after the balance sheet date in an entity's financial statements. SFAS No. 165 is effective for interim and annual financial periods ending after June 15, 2009. We do not expect that the adoption of SFAS No. 165 in the fourth quarter of 2009 will have a significant impact on our consolidated financial statements.

Critical Accounting Estimates

We prepare our consolidated financial statements in conformity with GAAP. The preparation of these financial statements requires us to make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates and judgments on historical experience, current trends, outside advice from parties believed to be experts in such matters and on various other assumptions that are believed 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. However, because future events and their effects cannot be determined with certainty, actual results could differ from those assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2 to the Consolidated Financial Statements contained in the 2008 Form 10-K. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. Critical accounting estimates are those that:

- management believes are both most important to the portrayal of our 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.

We consider the following accounting estimates to be most critical in understanding the judgments that are involved in preparing our consolidated financial statements.

- Impairment of Long-Lived Assets and Provision for Asset Dispositions
- Insurance Reserves
- Inventory Shrinkage
- Tax Provision
- Share-Based Compensation
- Unredeemed Gift Cards
- Legal Proceedings

Management has reviewed these critical accounting estimates and related disclosures with the Audit Committee of our Board of Directors.

Impairment of Long-Lived Assets and Provision for Asset Dispositions

We assess 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 expected 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 the fair value, net of estimated costs of disposal, of an asset to be disposed of, and a loss resulting from impairment is recognized by a charge to income. Judgments and estimates that we make 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. The accuracy of such provisions can vary materially from original estimates and management regularly monitors the adequacy of the provisions until final disposition occurs.

We have not made any material changes in our methodology for assessing impairments during the first nine months of 2009, and we do not believe that there will be a material change in the estimates or assumptions we use to assess impairment on long-lived assets. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and fair values of long-lived assets as well as assets held for sale, we may be exposed to losses that could be material.

Insurance Reserves

We self-insure a significant portion of our expected workers' compensation, general liability and health insurance programs. We purchase insurance for individual workers' compensation claims that exceed either $250, $500 or $1,000 depending on the state in which the claim originates. We purchase insurance for individual general liability claims that exceed $500. Prior to calendar 2009 we did not purchase such insurance for our group health program, but did limit our benefits for any individual (employee or dependents) in the program to not more than $1,000 lifetime, and, in certain cases, to not more than $100 in any given plan year. Beginning January 1, 2009, we split our group health program into two programs. The first program is self-insured and limits our offered benefits for any individual (employee or dependents) in the program to not more than $100 in any given plan year, and, in certain cases, to not more than $15 in any given plan year. The second program is fully insured and as such has no liability for unpaid claims. We record a liability for the self-insured portion of our group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience provided by our third party administrator.

We record a liability for workers' compensation and general liability for all unresolved claims and for an actuarially determined estimate of incurred but not reported claims at the anticipated cost to us based upon an actuarially determined reserve as of the end of our third quarter and adjust it by the actuarially determined losses and actual claims payments for the subsequent quarters until the next annual actuarial study of our 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 SFAS No. 5, "Accounting for Contingencies," we record the actuarially determined losses at the low end of that range and discount them to present value using a risk-free interest rate based on the actuarially projected timing of payments. We also monitor 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 our reserves. From time to time, we perform limited scope interim updates of our actuarial studies to verify and/or modify our reserves.

Our 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. We have not made any material changes in the accounting methodology used to establish our insurance reserves during the first nine months of 2009 and do not believe there will be a material change in the estimates or assumptions used to calculate the insurance reserves. However, changes in these actuarial assumptions or management judgments in the future may produce materially different amounts of expense that would be reported under these insurance programs.

Inventory Shrinkage

Cost of goods sold includes the cost of retail merchandise sold at our stores utilizing the retail inventory accounting method. It includes an estimate of shortages that are adjusted upon physical inventory counts in subsequent periods. Consistent with the prior year, we conduct our physical inventory counts throughout the third and fourth quarters of the fiscal year based upon a cyclical inventory schedule. During the quarters ended May 1, 2009 and May 2, 2008, Cracker Barrel performed physical inventory counts in approximately 64% and 39%, respectively, of its stores. Actual shrinkage was recorded for those stores that were counted. An estimate of shrinkage was recorded for the time period between physical inventory counts by using a three-year average of the physical inventories' results on a store-by-store basis. We have not made any material changes in the methodology used to estimate shrinkage during the first nine months of 2009 and do not believe that there will be a material change in the future estimates or assumptions used to calculate shrinkage. However, actual shrinkage recorded may produce materially different amounts of shrinkage than we have estimated.

Tax Provision

We must make estimates of certain items that comprise our income tax provision. These estimates include effective state and local income tax rates, employer tax credits for items such as FICA taxes paid on employee tip income, Work Opportunity and Welfare to Work credits, as well as estimates related to certain depreciation and capitalization policies.

The Company follows FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires that a position taken or expected to be taken in a tax return be recognized (or derecognized) in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained (or not sustained) upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

Our estimates are made based on current tax laws, the best available information at the time of the provision and historical experience. We file our income tax returns many months after our year end. These returns are subject to audit by the federal and various state governments years after the returns are filed and could be subject to differing interpretations of the tax laws. We then must assess the likelihood of successful legal proceedings or reach a settlement with the relevant taxing authority. Although we believe that the judgments and estimates used in establishing our tax provision are reasonable, a successful legal proceeding or settlement could result in material adjustments to our consolidated financial statements and our consolidated financial position (see Note 12 to our Consolidated Financial Statements contained in the 2008 Form 10-K for additional information).

Share-Based Compensation

In accordance with SFAS No. 123 (Revised 2004), “Share-Based Payment” (“SFAS No. 123R”), share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period. Our policy is to recognize compensation cost for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award. Additionally, our policy is to issue new shares of common stock to satisfy exercises of share-based compensation awards.

The fair value of each option award granted was estimated on the date of grant using a binomial lattice-based option valuation model. This model incorporates the following ranges of assumptions:

- The expected volatility is a blend of implied volatility based on market-traded options on our stock and historical volatility of our stock over the contractual life of the options.
- We use historical data to estimate option exercise and employee termination behavior within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected life of options granted is derived from the output of the option valuation model and represents the period of time the options are expected to be outstanding.
- The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the contractual life of the option.
- The expected dividend yield is based on our current dividend yield as the best estimate of projected dividend yield for periods within the contractual life of the option.

The expected volatility, option exercise and termination assumptions involve management’s best estimates at that time, all of which affect the fair value of the option calculated by the binomial lattice-based option valuation model and, ultimately, the expense that will be recognized over the life of the option. We update the historical and implied components of the expected volatility assumption quarterly. We update option exercise and termination assumptions quarterly. The expected life is a by-product of the lattice model and is updated when new grants are made.

SFAS No. 123R also requires that compensation expense be recognized for only the portion of awards that are expected to vest. Therefore, an estimated forfeiture rate derived from historical employee termination behavior, grouped by job classification, is applied against share-based compensation expense. The forfeiture rate is applied on a straight-line basis over the service (vesting) period for each separately vesting portion of the award as if the award were, in substance, multiple awards. We update the estimated forfeiture rate to actual on each of the vesting dates and adjust compensation expense accordingly so that the amount of compensation cost recognized at any date is at least equal to the portion of the grant-date value of the award that is vested at that date.

Generally, the fair value of each nonvested stock grant is equal to the market price of our stock at the date of grant reduced by the present value of expected dividends to be paid prior to the vesting period, discounted using an appropriate risk-free interest rate.

All of our nonvested stock grants are time vested except the nonvested stock grants of one executive that are based upon the achievement of strategic goals. Compensation cost for performance-based awards is recognized when it is probable that the performance criteria will be met. At each reporting period, we reassess the probability of achieving the performance targets and the performance period required to meet those targets. Determining whether the performance targets will be achieved involves judgment and the estimate of expense may be revised periodically based on the probability of achieving the performance targets. Revisions are reflected in the period in which the estimate is changed. If any performance goals are not met, no compensation cost is ultimately recognized and, to the extent previously recognized, compensation cost is reversed.

We have not made any material changes in our estimates or assumptions used to determine share-based compensation expense during the first nine months of 2009. We do not believe that there will be a material change in the future estimates or assumptions used to determine share-based compensation expense. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to changes in share-based compensation expense that could be material.

Unredeemed Gift Cards

Unredeemed gift cards represent a liability related to unearned income and are recorded at their expected redemption value. No revenue is recognized in connection with the point-of-sale transaction when gift cards are sold. For those states that exempt gift cards from their escheat laws, we make estimates of the ultimate unredeemed (“breakage”) gift cards in the period of the original sale and amortize this breakage over the redemption period that other gift cards historically have been redeemed by reducing the liability and recording revenue accordingly. For those states that do not exempt gift cards from their escheat laws, we record breakage in the period that gift cards are remitted to the state and reduce our liability accordingly. Any amounts remitted to states under escheat laws reduce our deferred revenue liability and have no effect on revenue or expense while any amounts that we are permitted to retain by state escheat laws for administrative costs are recorded as revenue. Changes in redemption behavior or management's judgments regarding redemption trends in the future may produce materially different amounts of deferred revenue to be reported.

We have not made any material changes in the methodology used to record the deferred revenue liability for unredeemed gift cards during the first nine months of 2009 and do not believe there will be material changes in the future estimates or assumptions used to record this liability. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material.

Legal Proceedings

We are parties to various legal and regulatory proceedings and claims incidental to our business. In the opinion of management, however, based upon information currently available, the ultimate liability with respect to these actions will not materially affect our consolidated results of operations or financial position. We review outstanding claims and proceedings internally and with external counsel as necessary to assess probability of loss and for the ability to estimate loss. These assessments are re-evaluated each quarter or as new information becomes available to determine whether a reserve should be established or if any existing reserve should be adjusted. The actual cost of resolving a claim or proceeding ultimately may be substantially different than the amount of the recorded reserve. In addition, because it is not permissible under GAAP to establish a litigation reserve until the loss is both probable and estimable, in some cases there may be insufficient time to establish a reserve prior to the actual incurrence of the loss (upon verdict and judgment at trial, for example, or in the case of a quickly negotiated settlement).

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Part II, Item 7A of the 2008 Form 10-K is incorporated in this item of this Quarterly Report on Form 10-Q by this reference. There have been no material changes in our quantitative and qualitative market risks since August 1, 2008.

Item 4. Controls and Procedures

Our management, with the participation of our principal executive and financial officers, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our 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 May 1, 2009, our 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 changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended May 1, 2009 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. **Risk Factors**

There have been no material changes in the risk factors previously disclosed in “Item 1A. Risk Factors” of our 2008 Form 10-K.

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

Reference is made to Item 1.01 and Item 5.02 of the Company’s Current Report on Form 8-K dated February 19, 2009 (the “March 2009 8-K”) and filed with the Commission on March 13, 2009, which is incorporated herein by this reference. In the March 2009 8-K, the Company reported that, in connection with Sandra B. Cochran being elected the Company’s Executive Vice President and Chief Financial Officer, Ms. Cochran received a nonvested stock grant of 25,000 shares (the “Nonvested Shares”) of the Company’s $0.01 par value common stock (the “Shares”) and options (“Options”) to purchase 25,000 Shares at an exercise price equal to the closing price of the Shares on March 11, 2009 ($24.27). Neither the offer or sale of the Nonvested Shares nor the Options were registered under the Securities Act of 1933, as amended (the “Act”) in reliance on the exemption from registration set forth in section 4(2) of the Act.

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.

CRACKER BARREL OLD COUNTRY STORE, INC.

Date: 6/9/09	By:	/s/Sandra B. Cochran Sandra B. Cochran, Executive Vice President and Chief Financial Officer
Date: 6/9/09	By:	/s/Patrick A. Scruggs Patrick A. Scruggs, Vice President, Accounting and Tax and Chief Accounting Officer

EXHIBIT INDEX

Exhibit No.	Description
10.1	Severance Plan (as amended to date)
10.2	Executive Employment Agreement dated as of March 11, 2009 between Sandra B. Cochran and the Company
10.3	Change in Control Agreement with Sandra B. Cochran dated March 11, 2009 (not filed because substantially identical to Exhibit 10(s) to the Company's Annual Report on Form 10-K for the fiscal year ended August 1, 2003 filed with the Commission on October 15, 2003)
31	Rule 13a-14(a)/15d-14(a) Certifications
32	Section 1350 Certifications

CRACKER BARREL OLD COUNTRY STORE, INC.
CORPORATE POLICY

SUBJECT: SEVERANCE BENEFITS POLICY	ORIGINATING DEPARTMENT: HUMAN RESOURCES	NUMBER CBRLSEV-2
INITIATED BY: BOARD OF DIRECTORS APPROVED BY: BOARD OF DIRECTORS	DATE ISSUED: February 19, 2009	SUPERSEDES: CBRLSEV-1

I. **PURPOSE/POLICY**

It is the policy of Cracker Barrel Old Country Store, Inc. to provide severance benefits to Employees in certain circumstances which result in involuntary termination from Company employment. Severance benefits are intended to provide loss of income protection and to assist in bridging financial gaps while a terminated Employee seeks other employment. The base severance benefits provided to eligible Employees under the terms of this policy are determined by job classification and length of Company service. All severance benefits provided under the terms of this policy are “self-funded” and paid from the general assets of Cracker Barrel Old Country Store, Inc.

This policy supersedes and replaces any prior severance benefit policy, program, or practice, written or oral, established or issued by Cracker Barrel Old Country Store, Inc. or any of its affiliates.

II. **EMPLOYEES COVERED BY THE POLICY**

A. All full time home office Employees (32 hours or more per week) of Cracker Barrel Old Country Store, Inc. or any of its affiliated entities (collectively, the “Company”) who are involuntarily terminated from Company employment are eligible to receive severance benefits under this policy, except:

1. Employees who are involuntarily terminated for “misconduct” or “cause” for reasons including but not limited to: violation of law or Company policy; mistreatment of Company Employees, customers or vendors; documented unsatisfactory job performance; or failure to satisfy the objectives of a written performance improvement plan all as determined in the sole discretion of the Company;

2. Employees separated from Company service by occupational or non-occupational sickness or injury;

3. Employees hired by the Company under the terms of a written letter of agreement or employment contract that sets forth severance pay provisions which, in total monetary value, are equal to or greater than the provisions of this policy;

4. Employees who are covered under in the Special Severance Events conditions of Section V. B. of this policy; and

5. Employees temporarily separated from Company service due to fire, storm damage, act(s) of God, or a temporary reduction-in-force of sixty (60) days or less (within any 12 month lookback period).

B. Employees who voluntarily resign from Company employment for any reason, including retirement, are not eligible to receive severance benefits under this policy. An employee who declines to accept a Company requested employment transfer with relocation assistance and equivalent base pay and benefits (regardless of distance from current work location) shall be considered to have voluntarily resigned from Company employment and no severance benefits will be paid to any such employee under this policy or otherwise.

III. RESPONSIBILITY FOR ADMINISTRATION

The Senior Vice President - Human Resources is responsible for administration of this policy and is named as Plan Administrator. Questions concerning the application or interpretation of this policy should be directed to the Plan Administrator at the following mailing address:

Corporate Secretary
Cracker Barrel Old Country Store, Inc.
305 Hartman Drive
Lebanon, TN 37087

The Plan Administrator has the discretionary authority to interpret the terms of this policy and to determine all relevant policy issues or controversies.

IV. SEVERANCE BENEFITS

A. Base Severance Benefits - The following table reflects severance benefits payable to eligible Employees subject to all other terms and conditions of this policy.

Position	Severance Benefit
Executive Vice President and above	18 months base salary; one additional week of severance for each year of service in excess of 15 years
Other Senior Corporate Officers[1]	12 months base salary; one additional week of severance for each year of service in excess of 15 years
All Other Officers	6 months base salary; additional period of up to 6 months at discretion of CEO
Directors	2 weeks of base salary for each year of service; 13 weeks minimum; up to a maximum of 26 weeks; one additional week of severance for each year of service in excess of 15 years
Other Exempt employees	1 week of base pay for each year of service if termination occurs in first three years of service; thereafter, 2 weeks of base pay for each year of service; 2 weeks minimum; up to a maximum of 13 weeks
Non-exempt employees	1 week of base pay for each year of service; 2 weeks minimum; up to a maximum of 8 weeks

“Year of service” means twelve (12) consecutive months of continuous full time employment (32 hours or more per week) with the Company. Breaks in service of more than 90 days are not recognized as continuous employment under this policy.

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[1] Officer covered by a “Gold” level Change in Control Agreement (SVP, DVP and General Counsel)

B. <u>Effect on Other Benefits</u> - The terms of other plans (*e.g.*, bonus, vacation, insurance, incentive and stock options and awards) will govern the terminated Employee's rights to benefits, if any, under those plans.

V. SPECIAL SEVERANCE EVENTS

A. Except as provided in subsection B., below, severance benefits available under Section IV. of this policy will be paid to eligible Employees whose jobs are eliminated due to any one of the following events:

1. All other eligible Employees: any reduction-in-force authorized by a corporate officer; or

2. Sale, divestiture, liquidation, permanent shut-down, or closing of any Cracker Barrel Old Country Store, Inc. affiliated or wholly owned company, division, business unit, restaurant, or group of restaurants.

B. No severance benefits will be paid under subsection A., above, to any Employee who is offered employment by the Company, or by a new owner, where the new position:

1. has a base salary which is at least 90% of the base salary of the prior position;

2. does not require relocation more than sixty (60) miles one-way from the prior job location or, if over sixty (60) miles, relocation benefits are offered for the new position under the Company's Relocation Policy; and

3. the Employee is capable of satisfactorily performing the new job (all as determined by the Plan Administrator).

If the new or offered position fails any one of the three (3) criteria in subsection B., above, and an Employee, nonetheless, elects to accept the new job either prior to or within thirty (30) days after a Special Severance Event, then no severance benefits will be paid under this policy.

VI. SEVERANCE RULES/CONDITIONS

A. In consideration of severance benefits payable under this policy each Employee must agree, in writing, on forms prescribed by the Company, to the following conditions prior to release of any severance payment(s):

1. Strict non-disclosure of Company marketing, financial, strategic planning, proprietary, or other information which is not generally known to the public;

2. Return to Cracker Barrel Old Country Store, Inc. of all Company property in good condition and repair (normal wear and tear excepted) including but not limited to keys, security cards and fobs, credit cards, furniture, equipment, automobiles, computer hardware and software, telephone equipment, and all documents, manuals, plans, equipment, training materials, business papers, personnel files, computer files or copies of the same relating to Company business which are in the Employee's possession;

3. An unconditional release from all charges, complaints and claims, including attorney fees, based on employment with the Company, or the termination of that employment;

4. Certain officers, as determined in the discretion of the; Company's General Counsel, will be asked to sign a non-competition and non-solicitation agreement in consideration of severance payments and in addition to any other agreement or release required under the terms of this policy.

5. Resignation from job position and membership in any Company board, committee, or task force.

B. Severance benefits payable under this policy generally will be made per the Company's standard pay period (bi-monthly) less deduction(s) for applicable federal, state, or local income, withholding, or other taxes. Severance payments will begin within thirty (30) days from the later of:

1. the date of termination;

2. the execution of any required severance agreement(s); or

3. the surrender of items listed in Section A. 2. above, if any.

Any financial obligation(s) owed to the Company by an Employee will be offset from severance payment(s) made under this policy. If the severance benefits due an Employee under this policy do not cover the total financial obligation(s) owed to the Company, the Employee will be billed for the additional amount. All severance, employee benefits, or other settlement costs will be charged to the separated Employee's current department.

C. All employee benefits and benefit accruals will cease as of the Employee's final date of active employment. However, medical insurance benefits may be continued to the extent required by federal law. Terminated Employees will have other benefit conversion or withdrawal rights which may arise under any Cracker Barrel Old Country Store, Inc. sponsored retirement or welfare benefit plan as a result of separation from Company service. Any unused earned vacation pay due under the Cracker Barrel Old Country Store, Inc. vacation policy will be settled within twenty-one (21) days from termination of employment, unless otherwise required under state law, along with any settlement of reimbursable expenses under the terms of the Cracker Barrel Old Country Store, Inc. expense reimbursement, travel and/or entertainment policies.

D. The CEO has discretionary authority to offer a consulting agreement to senior and other officers (which shall not extend the severance period but may allow the employee continued participation in certain benefits and benefit plans of the Company for a period not to exceed 12 months (in the case of senior officers) and 6 months (in the case of other officers). The CEO also has discretionary authority to offer outplacement services to senior and other officers (for a period not to exceed 12 months) and to directors and exempt employees (for a period not to exceed 6 months upon such terms and conditions as the CEO may impose. In appropriate circumstances, the CEO may also grant severance benefits in amounts not to exceed 12 weeks base pay to any Company Employee who is not otherwise eligible to receive severance benefits under this policy. In consideration for any additional severance benefits granted under this paragraph D., the CEO may require an employee to pledge his or her best efforts toward securing alternative employment. No discretionary payment made under the terms of this subsection shall be considered as establishing a precedent or right to benefits by any other Employee whether or not similarly situated to the recipient Employee.

E. Any Employee who receives severance benefits under this policy who is rehired within the time frame for which severance benefits are payable under Section IV. shall, as a condition of re-employment, be subject to pro-rata re-payment of severance benefits under rules to be determined and consistently applied by the Plan Administrator.

F. Any employee who receives severance benefits under this policy and is later rehired shall not have his or her prior Company service recognized or bridged if the severance period or time away from Company employment is in excess of ninety (90) days.

VII. **APPEAL PROCEDURE**

A. In the event an Employee claims entitlement to severance pay under this policy or disputes the amount or method of payment, the Employee must present the reason for the claim in writing to the Plan Administrator within ninety (90) days from the date of the event giving rise to any such claim or dispute. The Plan Administrator will, within sixty (60) days thereafter, send a written notification to the Employee as to the disposition of the claim. If the claim is wholly or partially denied, the written notification will:

1. state the reason(s) for the denial;

2. reference specific policy provisions on which the denial is based;

3. provide a description of any additional information necessary to perfect the claim and explanation of why such information is necessary; and

4. set forth the procedure by which the Employee may appeal the denial of the claim.

B. If an Employee wishes to appeal the denial of a claim, then the Employee may request a review of such denial by making written application to the Plan Administrator within sixty (60) days after such denial. The Employee (or a duly authorized legal representative) may, upon written request to the Plan Administrator, review any document(s) pertinent to the Employee's claim, and submit in writing issues and comments in support of Employee's position. Within sixty (60) days after receipt of a written appeal, the Plan Administrator will notify the Employee of the final decision. The final decision will be in writing and will include specific reasons for the decision, written in a manner calculated to be understood by the claimant, together with specific references to the pertinent policy provisions on which the decision is based. This decision will be final and binding on all parties.

VIII. **ERISA DISCLOSURES**

This policy statement constitutes both the "Plan Document" and "Summary Plan Description" for the Cracker Barrel Old Country Store, Inc. Severance Benefit Plan. It supersedes all prior severance pay plans, policies, or programs, written or oral, issued by Cracker Barrel Old Country Store, Inc. or any of its affiliates. This plan is sponsored by Cracker Barrel Old Country Store, Inc. and covers eligible Employees of Cracker Barrel Old Country Store, Inc. and its affiliated companies (the "Company"). The plan operates on a calendar year basis. The Company is the Plan Sponsor and the Plan Administrator.

The Plan Number is: ____
The Plan Sponsor's Tax Identification Number Is: 62-1749513
The Plan Sponsor's Mailing Address Is: Cracker Barrel Old Country Store, Inc.
305 Hartman Drive
Lebanon, TN 37087

The Company reserves the right in its sole discretion to amend, modify, or terminate this policy, in whole or in part, at any time, including retroactively, through issuance of a new or revised policy document, amendment, or other appropriate Company action.

The Plan Administrator has the exclusive authority to construe and interpret the terms of the Plan and to make all decisions on benefit claims.

Service of process may be made on the Plan Administrator or on the Company's Legal Department at the Plan Sponsor's address.

STATEMENT OF ERISA RIGHTS

As a participant in the Cracker Barrel Old Country Store, Inc. Severance Benefit Policy ("plan") you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all plan participants shall be entitled to:

Receive Information About Your Plan and Benefits
Examine, without charge, at the plan administrator's office and at other specified locations, such as work sites, all plan documents, including, copies of the latest annual report (Form 5500 Series), if any, filed by the plan with the U.S. Department of Labor, and available at the Public Disclosure Room of the Pension and Welfare Benefits Administration.

Obtain, upon written request to the plan administrator, copies of all plan documents governing the operations of the plan including copies of the latest annual report (Form 5500 Series), if any and updated summary plan description. The plan administrator may make a reasonable charge for the copies.

Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent Action by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called 'fiduciaries' of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to have the plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a state or federal court. The court will decide who should pay court costs and legal feels. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about the plan you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue N.W. Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), executed this 11th day of March, 2009, is made and entered into by and between **CRACKER BARREL OLD COUNTRY STORE, INC.** (the "Company") and **SANDRA B. COCHRAN** ("Executive").

W I T N E S S E T H:

WHEREAS, Company wishes to retain Executive as its Executive Vice President and Chief Financial Officer; and

WHEREAS, the Executive is willing to commit herself to continue to serve the Company on the specified terms and conditions;

NOW, THEREFORE, for and in consideration of the premises, the mutual promises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. EMPLOYMENT.

Subject to the terms and conditions of this Agreement, the Company hereby employs Executive as its Executive Vice President and Chief Financial Officer.

2. DURATION OF AGREEMENT.

The initial term of employment shall begin no later than April 6, 2009 ("Start Date"), and, unless earlier terminated pursuant to Sections 5, 6, 7, 8 or 9, shall continue until the second annual anniversary of the Start Date (such two (2) year period, the "Initial Term"). The Initial Term shall automatically be extended for a one-year period ("Extension Term" and, collectively with the Initial Term, the "Term") unless either party gives notice of non-extension to the other no later than ninety (90) days prior to the expiration of the Initial Term. After expiration of the Initial Term, or the Extension Term, as applicable, Executive's employment with the Company as its Executive Vice President and Chief Financial Officer shall continue under such terms, conditions and policies of the Company as shall then be in effect.

3. POSITION AND DUTIES.

3.1 Position. Subject to the remaining conditions of this Section 3.1, Executive shall serve as the Company's Executive Vice President and Chief Financial Officer. Executive shall report to the Company's Chief Executive Officer (the "CEO") and perform such duties and responsibilities as may be prescribed from time-to-time by the CEO or by the Company's Board of Directors (the "Board"). From time to time, Executive also may be designated to such other offices within the Company or its subsidiaries as may be necessary or appropriate for the convenience of the businesses of the Company and its subsidiaries.

3.2 Full-Time Efforts. Executive shall perform and discharge faithfully, diligently and to the best of her ability such duties and responsibilities and shall devote her full-time efforts to the business and affairs of the Company. Executive agrees to promote the best interests of the Company and to take no action that in any way damages the public image or reputation of the Company, its subsidiaries or its affiliates.

3.3 No Interference With Duties. Executive shall not (i) engage in any activities, or render services to or become associated with any other business that in the reasonable judgment of the CEO or of the Board violates Article 12 of this Agreement; or (ii) devote time to other activities which would inhibit or otherwise interfere with the proper performance of her duties, provided, however, that it shall not be a violation of this Agreement for Executive to (i) devote reasonable periods of time to charitable and community activities and industry or professional activities or (ii) manage personal business interests and investments, so long as the activities in (i) or (ii) do not interfere with the performance of Executive's responsibilities under this Agreement.

3.4 Work Standard. Executive hereby agrees that she shall at all times comply with and abide by all terms and conditions set forth in this Agreement, and all applicable work policies, procedures and rules as may be issued by Company. Executive also agrees that she shall comply with all federal, state and local statutes, regulations and public ordinances governing the performance of her duties hereunder.

4. COMPENSATION AND BENEFITS.

4.1 Base Salary. Subject to the terms and conditions set forth in this Agreement, the Company shall pay Executive, and Executive shall accept, an annual salary ("Base Salary") in the amount of Five Hundred Thousand and No/100 Dollars ($500,000). The Base Salary shall be paid in accordance with the Company's normal payroll practices and may be increased from time to time at the sole discretion of the Board.

4.2 Incentive, Savings and Retirement Plans. During the Term, Executive shall be entitled to participate in all incentive (including, without limitation, long term incentive plans), savings and retirement plans, practices, policies and programs applicable generally to senior executive officers of the Company ("Peer Executives"), and on the same basis as such Peer Executives, except as to benefits that are specifically applicable to Executive pursuant to this Agreement. Without limiting the foregoing, the following provisions shall apply with respect to Executive:

4.2.1 Incentive Bonus. Executive shall be entitled to an annual bonus, the amount of which shall be determined by the Compensation Committee of the Board (the "Committee"). The amount of and performance criteria with respect to any such bonus in any year shall be determined not later than the date or time prescribed by Treas. Reg. § 1.162-27(e) ("Section 162(m)") in accordance with a formula to be agreed upon by the Company and Executive and approved by the Committee that reflects the financial and other performance of the Company and the Executive's contributions thereto. Executive's target percentage under any such a plan shall be 100% (of Base Salary) unless it is reduced as part of an across-the-board decrease in target bonuses affecting other Peer Executives. The amount of Executive's annual bonus, if any, for the Company's 2009 fiscal year shall be prorated based upon the number of days during the fiscal year that Executive was employed by the Company.

4.2.2 Long Term Incentive Plan. With respect to any long term incentive plan established by the Company, the Executive's target percentage under such a plan shall be 175% (of Base Salary) unless it is reduced as part of an across-the-board decrease in target bonuses affecting other Peer Executives. The amount of Executive's award under the long-term performance plan, if any, that is in effect for the Company's 2009-2010 fiscal years shall be prorated based upon the number of days during those fiscal years that Executive was employed by the Company.

4.2.3 Welfare Benefit Plans. During the Term, Executive and Executive's eligible dependents shall be eligible for participation in, and shall receive all benefits under, the welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription, dental, disability, executive life, group life, accidental death plans and programs) ("Welfare Plans") to the extent applicable generally to Peer Executives. Not in limitation of the foregoing, Executive shall be entitled to participate in and receive benefits under the Company's standard relocation policy.

4.2.4 Vacation. Executive shall be entitled to an annual paid vacation commensurate with the Company's established vacation policy for Peer Executives. The timing of paid vacations shall be scheduled in a reasonable manner by the Executive.

4.2.5 Business Expenses. Executive shall be reimbursed for all reasonable business expenses incurred in carrying out the work hereunder. Executive shall follow the Company's expense procedures that generally apply to other Peer Executives in accordance with the policies, practices and procedures of the Company to the extent applicable generally to such Peer Executives.

4.3 Inducement Awards/Relocation.

4.3.1 Restricted Shares. Subject to all of the conditions (including, without limitation, the time of vesting and right to receive) and restrictions set forth in this Section 4.3, Company hereby grants to Executive an award of 25,000 shares (the "Restricted Shares") of the Company's $0.01 par value common stock (the "Shares"). So long as Executive continues to be employed by the Company, the Restricted Shares shall vest and become distributable to the Executive in the amounts and on the respective dates set forth in the following sentence (each a "Restricted Share Vesting Date" and collectively, the "Restricted Share Vesting Dates"). On the second anniversary of the Start Date, 8,334 of the Restricted Shares shall become vested in, and shall be distributed to, the Executive, and on the third anniversary of the Start Date, 16,666 of the Restricted Shares shall become vested in, and shall be distributed to, the Executive. For the avoidance of doubt, in the event that either party provides a notice of non-extension pursuant to Section 2 hereof, the first tranche of 8,334 of the Restricted Shares shall vest and be distributable to Executive on the expiration of the Initial Term. As soon as practicable following a Restricted Share Vesting Date, the Company shall promptly cause its transfer agent to issue a certificate to the Executive (or shall notify the Executive of a book entry issuance per the Direct Registration Program ("DRP") to or for the account of the Executive) evidencing the Restricted Shares that became distributable to the Executive on that Restricted Share Vesting Date. The Company's obligation to cause the issuance of any Restricted Shares to the Executive shall be subject to any applicable federal, state, or local tax withholding requirements. If, prior to a Restricted Share Vesting Date, the Executive's employment is terminated for any reason, all rights of the Executive in any of the Restricted Shares that, as of the date of such termination, have not vested and become distributable to the Executive shall thereupon immediately terminate and become forfeited. Executive shall not have any rights as a shareholder with respect to any Restricted Shares until the issuance of a stock certificate or DRP notice evidencing the Restricted Shares. The number of Restricted Shares awarded the Executive under this Section 4.3.1 shall be proportionately adjusted to reflect any stock dividend, stock split or share combination of the Shares or any recapitalization of the Company occurring prior to a Restricted Share Vesting Date. Except as provided in the preceding sentence, no adjustment shall be made on the issuance of a stock certificate or DRP notice to the Executive as to any dividends or other rights for which the record date occurred prior to a Restricted Share Vesting Date. The right of the Executive to receive the Restricted Shares shall not be assignable or transferable otherwise than by will or the laws of descent and distribution.

4.3.2 Stock Option. Subject to all of the conditions (including, without limitation, the time of vesting) and restrictions set forth in this Section 4.3, Company hereby grants to Executive an option (the "Option") to purchase

25,000 Shares (the “Option Shares”). So long as Executive continues to be employed by the Company on an Option Vesting Date (as defined herein), the Option shall become exercisable as to the number (and cumulative number) of Option Shares set forth opposite each Option Vesting Date in the table below:

	Number	Cumulative Number
Option Vesting Date	Option Shares	of Option Shares
l-Yr from Start Date	8,334	8,334
2-Yr from Start Date	8,333	16,667
3-Yr from Start Date	8,333	25,000

The Option, except as provided herein, shall have a term of ten (10) years from the date hereof. The exercise price of the Option shall be $ 24.27 per Share (the fair market value per Share as of the date of grant). Upon exercise of the Option (in whole or in part), the Company shall cause its transfer agent to issue a certificate to the Executive (or shall notify the Executive of a book-entry issuance per the DRP to or for the account of the Executive) evidencing the Option Shares pursuant to exercise of the Option. The Company’s obligation to cause the issuance of any Option Shares to the Executive shall be subject to payment of the option exercise price (which, at the option of the Company may be in cash, Shares having an equivalent value on the date of exercise as the exercise price or through withholding Shares that would otherwise be issued upon exercise) and any applicable federal, state, or local tax withholding requirements. If, prior to an Option Vesting Date, the Executive’s employment is terminated for any reason, all rights of the Executive in the Option awarded under this Section 4.3.2 and any Option Shares that, as of the date of such termination, have not vested and become exercisable by the Executive shall thereupon immediately terminate and become forfeited and the Executive (or Executive’s estate, if applicable) shall have ninety (90) days from the date of such termination within which to exercise the Option with respect to all Option Shares as to which the Option is exercisable as of the date of termination. For the avoidance of doubt, in the event that either party provides a notice of non-extension pursuant to Section 2 hereof, Executive shall have a vested right to 16,667 Option Shares on the expiration of the Initial Term. Executive shall not have any rights as a shareholder with respect to any Option Shares until the issuance of a stock certificate or DRP notice evidencing the Option Shares. The exercise price and the number of Option Shares awarded the Executive under this Section 4.3.2 shall be proportionately adjusted to reflect any stock dividend, stock split or share combination of the Shares or any recapitalization of the Company occurring prior to an Option Vesting Date and prior to exercise of the Option. Except as provided in the preceding sentence, no adjustment shall be made on the issuance of a stock certificate or DRP notice to the Executive as to any dividends or other rights for which the record date occurred prior to an Option Vesting Date. The rights of the Executive under the Option shall not be assignable or transferable otherwise than by will or the laws of descent and distribution.

4.3.3 If in the opinion of its counsel, the issuance of any Restricted Shares or Option Shares shall not be lawful for any reason, including the inability of the Company to obtain from any regulatory body having jurisdiction or authority deemed by such counsel to be necessary for such issuance, the Company shall not be obligated to issue any such Restricted Shares or Option Shares, but, in such event, shall be obligated to provide Executive with cash or non-cash consideration having equivalent after tax value which is acceptable to the Executive in the exercise of Executive's reasonable discretion. Upon receipt of Restricted Shares or Option Shares at a time when there is not in effect under the Securities Act of 1933, as amended, a current registration statement relating to the Restricted Shares or the Option Shares, the Executive shall represent and warrant in writing to the Company that the Restricted Shares or Option Shares are being acquired for investment and not with a view to the distribution thereof and shall agree to the placement of a legend on the certificate or certificates representing the Restricted Shares or Option Shares evidencing the restrictions on transfer under said Act and the issuance of stop-transfer instructions by the Company to its transfer agent with respect thereto. No Restricted Shares or Option Shares shall be issued hereunder unless and until the then applicable requirements of the Securities Act of 1933, the Tennessee Business Corporation Act, the Tennessee Securities Act of 1980, as any of the same may be amended, the rules and regulations of the Securities and Exchange Commission and any other regulatory agencies and laws having jurisdiction over or applicability to the Company, and the rules and regulations of any securities exchange on which the Shares may be listed, shall have been fully complied with and satisfied. The Company shall use its best efforts to cause all such requirements to be promptly and completely satisfied.

4.3.4 Signing Bonus. Executive shall be paid Fifty Thousand and no/100 dollars ($50,000.00) (the "Signing Bonus") within ten (10) days after the Start Date. In the event Executive voluntarily terminates her employment with the Company for any reason during the Initial Term, Executive shall repay to the Company the entire amount of the Signing Bonus, which may be withheld from monies that might otherwise be due Executive to the extent allowed by applicable law. For the avoidance of doubt, Executive shall not be required to repay the Signing Bonus due to a failure to extend the Initial Term.

4.3.5 Relocation. Executive shall receive home mortgage (and related tax) reimbursement and other relocation benefits in accordance with the Company's standard relocation policy (as amended by Addendum dated

November 19, 2007 (the “Addendum”)); provided, however, that with respect to the Executive the three (3) month period set forth in the Addendum shall be extended to twelve (12) months.

4.3.6 Legal Fees. Within, ten (10) days following the Start Date and upon receipt of appropriate written documentation, the Company will reimburse Executive up to $2,000 for reasonable and customary legal fees and expenses incurred by Executive with respect to the negotiation and execution of this Agreement.

5. TERMINATION FOR CAUSE.

This Agreement may be terminated immediately at any time by the Company without any liability owing to Executive or Executive’s beneficiaries under this Agreement, except Base Salary through the date of termination and benefits under any plan or agreement covering Executive which shall be governed by the terms of such plan or agreement, under the following conditions, each of which shall constitute “Cause” or “Termination for Cause”:

(a) Any act by Executive involving fraud and any breach by Executive of applicable regulations of competent authorities in relation to trading or dealing with stocks, securities, investments and the like or any willful or grossly negligent act by Executive resulting in an investigation by the Securities and Exchange Commission which, in each case, a majority of the Board determines in its sole and absolute discretion materially adversely affects the Company or Executive’s ability to perform her duties under this Agreement;

(b) Attendance at work in a state of intoxication or otherwise being found in possession at her place of work of any prohibited drug or substance, possession of which would amount to a criminal offense;

(c) Executive’s personal dishonesty or willful misconduct in connection with her duties to the Company;

(d) Breach of fiduciary duty to the Company involving personal profit by the Executive;

(e) Conviction of the Executive for any felony or crime involving moral turpitude;

(f) Material intentional breach by the Executive of any provision of this Agreement or of any Company policy adopted by the Board; or

(g) The continued failure of Executive to perform substantially Executive’s duties with the Company (other than any such failure resulting from incapacity due to Disability, and specifically excluding any failure by Executive, after good faith, reasonable and demonstrable efforts, to meet performance expectations for any reason), after a written demand for substantial performance is delivered to Executive by a majority of the Board that specifically identifies the manner in which such Board believes that Executive has not substantially performed Executive's duties.

The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of such Board, Executive is guilty of the conduct described in any one or more of subsections (a) through (g) above, and specifying the particulars thereof in detail.

6. TERMINATION UPON DEATH.

Notwithstanding anything herein to the contrary, this Agreement shall terminate immediately upon Executive's death, and the Company shall have no further liability to Executive or her beneficiaries under this Agreement, other than for payment of Accrued Obligations (as defined in Section 9(a)(1)), the timely payment or provision of Other Benefits (as defined in Section 9(b)), including without limitation benefits under such plans, programs, practices and policies relating to death benefits, if any, as are applicable to Executive on the date of her death. The rights of the Executive's estate with respect to stock options and restricted stock, and all other benefit plans, shall be determined in accordance with the specific terms, conditions and provisions of the applicable agreements and plans.

7. DISABILITY.

If the Company determines in good faith that the Disability of Executive has occurred during the Term (pursuant to the definition of Disability set forth below), it may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such written notice by Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. If Executive's employment is terminated by reason of her Disability, this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations (as defined in Section 9(a)(1)), the timely payment or provision of Other Benefits (as defined in Section 9(b)), including without limitation benefits under such plans, programs, practices and policies relating to disability benefits, if any, as are applicable to Executive on the Disability Effective Date. The rights of the Executive with respect to stock options and restricted stock, and all other benefit plans, shall be determined in accordance with the specific terms, conditions and provisions of the applicable agreements and plans.

For purposes of this Agreement, “Disability” shall mean: (i) a long-term disability entitling Executive to receive benefits under the Company’s long-term disability plan as then in effect; or (ii) if no such plan is then in effect or the plan does not apply to Executive, the inability of Executive, as determined by the Board of the Company, to perform the essential functions of her regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six consecutive months. At the request of Executive or her personal representative, the Board’s determination that the Disability of Executive has occurred shall be certified by two physicians mutually agreed upon by Executive, or her personal representative, and the Company. Without such independent certification (if so requested by Executive), Executive’s termination shall be deemed a termination by the Company without Cause and not a termination by reason of her Disability.

8. EXECUTIVE’S TERMINATION OF EMPLOYMENT.

Executive’s employment may be terminated at any time by Executive for Good Reason or no reason. For purposes of this Agreement, “Good Reason” shall mean:

(a) Other than her removal for Cause pursuant to Section 5 and subject to the proviso below, without the written consent of Executive, the assignment to Executive of any duties inconsistent in any material respect with Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the Start Date, or any other action by the Company which results in a demonstrable diminution in such position, authority, duties or responsibilities, provided, however, it is expressly understood and agreed that an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive shall not constitute “Good Reason”;

(b) A reduction by the Company in Executive’s Base Salary as in effect on the Start Date or as the same may be increased from time to time, unless such reduction is a part of an across-the-board decrease in base salaries affecting all other Peer Executives; provided, however that in any event, the Company may not reduce Executive’s Base Salary by more than ten percent (10%);

(c) A reduction by the Company in Executive’s annual target bonus (expressed as a percentage of Base Salary) unless such reduction is a part of an across-the-board decrease in target bonuses affecting all other Peer Executives; provided, however that in any event, the Company may not reduce Executive’s annual target bonus (expressed as a percentage of Base Salary) below fifty percent (50%) of the Base Salary;

(d) The Company's requiring Executive, without her consent, to be based at any office or location more than (50) miles from the Company's current headquarters in Lebanon, Tennessee;

(e) The Company gives a notice of non-extension pursuant to Section 2;

(f) The material breach by the Company of any provision of this Agreement; or

(g) The failure of any successor (whether direct or indirect, by purchase, merger (unless the Company is the surviving company in the merger), consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

Good Reason shall not include Executive's death or Disability. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder, provided that Executive raises to the attention of the Board any circumstance she believes in good faith constitutes Good Reason within ninety (90) days after occurrence or be foreclosed from raising such circumstance thereafter. The Company shall have an opportunity to cure any claimed event of Good Reason within thirty (30) days of notice from Executive.

If Executive terminates her employment for Good Reason, upon the execution and effectiveness of the Release attached hereto as an addendum and made a part hereof (the "Release"), she shall be entitled to the same benefits she would be entitled to under Paragraph 9 as if terminated without Cause. If Executive terminates her employment without Good Reason, this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations (as defined in Paragraph 9(a)(1)) and the timely payment or provision of Other Benefits (as defined in Paragraph 9(b)).

9. TERMINATION WITHOUT CAUSE.

If Executive's employment is terminated by the Company without Cause prior to the expiration of the Term or if Executive gives a notice of non-extension pursuant to Section 2 (it being understood by the parties that termination by death, Disability or expiration of the Term shall not constitute termination without Cause), then Executive shall be entitled to the following benefits upon the execution and effectiveness of the Release; provided, however, that Executive shall not be eligible or entitled to receive benefits under this Section 9 if she has received or is receiving benefits under the Executive Retention Agreement referred to in Section 10. Also, if the Executive receives benefits pursuant to this Section 9, she shall not be eligible or entitled to receive any benefits under the Company's Severance Benefits Policy.

(a) The Company shall pay to Executive commencing after the later of the date of termination or the execution and effectiveness of the Release, the aggregate of the following amounts:

(1) in a lump sum in cash within 30 days, the sum of (i) Executive's Base Salary through the date of termination to the extent not theretofore paid, (ii) a pro-rata portion of amounts payable under any then existing incentive or bonus plan applicable to Executive (including, without limitation, any incentive bonus referred to in Section 4.2.1) for that portion of the fiscal year in which the termination of employment occurs through the date of termination; (iii) any accrued expenses and vacation pay to the extent not theretofore paid, and (iv) unless Executive has elected a different payout date in a prior deferral election, any compensation previously deferred by Executive (together with any accrued interest or earnings thereon) to the extent not theretofore paid (the sum of the amounts described in subsections (i), (ii), (iii) and (iv) shall be referred to in this Agreement as the "Accrued Obligations");

(2) in installments ratably over eighteen (18) months in accordance with the Company's normal payroll cycle and procedures, the amount equal to one and one-half (1.5) times Executive's annual Base Salary in effect as of the date of termination or in the event of Executive's termination due to the expiration of the Initial Term due solely to Executive's giving a notice of non-extension pursuant to Section 2, then in installments ratably over twelve (12) months in accordance with the Company's normal payroll cycle and procedures, an amount equal to the Executive's annual Base Salary in effect as of the Termination Date;

(3) if Executive elects to continue to participate in the Company's medical insurance program as allowed by law pursuant to the plan's terms and conditions, in installments over twelve (12) months contemporaneously with the payments described in Section 9(a)(2), an amount equal to the difference between: (a) the monthly (or bi-monthly, if applicable) premium cost under COBRA of such participation; and (b) the monthly (or bi-monthly, if applicable) premium cost of such participation at the time of Executive's termination of employment; provided, however, that notwithstanding the foregoing, the Company shall not be obligated to provide such benefits if Executive becomes employed by another employer and is covered or permitted to be covered by that employer's benefit plans without regard to the extent of such coverage; and

(4) In the event that the payments under Section 9(a)(2) are not deemed to be "deferred compensation" under Section 409A of the Code (as defined below), the Company may, at any time and in its sole discretion, make a lump sum payment of all amounts, or all remaining amounts, due to Executive under Section 9(a)(2).

(b) To the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other accrued amounts or accrued benefits required to be paid or provided or which Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company (such other amounts and benefits shall be referred to in this Agreement as the "Other Benefits").

10. CHANGE IN CONTROL.

Contemporaneously with entering into this Agreement, the Company and the Executive have entered into an Employee Retention Agreement that sets forth the benefits that Executive is to receive in the event that there occurs a Change in Control (as defined in the Executive Retention Agreement) of the Company. In the event of the termination of employment of Executive after a Change in Control, Executive's benefits shall be determined by reference to the Executive Retention Agreement and not to the terms and conditions of this Agreement.

11. COSTS OF ENFORCEMENT.

If either party brings suit to compel performance of, to interpret, or to recover damages for the breach of this Agreement, the finally prevailing party shall be entitled to reasonable attorneys' fees in addition to costs and necessary disbursements otherwise recoverable.

12. PUBLICITY; NO DISPARAGING STATEMENT.

Executive and the Company covenant and agree that they shall not engage in any communications which shall disparage one another or interfere with their existing or prospective business relationships.

13. BUSINESS PROTECTION PROVISIONS.

13.1 Preamble. As a material inducement to the Company to enter into this Agreement, and its recognition of the valuable experience, knowledge and proprietary information Executive gained from her employment with the Company, Executive warrants and agrees she will abide by and adhere to the following business protection provisions in this Article 13 and all sections thereof.

13.2 Definitions. For purposes of this Article 13 and all sections thereof, the following terms shall have the following meanings:

(a) “Competitive Position” shall mean any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between the Executive and any person or Entity engaged wholly or in material part in the restaurant or retail business that is the same or similar to that in which the Company or any of its affiliates (collectively the “Cracker Barrel Entities”) is engaged whereby Executive is required to or does perform services on behalf of or for the benefit of such person or Entity which are substantially similar to the services in which Executive participated or that she directed or oversaw while employed by the Company. Without limiting the generality of the foregoing, the following companies and concepts would be included within those that would be deemed the same or similar to Cracker Barrel Entities and or the businesses in which the Cracker Barrel Entities are engaged: Applebee’s Restaurants, Bob Evans Farms, Brinker International, Cheesecake Factory, Inc., Darden Restaurants, Inc., Denny’s Restaurants, DineEquity, O’Charley’s, and Outback Steakhouse.

(b) “Confidential Information” shall mean the proprietary or confidential data, information, documents or materials (whether oral, written, electronic or otherwise) belonging to or pertaining to the Cracker Barrel Entities, other than “Trade Secrets” (as defined below), which is of tangible or intangible value to any of the Cracker Barrel Entities and the details of which are not generally known to the competitors of the Cracker Barrel Entities. Confidential Information shall also include: any items that any of the Cracker Barrel Entities have marked “CONFIDENTIAL” or some similar designation or are otherwise identified as being confidential.

(c) “Entity” or “Entities” shall mean any business, individual, partnership, joint venture, agency, governmental agency, body or subdivision, association, firm, corporation, limited liability company or other entity of any kind.

(d) “Restricted Period” shall mean eighteen (18) months following termination of Executive’s employment hereunder; provided, however that the Restricted Period shall be extended for a period of time equal to any period(s) of time within the eighteen (18) month period following termination of Executive’s employment hereunder that Executive is determined by a final non-appealable judgment from a court of competent jurisdiction to have engaged in any conduct that violates this Article 13 or any sections thereof, the purpose of this provision being to secure for the benefit of the Company the entire Restricted Period being bargained for by the Company for the restrictions upon the Executive’s activities.

(e) “Territory” shall mean each of the United States of America.

(f) “Trade Secrets” shall mean information or data of or about any of the Cracker Barrel Entities, including, but not limited to, technical or non-technical data, recipes, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans or lists of actual or potential suppliers that: (1) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; and (3) any other information which is defined as a "trade secret" under applicable law.

(g) "Work Product" shall mean all tangible work product, property, data, documentation, "know-how," concepts or plans, inventions, improvements, techniques and processes relating to the Cracker Barrel Entities that were conceived, discovered, created, written, revised or developed by Executive during the term of her employment with the Company.

13.3 Nondisclosure; Ownership of Proprietary Property.

(a) In recognition of the need of the Cracker Barrel Entities to protect their legitimate business interests, Confidential Information and Trade Secrets, Executive hereby covenants and agrees that Executive shall regard and treat Trade Secrets and all Confidential Information as strictly confidential and wholly-owned by the Cracker Barrel Entities and shall not, for any reason, in any fashion, either directly or indirectly, use, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, reproduce, copy, misappropriate or otherwise communicate any such item or information to any third party or Entity for any purpose other than in accordance with this Agreement or as required by applicable law, court order or other legal process: (i) with regard to each item constituting a Trade Secret, at all times such information remains a "trade secret" under applicable law, and (ii) with regard to any Confidential Information, for the Restricted Period.

(b) Executive shall exercise best efforts to ensure the continued confidentiality of all Trade Secrets and Confidential Information, and she shall immediately notify the Company of any unauthorized disclosure or use of any Trade Secrets or Confidential Information of which Executive becomes aware. Executive shall assist the Cracker Barrel Entities, to the extent necessary, in the protection of or procurement of any intellectual property protection or other rights in any of the Trade Secrets or Confidential Information.

(c) All Work Product shall be owned exclusively by the Cracker Barrel Entities. To the greatest extent possible, any Work Product shall be deemed to be "work made for hire" (as defined in the Copyright Act, 17 U.S.C.A. § 101 et seq., as amended), and Executive hereby unconditionally and irrevocably transfers and assigns to applicable Cracker Barrel Entity all right, title and interest Executive currently has or may have by operation of law or otherwise in or to any Work Product, including, without limitation, all patents, copyrights, trademarks (and the goodwill associated therewith), trade secrets, service marks (and the goodwill associated therewith) and other intellectual property rights. Executive agrees to execute and deliver to the applicable Cracker Barrel Entity any transfers, assignments, documents or other instruments which the Company may deem necessary or appropriate, from time to time, to protect the rights granted herein or to vest complete title and ownership of any and all Work Product, and all associated intellectual property and other rights therein, exclusively in the applicable Cracker Barrel Entity.

13.4 Non-Interference With Executives.

Executive recognizes and acknowledges that, as a result of her employment by Company, she will become familiar with and acquire knowledge of confidential information and certain other information regarding the other executives and employees of the Cracker Barrel Entities. Therefore, Executive agrees that, during the Restricted Period, Executive shall not encourage, solicit or otherwise attempt to persuade any person in the employment of the Cracker Barrel Entities to end her/her employment with a Cracker Barrel Entity or to violate any confidentiality, non-competition or employment agreement that such person may have with a Cracker Barrel Entity or any policy of any Cracker Barrel Entity. Furthermore, neither Executive nor any person acting in concert with the Executive nor any of Executive's affiliates shall, during the Restricted Period, employ any person who has been an executive or management employee of any Cracker Barrel Entity unless that person has ceased to be an employee of the Cracker Barrel Entities for at least six (6) months.

13.5 Non-competition.

Executive covenants and agrees to not obtain or work in a Competitive Position within the Territory during the Term or during the Restricted Period. Executive and Company recognize and acknowledge that the scope, area and time limitations contained in this Agreement are reasonable and are properly required for the protection of the business interests of Company due to Executive's status and reputation in the industry and the knowledge to be acquired by Executive through her association with Company's business and the public's close identification of Executive with Company and Company with Executive. Further, Executive acknowledges that her skills are such that she could easily find alternative, commensurate employment or consulting work in her field that would not violate any of the provisions of this Agreement. Executive acknowledges and understands that, as consideration for her execution of this Agreement and her agreement with the terms of this covenant not to compete, Executive will receive employment with and other benefits from the Company in accordance with this Agreement.

13.6 Remedies.

Executive understands and acknowledges that her violation of this Article 13 or any section thereof would cause irreparable harm to Company and Company would be entitled to an injunction by any court of competent jurisdiction enjoining and restraining Executive from any employment, service, or other act prohibited by this Agreement. The parties agree that nothing in this Agreement shall be construed as prohibiting Company from pursuing any remedies available to it for any breach or threatened breach of this Article 13 or any section thereof, including, without limitation, the recovery of damages from Executive or any person or entity acting in concert with Executive. Company shall receive injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived by Executive. If any part of this Article 13 or any section thereof is found to be unreasonable, then it may be amended by appropriate order of a court of competent jurisdiction to the extent deemed reasonable. Furthermore and in recognition that certain severance payments are being agreed to in reliance upon Executive's compliance with this Article 13 after termination of her employment, in the event Executive breaches any of such business protection provisions or other provisions of this Agreement, any unpaid amounts (*e.g.*, those provided under Section 9(a)(2) and 9(a)(3)) shall be forfeited and Company shall not be obligated to make any further payments or provide any further benefits to Executive following any such breach. Additionally, if Executive breaches any of such business protection provisions or other provisions of this Agreement or such provisions are declared unenforceable by a court of competent jurisdiction, any lump sum payment made pursuant to Section 9(a)(4) shall be refunded by the Executive on a pro-rata basis based upon the number of months during the Restricted Period during which she violated the provisions of this section or, in the event such provisions are declared unenforceable, the number of months during the Restricted Period that the Company did not receive their benefit as a result of the actions of the Executive.

14. RETURN OF MATERIALS.

Upon Executive's termination, or at any point after that time upon the specific request of the Company, Executive shall return to the Company all written or descriptive materials of any kind belonging or relating to the Company or its affiliates, including, without limitation, any originals, copies and abstracts containing any Work Product, intellectual property, Confidential Information and Trade Secrets in Executive's possession or control.

15. SECTION 409A.

Notwithstanding anything in this Agreement to the contrary, the severance payment pursuant to Section 9, if any, to the extent such payments are made following the Executive's termination date through March 15 of the calendar year following such termination, are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Department of Treasury Regulations (the "Treasury Regulations") and thus are payable pursuant to the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations. To the extent such payments are made following said March 15, such severance payments are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations made upon an involuntary termination from services and payable pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations, to the maximum extent permitted by said provisions, with any excess amount being regarded as subject to the distribution requirements of Section 409A(a)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, any payment or benefit due upon a termination of Executive's employment that represents a "deferral of compensation" within the meaning of Section 409A of the Code shall only be paid or provided to Executive once her termination of employment qualifies as a "separation from service." Executive agrees that the Company shall have the right to delay the payment of any severance amount payable hereunder to the extent necessary or appropriate to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "key employees" of certain publicly-traded companies) and in such event, any such amounts to which Executive would otherwise be entitled during the six (6)-month period immediately following his separation from service will be paid on the first business day following the expiration of such six (6)-month period, or such other period as provided for under final guidance promulgated under Section 409A of the Code. Neither the Company nor Executive shall have the right to accelerate any payment of severance payments hereunder. Finally, amounts or benefits payable under this Agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Sections 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Treasury Regulation Section 1.409A-1 through A-6. The payment or reimbursement of expenses in Section 9 in one taxable year shall not affect the amount of the payment of such expenses provided to or on behalf of Executive in any other taxable year. Any payment or reimbursement of expenses provided for in such sections shall be paid on or before the last day of Executive's taxable year following the taxable year in which the expense was incurred. The right to payment of such expenses under such sections may not be liquidated or exchanged for any other benefit.

16. GENERAL PROVISIONS.

16.1 Amendment. This Agreement may be amended or modified only by a writing signed by both of the parties hereto.

16.2 Binding Agreement. This Agreement shall inure to the benefit of and be binding upon Executive, her heirs and personal representatives, and the Company and its successors and assigns.

16.3 Waiver Of Breach; Specific Performance. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other breach. Each of the parties to this Agreement will be entitled to enforce its or her rights under this Agreement, specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in its or her favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its or her sole discretion apply to any court of law or equity of competent jurisdiction for specific performance or injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

16.4 Indemnification and Insurance. The Company shall indemnify and hold the Executive harmless to the maximum extent permitted by law against judgments, fines, amounts paid in settlement and reasonable expenses, including reasonable attorneys' fees incurred by the Executive, in connection with the defense of, or as a result of any action or proceeding (or any appeal from any action or proceeding) in which the Executive is made or is threatened to be made a party by reason of the fact that she is or was an officer of the Company or any affiliate. In addition, the Company agrees that the Executive is and shall continue to be covered and insured up to the maximum limits provided by all insurance which the Company maintains to indemnify its directors and officers (and to indemnify the Company for any obligations which it incurs as a result of its undertaking to indemnify its officers and directors) and that the Company will exert its best efforts to maintain such insurance, in not less than its present limits, in effect throughout the term of the Executive's employment.

16.5 No Effect On Other Arrangements. It is expressly understood and agreed that the payments made in accordance with this Agreement are in addition to any other benefits or compensation to which Executive may be entitled or for which she may be eligible, whether funded or unfunded, by reason of her employment with the Company including, without limitation, the Executive Retention Agreement referred to in Section 10. Notwithstanding the foregoing, the provisions in Sections 5 through 9 regarding benefits that the Executive will receive upon her employment being terminated supersede and are expressly in lieu of any other severance program or policy that may be offered by the Company, except with regard to any rights the Executive may have pursuant to COBRA.

16.6 Continuation of Compensation. If Executive becomes entitled to payments under Section 8 or Section 9 but dies before receipt thereof, the Company agrees to pay to the Executive's spouse or her estate, as the case may be, pursuant to such designation as Executive shall deliver to the Company in a form reasonably satisfactory to the Company, any amounts to which Executive, at the time of her death, was so entitled.

16.7 Tax Withholding. There shall be deducted from each payment under this Agreement the amount of any tax required by any governmental authority to be withheld and paid over by the Company to such governmental authority for the account of Executive.

16.8 Notices. All notices and all other communications provided for herein shall be in writing and delivered personally to the other designated party, or mailed by certified or registered mail, return receipt requested, or delivered by a recognized national overnight courier service, or sent by facsimile, as follows:

If to Company to: Cracker Barrel Old Country Store, Inc.
Attn: Chief Legal Officer
P.O. Box 787
Lebanon, TN 37088-0787

Facsimile: (615) 443-9818

If to Executive to: Executive's most recent address on file with the Company.

Copy to: Boies, Schiller & Flexner, LLP
575 Lexington Avenue, 7th Floor
New York, NY 10022
Attn: Robert M. Lia, Esq.

All notices sent under this Agreement shall be deemed given twenty-four (24) hours after sent by facsimile or courier, seventy-two (72) hours after sent by certified or registered mail and when delivered if personal delivery. Either party hereto may change the address to which notice is to be sent hereunder by written notice to the other party in accordance with the provisions of this Section.

16.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee (without giving effect to conflict of laws).

16.10 Entire Agreement. This Agreement contains the full and complete understanding of the parties hereto with respect to the subject matter contained herein and this Agreement supersedes and replaces any prior agreement, either oral or written, which Executive may have with Company that relates generally to the same subject matter.

16.11 Assignment. This Agreement may not be assigned by Executive without the prior written consent of Company, and any attempted assignment not in accordance herewith shall be null and void and of no force or effect.

16.12 Severability. If any one or more of the terms, provisions, covenants or restrictions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, then the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect, and to that end the provisions hereof shall be deemed severable.

16.13 Section Headings. The Section headings set forth herein are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement whatsoever.

16.14 Interpretation. Should a provision of this Agreement require judicial interpretation, it is agreed that the judicial body interpreting or construing the Agreement shall not apply the assumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party which itself or through its agents prepared the agreement, it being agreed that all parties and/or their agents have participated in the preparation hereof.

16.15 Mediation. Except as provided in subsection (c) of this Section 16.15, the following provisions shall apply to disputes between Company and Executive: (i) arising out of or related to this Agreement (including any claim that any part of this agreement is invalid, illegal or otherwise void or voidable), or (ii) the employment relationship that exists between Company and Executive:

(a) The parties shall first use their best efforts to discuss and negotiate a resolution of the dispute.

(b) If efforts to negotiate a resolution do not succeed within 5 business days after a written request for negotiation has been made, a party may submit to the dispute to mediation by sending a letter to the other party requesting mediation. The dispute shall be mediated by a mediator agreeable to the parties or, if the parties cannot agree, by a mediator selected by the American Arbitration Association. If the parties cannot agree to a mediator within 5 business days, either party may submit the dispute to the American Arbitration Association for the appointment of a mediator. Mediation shall commence within 10 business days after the mediator has been named.

(c) The provisions of this Section 16.15 shall not apply to any dispute relating to the ability of the Company to terminate Executive’s employment pursuant to Section 5 or Section 9 of this Agreement nor shall they apply to any action by the Company seeking to enforce its rights arising out of or related to the provisions of Article 13 of this Agreement.

16.16 Voluntary Agreement. Executive and Company represent and agree that each has reviewed all aspects of this Agreement, has carefully read and fully understands all provisions of this Agreement, and is voluntarily entering into this Agreement. Each party represents and agrees that such party has had the opportunity to review any and all aspects of this Agreement with legal, tax or other adviser(s) of such party’s choice before executing this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed, or caused their duly authorized representative to execute, this Agreement as of the date and year first above written.

CRACKER BARREL OLD COUNTRY STORE, INC.

By: /s/ Michael A. Woodhouse
Michael A. Woodhouse
Chairman and CEO

"**EXECUTIVE**"

/s/ Sandra B. Cochran
Sandra B. Cochran

RELEASE

THIS RELEASE ("Release") is made and entered into by and between SANDRA B. COCHRAN ("Employee") and CRACKER BARREL OLD COUNTRY STORE, INC. and its successor or assigns ("Company").

WHEREAS, Employee and Company have agreed that Employee's employment with the Company shall terminate on ______________________;

WHEREAS, Employee and the Company have previously entered into that certain Employment Agreement, dated "Effective Date TBD" ("Agreement"), and this Release is incorporated therein by reference;

WHEREAS, Employee and Company desire to delineate their respective rights, duties and obligations attendant to such termination and desire to reach an accord and satisfaction of all claims arising from Employee's employment, and her termination of employment, with appropriate releases, in accordance with the Agreement;

WHEREAS, the Company desires to compensate Employee in accordance with the Agreement for service she has or will provide for the Company;

NOW, THEREFORE, in consideration of the premises and the agreements of the parties set forth in this Release, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby covenant and agree as follows:

1. Claims Released Under This Agreement. In exchange for receiving the severance benefits described in Section 8 or Section 9 of the Agreement and except as provided in Section 2 below, Employee hereby voluntarily and irrevocably waives, releases, dismisses with prejudice, and withdraws all claims, complaints, suits or demands of any kind whatsoever (whether known or unknown) which Employee ever had, may have, or now has against Company and other current or former subsidiaries or affiliates of the Company and their past, present and future officers, directors, employees, agents, insurers and attorneys (collectively, the "Releasees"), arising out of or relating to (directly or indirectly) Employee's employment or the termination of her employment with the Company, including but not limited to:

(a) claims for violations of Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Fair Labor Standards Act, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Equal Pay Act, the Family and Medical

Leave Act, 42 U.S.C. § 1981, the National Labor Relations Act, the Labor Management Relations Act, Executive Order 11246, Executive Order 11141, the Rehabilitation Act of 1973, or the Employee Retirement Income Security Act;

(b) claims for violations of any other federal or state statute or regulation or local ordinance;

(c) claims for lost or unpaid wages, compensation, or benefits, defamation, intentional or negligent infliction of emotional distress, assault, battery, wrongful or constructive discharge, negligent hiring, retention or supervision, misrepresentation, conversion, tortious interference, breach of contract, or breach of fiduciary duty;

(d) claims to benefits under any bonus, severance, workforce reduction, early retirement, outplacement, or any other similar type plan sponsored by the Company; or

(e) any other claims under state law arising in tort or contract.

2. Claims Not Released Under This Agreement. In signing this Release, Employee is not releasing any claims that may arise under the terms of the Agreement, that enforce her rights under the Agreement, that arise out of events occurring after the date Employee executes this Release, that arise under any written non-employment related contractual obligations between the Company or its affiliates and Employee which have not terminated as of the execution date of this Release by their express terms, that arise under a policy or policies of insurance (including director and officer liability insurance) maintained by the Company or its affiliates on behalf of Employee, or that relate to any indemnification obligations to Employee under the Company's bylaws, certificate of incorporation, Tennessee law or otherwise. However, Employee understands and acknowledges that nothing herein is intended to or shall be construed to require the Company to institute or continue in effect any particular plan or benefit sponsored by the Company and the Company hereby reserves the right to amend or terminate any of its benefit programs at any time in accordance with the procedures set forth in such plans. Nothing in this Agreement shall prohibit Employee from engaging in protected activities under applicable law or from communicating, either voluntarily or otherwise, with any governmental agency concerning any potential violation of the law.

3. No Assignment of Claim. Employee represents that she has not assigned or transferred, or purported to assign or transfer, any claims or any portion thereof or interest therein to any party prior to the date of this Release.

4. No Admission Of Liability. This Release shall not in any way be construed as an admission by the Company or Employee of any improper actions or liability whatsoever as to one another, and each specifically disclaims any liability to or improper actions against the other or any other person, on the part of itself or herself, its or her employees or agents.

5. Voluntary Execution. Employee warrants, represents and agrees that she has been encouraged in writing to seek advice from anyone of her choosing regarding this Release, including her attorney and accountant or tax advisor prior to her signing it; that this Release

represents written notice to do so; that she has been given the opportunity and sufficient time to seek such advice; and that she fully understands the meaning and contents of this Release. She further represents and warrants that she was not coerced, threatened or otherwise forced to sign this Release, and that her signature appearing hereinafter is voluntary and genuine. **EMPLOYEE UNDERSTANDS THAT SHE MAY TAKE UP TO TWENTY-ONE (21) DAYS TO CONSIDER WHETHER OR NOT SHE DESIRES TO ENTER INTO THIS RELEASE.**

6. Ability to Revoke Agreement. **EMPLOYEE UNDERSTANDS THAT SHE MAY REVOKE THIS RELEASE BY NOTIFYING THE COMPANY IN WRITING OF SUCH REVOCATION WITHIN SEVEN (7) DAYS OF HER EXECUTION OF THIS RELEASE AND THAT THIS RELEASE IS NOT EFFECTIVE UNTIL THE EXPIRATION OF SUCH SEVEN (7) DAY PERIOD. SHE UNDERSTANDS THAT UPON THE EXPIRATION OF SUCH SEVEN (7) DAY PERIOD THIS RELEASE WILL BE BINDING UPON HER AND HER HEIRS, ADMINISTRATORS, REPRESENTATIVES, EXECUTORS, SUCCESSORS AND ASSIGNS AND WILL BE IRREVOCABLE**.

ACKNOWLEDGED AND AGREED TO:

"COMPANY"
Cracker Barrel Old Country Store, Inc.

By: ______________________________
Its: ______________________________

I UNDERSTAND THAT BY SIGNING THIS RELEASE, I AM GIVING UP RIGHTS I MAY HAVE. I UNDERSTAND THAT I DO NOT HAVE TO SIGN THIS RELEASE.

“EMPLOYEE”

_____________________________ _________________________
Sandra B. Cochran Date

EXHIBIT 31.1

CERTIFICATION

I, Michael A. Woodhouse, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cracker Barrel Old Country Store, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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: June 8, 2009

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

EXHIBIT 31.2 CERTIFICATION

I, Sandra B. Cochran, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cracker Barrel Old Country Store, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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: June 8, 2009

/s/Sandra B. Cochran
Sandra B. Cochran, Executive Vice President
and Chief Financial Officer

Exhibit 32.1

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 Cracker Barrel Old Country Store, Inc. (the “Issuer”) on Form 10-Q for the fiscal quarter ended May 1, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael A. Woodhouse, Chairman, 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: June 8, 2009

By: /s/Michael A. Woodhouse
Michael A. Woodhouse,
Chairman, President and Chief Executive Officer

Exhibit 32.2

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 Cracker Barrel Old Country Store, Inc. (the “Issuer”) on Form 10-Q for the fiscal quarter ended May 1, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sandra B. Cochran, Executive Vice President 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: June 8, 2009

By: /s/Sandra B. Cochran
Sandra B. Cochran,
Executive Vice President and Chief Financial Officer