SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 10-K

(Mark One)

[x] Annual Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934
For the fiscal year ended August 2, 2002

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No Fee Required)

For the transition period from ---------- to ----------

Commission file number
000-25225

# CBRL GROUP, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Tennessee | 62-1749513 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |
| Hartmann Drive, P.O. Box 787 | 37088-0787 |
| Lebanon, Tennessee | (Zip code) |
| (Address of principal executive offices) | |

Registrant's telephone number, including area code:

(615)444-5533

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

None

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

Common Stock
(Par Value $.01)

Common Stock Purchase Rights
(No Par Value)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes X No _

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

The aggregate market value of voting stock held by nonaffiliates of the registrant is $1,135,966,969 as of September 27, 2002. As of that date, there were 50,296,762 shares of common stock outstanding.

Documents Incorporated by Reference

| Document from which Portions are Incorporated by Reference | Part of Form 10-K into which incorporated |
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| 1. Annual Report to Shareholders for the fiscal year ended August 2, 2002 (the "2002 Annual Report") | Part II |
| 2. Proxy Statement for Annual Meeting of Shareholders to be held November 26, 2002 the "2002 Proxy Statement") | Part III |

Except for specific historical information, the matters discussed in this Form 10-K, as well as the 2002 Annual Report that is incorporated herein by reference, are forward-looking statements that involve risks, uncertainties and other factors which may cause actual results and performance of CBRL Group, Inc. to differ materially from those expressed or implied by those statements. All forward-looking information is provided by the Company pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. . Forward-looking statements generally can be identified by the use of forward-looking terminology such as "assumptions", "target", "guidance", "plans", "projection", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "potential", or "continue" (or the negative of each of these terms) or similar terminology. Factors which will affect actual results include, but are not limited to: adverse general economic conditions including uncertain consumer confidence effects on sales; the actual results of pending or threatened litigation or governmental investigations; changes in generally accepted accounting principles or in capital market conditions that could affect valuations of restaurant companies in general or the Company `s goodwill in particular; the effects of negative publicity; weather conditions and customer travel activity and retail buying trends; the effect of plans intended to improve operational execution and performance including retail logistics initiatives; commodity, workers' compensation, group health and utility price changes; the effects of increased competition at Company locations on sales and on labor recruiting, cost and retention; the ability of and cost to the Company to recruit, train and retain qualified restaurant hourly and management employees; the ability of the Company to identify successful new lines of retail merchandise; the availability and costs of acceptable sites for development; the acceptance of the Company's concepts as the Company continues to expand into new markets and geographic regions; changes in or implementation of additional governmental rules and regulations affecting accounting, wage and hour matters, health and safety, pensions and insurance; practical or psychological effects of terrorist acts or military or government responses; changes in interest rates affecting the Company's financing costs; income, payroll and other tax issues including changes in government policy, settlement of audits, and changes affecting the Company's ability to plan and structure its operations; other undeterminable areas of government or regulatory actions or regulations; and other factors described from time to time in the Company's filings with the Securities and Exchange Commission, press releases and other communications.

# PART I

## ITEM 1. BUSINESS

### OVERVIEW

CBRL Group, Inc. (the "Company") is a holding company that, through certain affiliates, is engaged in the operation and development of the Cracker Barrel Old Country Store(R) and Logan's Roadhouse(R) restaurant and retail concepts. The Company was organized under the laws of the state of Tennessee in August 1998.

### CONCEPTS

#### Cracker Barrel Old Country Store

Cracker Barrel Old Country Store, Inc. ("Cracker Barrel"), headquartered in Lebanon, Tennessee, through its various affiliates, as of October 25, 2002, operates 461 full service "country store" restaurants and gift shops, which are located in 41 states, primarily the southeast, midwest, mid-atlantic and southwest regions of the United States. Stores primarily are located along interstate highways, however, 48 stores are not located along the interstate highways, but instead are located near "tourist destinations" or are considered "off-interstate" stores by Cracker Barrel. These "off-interstate" stores represent a significant part of Cracker Barrel's efforts to expand the brand. Cracker Barrel intends to open approximately half of its new stores in fiscal 2003 along interstate highways as compared to 30% in fiscal 2002. The restaurants serve breakfast, lunch and dinner daily between the hours of 6:00 a.m. and 10:00 p.m. (11:00 p.m. on Fridays and Saturdays) and feature home style country cooking from Cracker Barrel's own recipes using quality ingredients and emphasizing authenticity. Menu items are moderately priced and include country ham, chicken, fish, roast beef, beans, turnip greens, vegetable plates, salads, sandwiches, pancakes, eggs, bacon, sausage and grits among other items. The restaurants do not serve alcoholic beverages. The stores are constructed in a rustic, country store design and feature a separate retail area offering a wide variety of decorative and functional items specializing in rocking chairs, holiday gifts and toys, apparel, cast iron cookware and foods, including various old fashioned candies and jellies among other things. Cracker Barrel stores are intended to appeal to both the traveler and the local customer and consistently have been a consumer favorite. Cracker Barrel was ranked as the top family dining chain for the twelfth consecutive year in the 2002 Restaurants & Institutions magazine "Choice in Chains" annual consumer survey.

Logan's Roadhouse
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Logan's Roadhouse, Inc. ("Logan's"), headquartered in Nashville, Tennessee, through its various affiliates, as of October 25, 2002, operates 89 Logan's Roadhouse restaurants and franchises an additional 12 Logan's restaurants in 17 states. Logan's restaurants feature steaks, ribs, chicken and seafood dishes among other items served in a distinctive atmosphere reminiscent of an American roadhouse of the 1930s and 1940s. The restaurants are open seven days a week for lunch and dinner and offer full bar service. Logan's serves lunch and dinner between the hours of 11:00 a.m. and 10:00 p.m. (11:00 p.m. on Fridays and Saturdays). The Logan's concept is designed to appeal to a broad range of customers by offering generous portions of moderately-priced, high quality food in a very casual, relaxed dining environment that is lively and entertaining. The fun atmosphere is enhanced by display cooking of grilled items and complimentary peanuts, which the guests are encouraged to enjoy and let the shells fall on the floor. Alcoholic beverages represented approximately 9% of Logan's net sales in fiscal 2002. The Logan's menu is designed to appeal to a wide variety of tastes, and emphasizes extra-aged, hand-cut USDA choice steaks and signature dishes such as baked sweet potatoes and made-from-scratch yeast rolls.

OPERATIONS

Cracker Barrel Old Country Store
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Store Format: The format of Cracker Barrel stores consists of a rustic, country-store style building. All stores are freestanding buildings. Store interiors are subdivided into a dining room consisting of approximately 30% of the total interior store space, and a retail shop consisting of approximately 22% of such space, with the balance primarily consisting of kitchen and storage areas. All stores have stone fireplaces, which burn wood where permitted. All are decorated with antique-style furnishings and other authentic and nostalgic items, similar to those used and sold in the past in original old country stores. The front porch of each store features a row of the signature Cracker Barrel rocking chairs that are used by guests waiting for a table and are sold in the retail shop. The kitchens contain modern food preparation and storage equipment allowing for flexibility in menu variety and development.

Products: Cracker Barrel's restaurants, which generated approximately 77% of Cracker Barrel's total revenue in fiscal 2002, offer home-style country cooking featuring Cracker Barrel's own recipes emphasizing authenticity and quality. The restaurants offer breakfast, lunch and dinner from a moderately-priced menu. Breakfast items can be ordered at any time throughout the day and include juices, eggs, pancakes, bacon, country ham, sausage, grits, and a variety of biscuit specialties, including gravy and biscuits and country ham and biscuits. Prices for a breakfast meal range from $1.99 to $7.99. Lunch and dinner items include country ham, chicken and dumplings, chicken fried chicken, meatloaf, country fried steak, pork chops, fish, steak, roast beef, vegetable plates, salads, sandwiches, soups and specialty items such as pinto beans and turnip greens. Lunches and dinners range in price from $2.99 to $13.99. The average check per customer for fiscal 2002 was $7.39. Cracker Barrel from time to time adjusts its prices. A price increase of less than 1% was instituted in February 2002.

The retail area of the stores, which generated approximately 23% of Cracker Barrel's total revenue in fiscal 2002, offers a wide variety of decorative and functional items such as rocking chairs, holiday gifts and toys, apparel, cast iron cookware, old-fashioned crockery, handcrafted figurines, a book-on-audio sale and exchange program and various other gift items, as well as various candies, preserves, smoked sausage, syrups and other food items. Many of the candy items, smoked bacon, jellies and jams, along with other high quality products, are sold under the "Cracker Barrel Old Country Store" brand name.

Product Development and Merchandising: Cracker Barrel maintains a product development department, which develops new and improved menu items in response either to shifts in customer preferences or to create customer interest. Cracker Barrel merchandising specialists are involved on a continuing basis in selecting and positioning merchandise in the retail shop with an overall nostalgic theme. Management believes that Cracker Barrel has adequate flexibility to meet future shifts in consumer preference on a timely basis. Coordinated seasonal promotions are used regularly in the restaurants and retail shops.

Store Management and Quality Controls: Cracker Barrel store management typically consists of a general manager, four associate managers and a retail manager who are responsible for approximately 100 employees on two shifts. The relative complexity of operating a Cracker Barrel requires an effective management team at the individual store level. As a motivation to store managers to improve sales and operational efficiency, Cracker Barrel has a bonus plan designed to provide store management with an opportunity to share in the profits of their store. Starting in fiscal 2000, Cracker Barrel implemented a supplemental bonus plan, providing managers an opportunity to earn an additional bonus based on achieving specific operational targets. Cracker Barrel also offers managers stock options based on their position and tenure. To assure that individual stores are operated at a high level of quality, Cracker Barrel emphasizes the selection and training of store managers. It also employs District Managers to support individual store managers and Regional Vice Presidents to support individual District Managers. Each District Manager's individual span of control typically is seven to eight individual restaurants, and Regional Vice Presidents support eight to ten District Managers. Each store is assigned to both a restaurant and a retail District Manager and each District is assigned to both a restaurant and a retail Regional Vice President. The various levels of restaurant and retail management work closely together.

The store management recruiting and training program begins with an evaluation and screening process. In addition to multiple interviews and background and experience verification, Cracker Barrel conducts testing which is designed to identify those applicants most likely to be best suited to manage store operations. Those candidates who successfully pass this screening process are then required to complete an 11-week training program consisting of eight weeks of in-store training and three weeks of training at Cracker Barrel's corporate facilities. This program allows new managers the opportunity to become familiar with Cracker Barrel operations, culture, management objectives, controls and evaluation criteria before assuming management responsibility. Cracker Barrel provides its managers with ongoing training through its various management development classes. Additionally, the Company is developing and implementing internet-based computer-assisted instruction capability to train both hourly and management staff consistently at all locations.

Purchasing and Distribution: Cracker Barrel negotiates directly with food vendors as to price and other material terms of most food purchases. Cracker Barrel is a party to a prime vendor contract with an unaffiliated distributor with custom distribution centers in Lebanon, Tennessee; McKinney, Texas; Gainesville, Florida; and Belcamp, Maryland. This vendor's contract pricing terms were adjusted in July 2000, and the contract will remain in effect until both parties mutually modify it in writing or until terminated by either Cracker Barrel or the distributor upon 180 days written notice to the other party. Cracker Barrel purchases the majority of its food products and restaurant supplies on a cost-plus basis through its unaffiliated distributor. The distributor is responsible for placing food orders and warehousing and delivering food products to Cracker Barrel's stores. Deliveries generally are made once per week to the individual stores. Certain perishable food items are purchased locally by Cracker Barrel stores.

Three food categories (beef, pork and poultry) account for the largest shares of Cracker Barrel's food purchasing expense at approximately 14%, 14% and 13% each, respectively. The single food item within these categories accounting for the largest share of Cracker Barrel's food purchasing expense is chicken tenderloin. Cracker Barrel presently purchases its beef through six vendors, pork through ten vendors, and poultry through ten vendors. Cracker Barrel purchases its chicken tenderloin through seven vendors. Should any food items from these vendors become unavailable, management is of the opinion that these food items could be obtained in sufficient quantities from other sources at competitive prices.

The majority of retail items (approximately 65% in fiscal 2002) are centrally purchased directly by Cracker Barrel from domestic and international retail vendors and warehoused at the Company's owned Lebanon distribution center. The distribution center fulfills retail item orders generated by Cracker Barrel's automated replenishment system and generally ships the retail orders once a week to the individual stores. Certain retail items, not centrally purchased and warehoused at the distribution center, are drop-shipped directly from Cracker Barrel's vendors to its stores. The distribution center is a 367,200 square foot warehouse facility with 36 foot ceilings and 170 bays, and includes an additional 13,800 square feet of office and maintenance space. The facility originally was built in 1993 and expanded in 1996.

On January 29, 2001, the Company entered into a new dedicated carriage agreement with an unaffiliated transportation company for the transportation of retail merchandise from the Cracker Barrel distribution center throughout the Cracker Barrel system. This agreement commenced on April 1, 2001 for a period of 60 months and is structured to facilitate the growth of Cracker Barrel's retail business over the term of the agreement, but is terminable by either party upon 180 days written notice to the other party. The transportation company or Cracker Barrel may terminate the agreement 90 days following notice of a breach that remains uncured.

Cost and Inventory Controls: Cracker Barrel's computer systems and various analysis tools are used to evaluate store operating information and provide management with reports to determine if any material variances in food costs, labor costs or operating expenses have occurred. Management also monitors individual store restaurant and retail sales on a daily basis and closely monitors sales mix, sales trends, operational costs and inventory levels. The information generated by the computer systems, analysis tools and monitoring processes are used to manage the operations of the store, replenish retail inventory levels and to facilitate retail purchasing decisions. These systems and processes also are used in the development of budget analyses and planning.

Guest Satisfaction: Cracker Barrel is committed to providing its guests a home-style, country-cooked meal, served with genuine hospitality in a comfortable environment, in a way that evokes memories of the past. The concept's commitment to offering guests a quality experience begins with its employees. Its mission statement, "Pleasing People", means all people, guests and employees alike, and the Company's employees are trained and reinforced on the importance in a culture of mutual respect. Cracker Barrel also is committed to staffing each store with an experienced management team to ensure attentive customer service and consistent food quality. Through the regular use of guest surveys and store visits by its District Managers and Regional Vice Presidents, management receives valuable feedback, which it uses in its ongoing efforts to improve the stores and to demonstrate Cracker Barrel's continuing commitment to pleasing its guests.

Marketing: Outdoor advertising (i.e., billboards) is the primary advertising medium utilized to reach consumers in the primary trade area for each Cracker Barrel store and also to reach interstate travelers and tourists. Outdoor advertising accounted for approximately 50% of advertising expenditures in fiscal 2002. In recent years Cracker Barrel has utilized other types of media, such as radio and print, in its core markets to maintain customer awareness, and outside of its core markets to increase name awareness and to build brand loyalty. Cracker Barrel defines its core markets based on geographic location, longevity in the market and name awareness in each market. Cracker Barrel plans to maintain its overall advertising spending at approximately 2% of Cracker Barrel's net sales in fiscal 2003, as it has since fiscal 2000. Outdoor advertising should continue to represent approximately 50% of advertising expenditures in fiscal 2003. New store locations generally are not advertised in the media until several weeks after they have been opened in order to give the staff time to adjust to local customer habits and traffic volume, after which time a full marketing plan is implemented.

Logan's Roadhouse
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Store Format: Logan's restaurants are constructed of rough-hewn cedar siding in combination with bands of corrugated metal outlined in red neon. Interiors are decorated with murals and other artifacts depicting scenes or billboard advertisements reminiscent of American roadhouses of the 1930s and 1940s, concrete and wooden planked floors and neon signs. The lively, upbeat, friendly, relaxed atmosphere seeks to appeal to families, couples, single adults and business persons. The restaurants feature display cooking and an old-fashioned meat counter displaying ribs and hand-cut steaks, and also include a spacious, comfortable bar area. While dining or waiting for a table, guests may eat complimentary roasted in-shell peanuts and toss the shells on the floor, and watch as cooks prepare steaks and other entrees on gas-fired mesquite grills.

Products: Logan's restaurants offer a wide variety of items designed to appeal to a broad range of consumer tastes. Specialty appetizers include hot wings "roadhouse-style", baby back ribs basket and "roadhouse" nachos. Logan's dinner menu features an assortment of specially seasoned USDA choice steaks, extra-aged, and cut by hand on premises. Guests also may choose from slow-cooked baby back ribs, seafood, mesquite grilled shrimp, mesquite grilled pork chops, grilled chicken and an assortment of hamburgers, salads and sandwiches. All dinner entrees include dinner salad, made-from-scratch yeast rolls and a choice of brown sugar and cinnamon sweet potato, baked potato, mashed potatoes, steamed vegetables, fries or rice pilaf at no additional cost. Logan's express lunch menu provides specially priced items to be served in less than 15 minutes. All lunch salads are served with made-from-scratch yeast rolls, and all lunch sandwiches are served with home-style potato chips at no additional cost. Prices range from $4.79 to $8.79 for lunch items and from $4.99 to $17.99 for dinner entrees. Logan's generally targets to achieve value parity or advantage relative to key competitors, especially on comparable menu items. The average check per customer for fiscal 2002 was $11.41. Logan's adjusts its prices from time to time and increased menu prices approximately 1% in July 2002. Approximately 9% of Logan's net sales in fiscal 2002 were from alcoholic beverages.

Product Development and Merchandising: Logan's strives to obtain consistent quality items at competitive prices from reliable sources. Logan's tests various new products in an effort to obtain the highest quality products possible and to be responsive to changing customer tastes. In order to maximize operating efficiencies and provide the freshest ingredients for its food products, purchasing decisions are made by Logan's corporate management. Management believes that Logan's has adequate flexibility to meet future shifts in consumer preference on a timely basis.

Restaurant Management and Quality Controls: Restaurant management typically consists of a general manager, one kitchen manager and four assistant managers who are responsible for approximately 75 hourly employees. Each restaurant employs a skilled meat-cutter to cut steaks from USDA choice beef. The general manager of each restaurant is responsible for the day-to-day operations of the restaurant, including maintaining the standards of quality and performance established by Logan's corporate management. The relative complexity of operating a Logan's restaurant requires an effective management team at the individual restaurant level. As a motivation to restaurant managers to increase revenues and operational efficiency, Logan's has a bonus plan that rewards managers for improving sales and profits, achieving Logan's standard of guest satisfaction as measured through the secret shopper program, and achieving key operating costs targets. Management believes that having five to six managers in its restaurants contributes to the attentive service and high quality food. Logan's restaurant management teams typically are comprised of two non-management employees promoted into management positions who therefore fully understand the Logan's concept, and three to four managers with high levels of previous management experience. To assure that individual restaurants are operated at a high level of quality, Logan's has Regional Managers to support individual restaurant managers, three Regional Directors and one Vice President of Operations to support individual Regional Managers. Each Regional Manager supports 4 to 5 individual restaurants, and each Regional Director supports 7 to 8 Regional Managers. Through regular visits to the restaurants, the Vice President of Operations, the Regional Directors and the Regional Managers ensure that the Logan's concept, strategy and standards of quality are being adhered to in all aspects of restaurant operations.

In November 2000 Logan's opened a modern training facility in Nashville, Tennessee to support and improve the training of new management candidates.

Logan's requires that its restaurant managers have significant experience in the full-service restaurant industry. All new managers are required to complete a comprehensive ten-week training course. This course is comprised of eight weeks of training at a Logan's restaurant and two weeks of classroom training conducted at the Logan's training facility in Nashville. The entire course emphasizes the Logan's operating strategy, procedures and standards. Logan's also has a specialized training program required for managers and hourly service employees on responsible alcohol service.

Purchasing and Distribution: Logan's negotiates directly with food vendors as to price and other material terms of most food purchases. Logan's purchases the majority of its food products and restaurant supplies on a cost-plus basis through the same unaffiliated distributor that is used by Cracker Barrel. The distributor is responsible for placing food orders and warehousing and delivering food products for Logan's restaurants. Certain perishable food items are purchased locally by the restaurants.

The single food category accounting for the largest share (approximately 35%) of Logan's food purchasing expense is beef. Steaks are hand-cut on the premises. Logan's presently purchases its beef through one supply contract. Should any beef items from this supplier become unavailable for any reason, management believes that such items could be obtained in sufficient quantities from other sources at competitive prices.

Cost and Inventory Controls: Management closely monitors sales, product costs and labor at each of its restaurants. Weekly restaurant operating results are analyzed by management to detect trends at each location, and negative trends are promptly addressed. Financial controls are maintained through management of an accounting and information management system that is implemented at the restaurant level. Administrative and management staff prepare daily reports of sales, labor and customer counts. On a weekly basis, condensed operating statements are compiled by the accounting department and provide management a detailed analysis of sales, product and labor costs, with a comparison to budget and prior year performance. These systems also are used in the development of budget analyses and planning.

Guest Satisfaction: Logan's is committed to providing its guests prompt, friendly, efficient service, keeping table-to-server ratios low and staffing each restaurant with an experienced management team to ensure attentive guest service and consistent food quality. Through the regular use of marketing research, guest feedback to the managers while in the restaurant and an independently run "secret shoppers" program, management receives valuable feedback, which it uses to improve restaurants and demonstrate a continuing interest in guest satisfaction.

Marketing: Logan's employs an advertising and marketing strategy designed to establish and maintain a high level of name recognition and to attract new customers. Logan's primarily uses radio advertising in selected markets. Management's goal is to develop a sufficient number of restaurants in certain markets to permit the cost-efficient use of television, radio and outdoor advertising. Logan's currently spends approximately 1.3% to 1.7% of its net sales on advertising. Logan's also engages in a variety of promotional activities, such as contributing time, money and complimentary meals to charitable, civic and cultural programs, in order to increase public awareness of Logan's restaurants. Logan's also has numerous tie-ins with the National Football League's Tennessee Titans, including two concession facilities (named "Logan's Landing") inside Nashville, Tennessee's Coliseum and various promotions during and around the games as well as other events, such as home football games for Tennessee State University. Additionally, Logan's peanuts are sold at the Gaylord Entertainment Center, home of the Nashville Predators of the National Hockey League.

Franchising: Prior to the Company acquiring Logan's Roadhouse, Inc., Logan's entered into three area development agreements and accompanying franchise agreements. Subsequent to the acquisition, Logan's terminated one of the area development agreements. Franchisees operate 12 Logan's restaurants in 4 states, and they have rights under the existing agreements, subject to development terms, conditions and timing requirements, to open up to 15 additional locations in those same states plus parts of Oregon. Certain of the agreements provide for the possible acquisition of the franchise locations by Logan's under specified terms. Management currently is not planning any other future franchising opportunities beyond the current development agreements.

EXPANSION

The Company opened the following 20 new Cracker Barrel stores in fiscal 2002:

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|---|---|---|
| Interstate 10 | (1) | Gulfport, Mississippi |
| Interstate 59 | (1) | Ft. Payne, Alabama |
| Interstate 75 | (1) | Dry Ridge, Kentucky |
| Interstate 275 | (1) | St. Petersburg, Florida |
| Interstate 385 | (1) | Simpsonville, South Carolina |
| Interstate 675 | (1) | Centerville, Ohio |
| Destination | (2) | Rehoboth Beach, Delaware and Destin, Florida |
| Off Interstate | (12) | Decatur and Mobile, Alabama; Clermont and Leesburg, Florida; Bloomington, Indiana; Danville, Kentucky; Mt. Laurel, New Jersey; Greenville, North Carolina; Sandusky, Ohio; Pittsburg, Pennsylvania; Greenwood, South Carolina; and Alcoa, Tennessee |

The Company plans to open 23 new Cracker Barrel stores during fiscal 2003, of which the following four of those stores are already open:

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| Interstate 40 | (1) | Morrisville, North Carolina |
| Interstate 275 | (1) | Milford, Ohio |
| Off Interstate | (2) | Tampa, Florida and Athens, Georgia |

The Company opened the following 9 new Logan's restaurants in fiscal 2002:

| | | |
|---|---|---|
| Indiana | (2) | Evansville and Mishawaka |
| Ohio | (2) | Mansfield and Reynoldsburg |
| Michigan | (1) | Grandville |
| Mississippi | (1) | Tupelo |
| Missouri | (1) | Cape Girardeau |
| Tennessee | (1) | Gallatin |
| Virginia | (1) | Lynchburg |

The Company plans to open twelve new Logan's restaurants during fiscal 2003, of which the following five restaurants are already open:

| | | |
|---|---|---|
| Tennessee | (2) | Chattanooga and Smyrna |
| Indiana | (1) | Ft. Wayne |
| Michigan | (1) | Walker |
| Texas | (1) | Beaumont |

Prior to committing to a new location, Cracker Barrel and Logan's perform extensive reviews of various available sites, gathering cost, demographic, traffic and other data. This information is analyzed by computer models to help with the decision on building at a new location. Cracker Barrel and Logan's utilize in-house engineers to consult on architectural plans, develop engineering plans and oversee new construction. Cracker Barrel and Logan's are currently engaged in the process of seeking and selecting new sites, negotiating purchase or lease terms and developing chosen sites.

It traditionally has been the Company's strategy to own its properties. However, on July 31, 2000, the Company's Cracker Barrel subsidiary completed a sale-leaseback transaction involving 65 of its owned Cracker Barrel stores, and in recent years it has made greater use of ground leases for real estate acquisitions. The sale-leaseback transaction was for an initial term of 21 years plus up to 20 additional years of options. New leases typically have base terms of ten to fifteen years with renewal options at pre-determined rates for another fifteen to twenty years. Of the 461 Cracker Barrel stores open as of October 25, 2002, the Company owns 344, while the other 117 properties are either ground leases or ground and building leases. Based on recent and projected new store development, the average cost for a new Cracker Barrel store is approximately $850,000 to $1,025,000 for land on purchased sites and development cost of $2,200,000 to $2,300,000, including approximately $610,000 in furniture, fixtures and equipment. In addition, approximately $320,000 is budgeted for pre-opening expenses. The current Cracker Barrel store prototype is approximately 10,000 square feet with 194 seats in the restaurant and 2,200 square feet in the retail gift shop. The Company typically projects that a new Cracker Barrel store will generate annual sales of approximately $4,150,000 to $4,200,000 and mature operating cash flow before rent of approximately 19% of sales. The Company plans, for the foreseeable future, to open a higher percentage of leased units than purchased units.

Of the 101 Logan's restaurants open as of October 25, 2002, 12 are franchised restaurants. Of the remaining 89 Logan's restaurants, the Company owns 49. The other 41 restaurants are ground leases. The average cost for a new Logan's, based on recent and projected new restaurant development, is approximately $750,000 to $900,000 for land on purchased sites and $2,000,000 to $2,200,000 for development cost, including approximately $510,000 in furniture, fixtures and equipment. In addition, pre-opening expenses of approximately $130,000 are budgeted. The current Logan's restaurant prototype is approximately 8,060 square feet with 277 seats, including 19 seats at the bar. The Company typically projects annual sales for a new Logan's restaurant of approximately $3,000,000 to $3,100,000 and mature operating cash flow before rent of approximately 20% of sales. The Company's plans reflect a higher percentage of leased units than purchased units for the foreseeable future.

EMPLOYEES

As of August 2, 2002, CBRL Group, Inc. employed 21 people, of whom 8 were in advisory and supervisory capacities, and 6 were officers of the Company. Cracker Barrel employed 53,667 people, of whom 405 were in advisory and supervisory capacities, 2,790 were in store management positions and 28 were officers. Logan's employed 7,209 people, of whom 54 were in advisory and supervisory capacities, 482 were in restaurant management positions and 4 were officers. Many of the restaurant personnel are employed on a part-time basis. Competition for and availability of qualified new employees has become more difficult in recent years, contributing to increases in store labor expenses. None of the employees of the Company or its subsidiaries are represented by any union, and management considers its employee relations to be good.

COMPETITION

The restaurant business is highly competitive and often is affected by changes in the taste and eating habits of the public, local and national economic conditions affecting spending habits, and population and traffic patterns. Restaurant industry segments overlap and often provide competition for widely diverse restaurant concepts. In exceptionally good economic times, consumers can be expected to patronize a broader range of restaurants and the breadth of competition at different restaurant segments is likewise increased. The principal basis of competition in the industry is the quality, variety and price of the food products offered. Site selection, quality and speed of service, advertising and the attractiveness of facilities are also important.

There are many restaurant companies catering to the public some of which are substantially larger and have greater financial and marketing resources than those of the Company and which compete directly and indirectly in all areas in which the Company operates.

TRADEMARKS

Cracker Barrel through its affiliate, CBOCS General Partnership, owns certain registered copyrights and trademarks relating to the name "Cracker Barrel Old Country Store", as well as its logo, menus, designs of buildings, general trade dress and other aspects of operations. Logan's owns or has applied for certain registered copyrights and trademarks relating to the name "Logan's Roadhouse", as well as its logo, menus, designs of buildings, general trade dress and other aspects of operations. The Company believes that the use of these names have value in maintaining the atmosphere and public acceptance of its mode of operations. The Company's policy is to obtain registration of its copyrights and trademarks whenever possible and to pursue vigorously any infringement of its copyrights and trademarks.

RESEARCH AND DEVELOPMENT

While research and development are important to the Company, these expenditures have not been material due to the nature of the restaurant and retail industry.

SEASONAL ASPECTS

Historically the profits of the Company have been lower in the second fiscal quarter than in the first and third fiscal quarters and highest in the fourth fiscal quarter. Management attributes these variations primarily to the decrease in interstate tourist traffic during the winter months and the increase in interstate tourist traffic during the summer months. In the second quarter of fiscal 2002, the Company benefited from unusually mild winter weather. The Company's retail sales historically have been highest in the Company's second fiscal quarter, which includes the Christmas holiday season.

SEGMENT REPORTING

The Company has one reportable segment. See Notes 2 and 8 to the consolidated financial statements contained in the 2002 Annual Report incorporated by reference in Part II of this Annual Report on Form 10-K for more information on segment reporting.

WORKING CAPITAL

In the restaurant industry, substantially all sales are either for cash or credit card. Like most other restaurant companies, the Company is able to, and may from time to time, operate with negative working capital. Restaurant inventories purchased through the Company's principal food distributor now are on terms of net zero days, while restaurant inventories purchased locally generally are financed from normal trade credit. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through letters of credit and wire transfers. These various trade terms are aided by rapid turnover of the restaurant inventory.

ITEM 2. PROPERTIES

The Company's corporate headquarters are located on approximately 10 acres of land owned by the Company in Lebanon, Tennessee. The Company utilizes 10,000 square feet of office space for its corporate headquarters.

The Cracker Barrel Old Country Store, Inc. corporate headquarters and warehouse facilities are located on approximately 120 acres of land owned by Cracker Barrel Old Country Store, Inc. in Lebanon, Tennessee. Cracker Barrel utilizes approximately 110,000 square feet of office space for its corporate headquarters and decorative fixtures warehouse and 367,200 square feet of warehouse facilities and an additional 13,800 square feet of office and maintenance space for its retail distribution center.

The Logan's Roadhouse, Inc. corporate headquarters and training facility are located in approximately 31,000 square feet of office space in Nashville, Tennessee, under a lease expiring on April 1, 2010.

Cracker Barrel Old Country Store, Inc. opened a retail-only mall store, named "The Store," in a regional mall in Nashville, Tennessee in July 1999 to test this growth opportunity to leverage the Cracker Barrel's merchandising and logistical expertise. The retail-only mall store is leased and is presently considered a research and development site.

In addition to the various corporate facilities, 20 properties owned or leased for future development, Cracker Barrel's retail-only mall store and 12 parcels of excess real property and improvements including two leased properties, which the Company intends to dispose of, the Company owns or leases the following Cracker Barrel and Logan's store properties as of October 25, 2002:

| State | Cracker Barrel Owned | Cracker Barrel Leased | Logan's Owned | Logan's Leased | Combined Owned | Combined Leased |
|---|---|---|---|---|---|---|
| Tennessee | 29 | 10 | 11 | 4 | 40 | 14 |
| Florida | 34 | 4 | 4 | 1 | 38 | 5 |
| Texas | 23 | 4 | 6 | 10 | 29 | 14 |
| Georgia | 23 | 6 | 5 | 2 | 28 | 8 |
| Ohio | 20 | 8 | 1 | 2 | 21 | 10 |
| Indiana | 17 | 5 | 5 | 3 | 22 | 8 |
| Alabama | 14 | 8 | 5 | 2 | 19 | 10 |
| Kentucky | 16 | 8 | - | 5 | 16 | 13 |
| North Carolina | 19 | 6 | - | - | 19 | 6 |
| Michigan | 13 | 2 | 2 | 6 | 15 | 8 |
| Virginia | 15 | 1 | 6 | 1 | 21 | 2 |
| Illinois | 21 | 1 | - | - | 21 | 1 |
| South Carolina | 11 | 6 | - | - | 11 | 6 |
| Pennsylvania | 8 | 7 | - | - | 8 | 7 |
| Louisiana | 7 | 2 | 3 | 2 | 10 | 4 |
| Missouri | 11 | 2 | - | 1 | 11 | 3 |
| Mississippi | 8 | 3 | - | 1 | 8 | 4 |
| Arkansas | 4 | 6 | - | - | 4 | 6 |
| Arizona | 2 | 7 | - | - | 2 | 7 |
| New York | 7 | 1 | - | - | 7 | 1 |
| West Virginia | 3 | 4 | - | 1 | 3 | 5 |
| Oklahoma | 4 | 2 | - | - | 4 | 2 |
| Kansas | 4 | 1 | - | - | 4 | 1 |
| New Jersey | 2 | 3 | - | - | 2 | 3 |
| Wisconsin | 5 | - | - | - | 5 | - |
| Colorado | 3 | 1 | - | - | 3 | 1 |
| Maryland | 3 | 1 | - | - | 3 | 1 |
| Iowa | 3 | - | - | - | 3 | - |
| Massachusetts | - | 3 | - | - | - | 3 |
| New Mexico | 2 | 1 | - | - | 2 | 1 |
| Utah | 3 | - | - | - | 3 | - |
| Connecticut | 1 | 1 | - | - | 1 | 1 |
| Minnesota | 2 | - | - | - | 2 | - |
| Montana | 2 | - | - | - | 2 | - |
| Nebraska | 1 | 1 | - | - | 1 | 1 |
| Delaware | - | 1 | - | - | - | 1 |
| Idaho | 1 | - | - | - | 1 | - |
| New Hampshire | 1 | - | - | - | 1 | - |
| North Dakota | 1 | - | - | - | 1 | - |
| Rhode Island | - | 1 | - | - | - | 1 |
| South Dakota | 1 | - | - | - | 1 | - |
| Total | 344 | 117 | 48 | 41 | 394 | 156 |

See "Business-Operations" and "Business-Expansion" for additional information on the Company's stores.

## ITEM 3. LEGAL PROCEEDINGS

The Company's Cracker Barrel Old Country Store, Inc. subsidiary ("Cracker Barrel") is involved in certain lawsuits, four of which are filed by the same plaintiffs' attorneys, among others, and are not ordinary routine litigation incidental to its business: Serena McDermott and Jennifer Gentry v. Cracker Barrel Old Country Store, Inc., 4:99 -CV-0001-HLM, a collective action under the federal Fair Labor Standards Act ("FLSA"), was served on Cracker Barrel on May 3, 1999; Kelvis Rhodes, Maria Stokes et al. v. Cracker Barrel Old Country Store, Inc., 4:99-CV-217-HLM, an action under Title VII of the Civil Rights Act of 1964 and Section 1981 of the Civil Rights Act of 1866, was served on Cracker Barrel on September 15, 1999; Flounice Stanley, Calvin Slack et al. v. Cracker Barrel Old Country Store, Inc., 4:01-CV-326-HLM, a collective action under the FLSA, was served on Cracker Barrel on April 12, 2002; and the National Association for the Advancement of Colored People ("NAACP"), Betty Thomas et al. v. Cracker Barrel Old Country Store, Inc., 4:01-CV-325-HLM, an action under Title II of the Civil Rights Act of 1964 and Section 1981 of the Civil Rights Act of 1866, was served on Cracker Barrel on April 12, 2002. All of these cases are filed, and are pending, in the United States District Court for the Northern District of Georgia, Rome Division.

The McDermott case alleges that certain tipped hourly employees were required to perform excessive non-serving duties without being paid the minimum wage or overtime compensation for that work and that certain hourly employees were required to wait "off the clock," without pay for the wait. The McDermott case seeks recovery of unpaid wages and overtime wages related to those claims. On March 17, 2000, the Court granted the plaintiffs' motion in the McDermott case to send notice to a provisional class of plaintiffs, defined as all persons employed as servers and all second-shift hourly employees at Cracker Barrel Old Country Store restaurants since January 4, 1996, and 10,838 potential plaintiffs filed "opt-in" forms to the McDermott case. The Court could subsequently amend the definition of the collective group, and if amended, the scope of the collective action could either be reduced or increased or, if appropriate, the Court could dismiss the collective aspects of the case entirely. In that last situation, each opt-in plaintiff would have to decide whether or not to pursue an independent action. Extensive discovery with respect to the merits of individual claims, scheduled through December 2002, is being conducted in the McDermott case. Motions with respect to class certification and other issues are expected to be made in early 2003.

The Rhodes case seeks certification as a company-wide class action, a declaratory judgment to redress an alleged systemic pattern and practice of racial discrimination in employment opportunities, an order to effect certain hiring and promotion goals and back pay and other related monetary damages. In May 2002, the Rhodes plaintiffs filed a motion for class certification proposing a class of all current and former employees and applicants for employment who might have suffered discrimination in hiring, promotion, job assignment and cross-training. The briefing process on class certification has been completed, and this matter awaits ruling by the Court. No collective group has been finally certified in the McDermott case, and no class has yet been certified in the Rhodes case. Liquidated damages equal to the actual damages are sought in the McDermott and the Stanley cases.

The Stanley case is a purported collective action filed by current and former employees asserting three claims based upon alleged violations of the FLSA: (1) that Personal Achievement Responsibility (PAR) IV level employees are routinely required to perform quasi-managerial duties or duties related to training without receiving minimum wage or overtime compensation for that work, (2) that employees classified as trainers routinely work off the clock to prepare for training sessions at home or on store premises and to conduct pre-training activities, and (3) that store opener employees were mis-classified as salaried exempt and are due overtime compensation. Plaintiffs seek unpaid compensation and back pay, liquidated damages, prejudgment interest, attorneys' fees and costs, and unspecified injunctive relief. No express amount of monetary damages is claimed in the Stanley case and no substantial discovery has taken place in that case.

The NAACP/Thomas case is an alleged race discrimination class action filed by the NAACP and customers of Cracker Barrel alleging that Cracker Barrel has a pattern and practice of race-based discriminatory treatment of African-American customers and white customers when accompanied by African-American customers, and seeking certification of a class action. Plaintiffs and their counsel have denied that they seek to recover compensatory damages, instead claiming to seek only nominal, actual and punitive damages. Plaintiffs also seek unspecified declaratory and injunctive relief and have demanded an award of punitive and nominal damages in the amount of $100 million, plus reasonable attorneys' fees and costs. On August 16, 2002, the Magistrate Judge entered a Report and Recommendation that the District Court grant defendant's Rule 23(c) Motion and, as a matter of law, deny plaintiffs' Request for Class Certification. The plaintiffs filed an objection to the Magistrate Judge's Report and Recommendation, and Cracker Barrel filed a response to that objection. On October 1, 2002, the District Court issued its ruling, based on the law and the facts, granting defendant's Rule 23 (c) Motion for Denial of Class Certification, adopting the Magistrate Judge's Report and Recommendation and overruling the plaintiffs' objections to the Report and Recommendation. The failure of plaintiffs to comply with the Court's time deadline was stated as an alternative ground for accepting the Magistrate Judge's Report and Recommendation.

In August 2002, Cracker Barrel received a letter from the Department of Justice ("DOJ") informing Cracker Barrel that it was the subject of a DOJ investigation pursuant to Title II of the Civil Rights Act of 1964. On August 20, 2002, DOJ sent a request for information to Cracker Barrel seeking basic information about locations of restaurants and broad based data about customer complaints and company policies. The DOJ is empowered to investigate matters under Title II of the Civil Rights Act of 1964, and Cracker Barrel is in the process of gathering information to provide to the DOJ. Pursuant to Title II, DOJ remedies are limited to injunctive or preventive relief. Remedies for public accommodation claims typically relate to implementation or revision of policies and procedures for responding to, and methods for monitoring, customer complaints. If the Company and DOJ were not able to agree informally to resolve any concerns raised, then the DOJ could seek to intervene in the pending action. It is not possible at this time to provide an opinion as to how likely it is that the DOJ will have any concerns or will pursue them in court, or as to any other likely outcome of the investigation.

Cracker Barrel believes it has substantial defenses to the claims made in each of these cases, and it is defending each of these cases vigorously. Because discovery has not been completed to date, neither the likelihood of an unfavorable outcome nor the amount of ultimate liability, if any, with respect to these cases or the investigation can be determined at this time. The Company has established a reserve of $3.5 million with respect to the McDermott case based on offers of judgment to those plaintiffs. None of those offers of judgement was accepted. With the exception of that reserve, no provision for any potential liability has been made in the consolidated financial statements of the Company with respect to these lawsuits or the DOJ investigation. In the event of an unfavorable result in any of these cases or in the DOJ investigation, the Company's results of operations and financial condition could be materially and adversely affected.

In addition to the litigation and investigation described in the preceding paragraphs, the Company is a party to other legal proceedings incidental to its business. In the opinion of management, based upon information currently available, the ultimate liability with respect to these other actions will not materially affect the Company's consolidated financial statements.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

Pursuant to Instruction 3 to Item 401(b) of Regulation S-K and General Instruction G(3) to Form 10-K, the following information is included in Part I of this Form 10-K.

## Executive Officers of the Registrant

The following table sets forth certain information concerning the executive officers of the Company, as of September 27, 2002:

| Name | Age | Position with Registrant |
| --- | --- | --- |
| Dan W. Evins | 67 | Chairman of the Board |
| Michael A. Woodhouse | 57 | President & Chief Executive Officer of the Company and CEO of Cracker Barrel Old Country Store, Inc. |
| Lawrence E. White | 52 | Senior Vice President, Finance & Chief Financial Officer |
| James F. Blackstock | 55 | Senior Vice President, General Counsel and Secretary |
| Norman J. Hill | 60 | Senior Vice President, Human Resources |
| Donald M. Turner | 54 | President and Chief Operating Officer of Cracker Barrel Old Country Store, Inc. |
| David L. Gilbert | 45 | Chief Administrative Officer of Cracker Barrel Old Country Store, Inc. |
| Peter W. Kehayes | 45 | President and Chief Operating Officer of Logan's Roadhouse, Inc. |

The following background material is provided for those executive officers who have been employed by the Registrant for less than five years:

Prior to his employment with the Company in January 1999, Mr. Evins was Chairman of the Board and Chief Executive Officer of Cracker Barrel Old Country Store, Inc. since its founding in 1969. He continued to serve as CEO of Cracker Barrel Old Country Store, Inc. until August 2001.

Prior to his employment with the Company in January 1999, Mr. Woodhouse was Senior Vice President of Finance and Chief Financial Officer of Cracker Barrel Old Country Store, Inc. since December 1995. Since August 2001 he now also serves as CEO of Cracker Barrel Old Country Store, Inc.

Prior to his employment with the Company in September 1999, Mr. White was Executive Vice President and Chief Financial Officer of Boston Chicken, Inc. from 1998 to 1999. Mr. White was Executive Vice President and Chief Financial Officer of El Chico Restaurants, Inc. from 1992 to 1998 and also served as its Chief Operating Officer during a period in 1994 and 1995.

Mr. Blackstock served the Company as Vice President, General Counsel and Secretary from January 1999 to February 2000 when he was promoted to Senior Vice President. Prior to his employment with the Company in January 1999, Mr. Blackstock was Vice President, General Counsel and Secretary of Cracker Barrel Old Country Store, Inc. since June 1997.

Prior to his employment with the Company in January 2002, Mr. Hill was Senior Vice President of Human Resources for Cracker Barrel Old Country Store, Inc. since October 1996.

Mr. Turner returned to Cracker Barrel Old Country Store, Inc. in December 1999, serving as Executive Vice President and Chief Operations Officer until his promotion to President and Chief Operating Officer in August 2001. Prior to his return to Cracker Barrel Old Country Store, Inc. in November 1999, Mr. Turner was retired. Mr. Turner retired from Cracker Barrel Old Country Store, Inc. as Senior Vice President and Chief Operations Officer in 1993, prior to which he served in various capacities since 1976.

Prior to his employment with Cracker Barrel Old Country Store Inc. in July 2001, Mr. Gilbert was with Shoney's Inc. serving as its Executive Vice President and Chief Administrative Officer from January 1999 to July 2001 and its Senior Vice President of Real Estate from January 1998 to January 1999. Mr. Gilbert was with Applebee's International (successor to Restaurant Concepts, Inc. by merger) serving as its Executive Director of Development from 1995 to January 1998 and its Director of Development and Purchasing from 1989 to 1995.

Mr. Kehayes joined Logan's in August 1997, where he served as Senior Vice President of Operations from October 1997 until his promotion to President and Chief Operating Officer in April 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is traded on The Nasdaq Stock Market (National Market System) ("Nasdaq") under the symbol CBRL. There were 15,923 shareholders of record as of September 27, 2002.

The table "Market Price and Dividend Information" on page 20 of the 2002 Annual Report is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The table "Selected Financial Data" on page 20 of the 2002 Annual Report is incorporated herein by this reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following portions of the 2002 Annual Report are incorporated herein by this reference:

Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 21 through 25.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The following portion of the 2002 Annual Report is incorporated herein by this reference:

Management's Discussion and Analysis of Financial Condition and Results of Operations on page 24.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following portions of the 2002 Annual Report are incorporated herein by this reference:

Consolidated Financial Statements and Independent Auditors' Report on pages 26 through 36.

Quarterly Financial Data (Unaudited) on page 35.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

# PART III

## ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item with respect to directors of the Company is incorporated herein by this reference to the section entitled "Proposal 1: Election of Directors" in the 2002 Proxy Statement. The information required by this item with respect to executive officers of the Company is set forth in Part I of this Form 10-K.

## ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by this reference to the sections entitled "Board of Directors and Committees" and "Executive Compensation" in the 2002 Proxy Statement. The matters labeled "Report of the Compensation and Stock Option Committee" and "Shareholder Return Performance Graph" shall not be deemed to be incorporated by reference into this Annual Report on Form 10-K.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated herein by this reference to the sections entitled "Stock Ownership of Management and Certain Beneficial Owners" and "Equity Compensation Plan Information" in the 2002 Proxy Statement.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated herein by this reference to the section entitled "Certain Transactions" in the 2002 Proxy Statement.

## ITEM 14. CONTROLS AND PROCEDURES

Under transition provisions contained in the final rules adopted by the Securities and Exchange Commission relating to, among other things, the evaluation of the Company's disclosure controls and procedures, the Company is not required to perform the evaluation of its disclosure controls and procedures for purposes of this Report. Accordingly, the required disclosure related to such final rules is not applicable to the Company.

# PART IV

## ITEM 15. EXHIBITS AND REPORTS ON FORM 8-K

A. List of documents filed as part of this report:

1. The following Financial Statements and the Report of Deloitte & Touche LLP on pages 26 through 36 of the 2002 Annual Report are incorporated herein by this reference:

   Independent Auditors' Report dated September 12, 2002

   Consolidated Balance Sheet as of August 2, 2002 and August 3, 2001

   Consolidated Statement of Income for each of the three fiscal years ended August 2, 2002, August 3, 2001 and July 28, 2000

   Consolidated Statement of Changes in Shareholders' Equity for each of the three fiscal years ended August 2, 2002, August 3, 2001 and July 28, 2000

   Consolidated Statement of Cash Flows for each of the three fiscal years ended August 2, 2002, August 3, 2001 and July 28, 2000

   Notes to Consolidated Financial Statements

2. The exhibits listed in the accompanying Index to Exhibits on pages 18 and 19 are filed as part of this annual report.

B. Reports on Form 8-K:

On June 20, 2002, the Company furnished a Current Report on Form 8-K, Item 9 to report the Company's quarter-to-date information on current sales trends and reaffirm its earnings guidance for the fourth fiscal quarter and full fiscal year, all as had been announced by a press release on June 20, 2002.

On July 11, 2002, the Company furnished a Current Report on Form 8-K, Item 9 to report the effectiveness of the Company's Registration Statement on Form S-3, as amended, relating to the resale by holders of its zero-coupon senior convertible notes ("Notes") due 2032, shares of CBRL common stock issuable upon conversion and/or redemption of the Notes and guarantees of the Notes by its subsidiaries, all as had been announced by a press release on July 11, 2002. In addition, the Company reported the completion of its 1.5 million share repurchase authorization and the authorization of a new 1.0 million share repurchase program, all as had been announced by a press release on July 11, 2002.

On July 18, 2002, the Company furnished a Current Report on Form 8-K, Item 9 to report the Company's quarter-to-date information on current sales trends and reaffirm its earnings guidance for the fourth fiscal quarter and full fiscal year, all as had been announced by a press release on July 18, 2002.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Cracker Barrel Old Country Store, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CBRL GROUP, INC.

By: /s/Michael A. Woodhouse
Michael A. Woodhouse
President and CEO
(Principal Executive Officer)

By: /s/Patrick A. Scruggs
Patrick A. Scruggs
Assistant Treasurer
(Principal Accounting Officer)

By: /s/Lawrence E. White
Lawrence E. White
Senior Vice President, Finance and CFO
(Principal Financial Officer)

Date: October 25, 2002

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

/s/Robert V. Dale
Robert V. Dale, Director

Date: October 25, 2002

/s/B.F. Lowery
B. F. Lowery, Director

Date: October 25, 2002

/s/Dan W. Evins
Dan W. Evins, Director

Date: October 25, 2002

/s/Gordon L. Miller
Gordon L. Miller, Director

Date: October 25, 2002

/s/Edgar W. Evins
Edgar W. Evins, Director

Date: October 25, 2002

/s/Martha M. Mitchell
Martha M. Mitchell, Director

Date: October 25, 2002

/s/Robert C. Hilton
Robert C. Hilton, Director

Date: October 25, 2002

/s/Jimmie D. White
Jimmie D. White, Director

Date: October 25, 2002

/s/Charles E. Jones, Jr.
Charles E. Jones, Jr., Director

Date: October 25, 2002

/s/Michael A. Woodhouse
Michael A. Woodhouse, Director

Date: October 25, 2002

/s/Charles T. Lowe, Jr.
Charles T. Lowe, Jr., Director

Date: October 25, 2002

## CERTIFICATIONS

I, Michael A. Woodhouse certify that:

1. I have reviewed this annual report on Form 10-K of CBRL Group, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report.

Date: October 25, 2002

/s/ Michael A. Woodhouse

Michael A. Woodhouse, President and
Chief Executive Officer

## CERTIFICATIONS

I, Lawrence E. White certify that:

1. I have reviewed this annual report on Form 10-K of CBRL Group, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report.

Date: October 25, 2002

/s/ Lawrence E. White

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

INDEX TO EXHIBITS

| Exhibit | |
|---|---|
| 3(I), 4(a) | Charter (1) |
| 3(II), 4(b) | Bylaws (1) |
| 4(c) | Shareholder Rights Agreement dated 9/7/1999 (2) |
| 4(d) | Registration Rights Agreement, dated as of April 3, 2002, by and among the Company, the Guarantors (as defined therein), and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (3) |
| 4(e) | Indenture, dated as of April 3, 2002, among the Company, the Guarantors (as defined therein) and Wachovia Bank, National Association, as trustee, relating to the Company's zero-coupon convertible senior notes (3) |
| 4(f) | Form of Certificate for the Company's zero-coupon convertible senior notes (included in the Indenture filed as Exhibit 4(e) hereof) (3) |
| 4(g) | Form of Guarantee of the Company's zero-coupon convertible senior notes (included in the Indenture filed as Exhibit 4(e) hereof) (3) |
| 10(a) | Credit Agreement dated 2/16/1999, relating to the $50,000,000 Term Loan and the $300,000,000 Revolving Credit Facility (4) |
| 10(b) | First Amendment to Credit Agreement dated 7/29/1999 (4) |
| 10(c) | Second Amendment to Credit Agreement dated 9/29/1999 (4) |
| 10(d) | Third Amendment to Credit Agreement dated 2/29/2000 (5) |
| 10(e) | Fourth Amendment to Credit Agreement dated 9/12/2001 (6) |
| 10(f) | Lease dated 8/27/1981 for lease of Macon, Georgia, store between Cracker Barrel Old Country Store, Inc. and B. F. Lowery, a director of the Company (7) |
| 10(g) | The Company's 1987 Stock Option Plan, as amended (8) |
| 10(h) | The Company's Amended and Restated Stock Option Plan, as amended (4) |
| 10(i) | The Company's 2000 Non-Executive Stock Option Plan |
| 10(j) | The Company's Non-Employee Director's Stock Option Plan, as amended (9) |
| 10(k) | The Company's Non-Qualified Savings Plan, effective 1/1/1996, as amended (8) |
| 10(l) | The Company's Deferred Compensation Plan, effective 1/1/1994 (7) |
| 10(m) | Executive Employment Agreement executed January 15, 2002 between Dan W. Evins and the Company (3) |
| 10(n) | Executive Employment Agreement executed July 25, 2002 between Michael A. Woodhouse and the Company |
| 10(o) | Executive Employment Agreement executed February 21, 2002 among Peter W. Kehayes, the Company and Logan's Roadhouse, Inc. (3) |
| 10(p) | Change-in-control Agreement for Dan W. Evins dated 10/8/1999 (4) |
| 10(q) | Change-in-control Agreement for Michael A. Woodhouse dated 10/8/1999 (4) |

| | |
|---|---|
| 10(r) | Change-in-control Agreement for Lawrence E. White dated 10/8/1999 (4) |
| 10(s) | Change-in-control Agreement for James F. Blackstock dated 10/8/1999 (4) |
| 10(t) | Change-in-control Agreement for Norman J. Hill dated 10/13/1999 |
| 10(u) | Change-in-control Agreement for Donald M. Turner dated 12/6/1999 (6) |
| 10(v) | Change-in-control Agreement for David L. Gilbert dated 10/3/2001 |
| 10(w) | Change-in-control Agreement for Peter W. Kehayes dated 10/8/1999 |
| 10(x) | Master Lease dated July 31, 2000 between Country Stores Property I, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 21 Cracker Barrel Old Country Store(R) sites (5) |
| 10(y) | Master Lease dated July 31, 2000 between Country Stores Property I, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 9 Cracker Barrel Old Country Store(R) sites* |
| 10(z) | Master Lease dated July 31, 2000 between Country Stores Property II, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 23 Cracker Barrel Old Country Store(R) sites* |
| 10(aa) | Master Lease dated July 31, 2000 between Country Stores Property III, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 12 Cracker Barrel Old Country Store(R) sites* |
| 10(ab) | CBRL Group, Inc. Long-Term Incentive Plan Cover Letter (3) |
| 10(ac) | CBRL Group, Inc. Long-Term Incentive Plan (3) |
| 10(ad) | CBRL Group, Inc. Long-Term Incentive Summary Plan Description (3) |
| 13 | Pertinent portions, incorporated by reference herein, of the Company's 2002 Annual Report to Shareholders |
| 21 | Subsidiaries of the Registrant |
| 23 | Consent of Deloitte & Touche LLP |
| 99 | Sarbanes-Oxley Certifications |

*Document not filed because essentially identical in terms and conditions to Exhibit 10(u).

(1) Incorporated by reference to the Company's Registration Statement on Form S-4/A under the Securities Act of 1933 (File No. 333-62469).

(2) Incorporated by reference to the Company's Forms 8-K and 8-A under the Securities Exchange Act of 1934, filed September 21, 1999 (File No. 000-25225).

(3) Incorporated by reference to the Company's Quarterly Report on Form 10-Q under the Securities Exchange Act of 1934 for the quarterly period ended May 3, 2002 (File No. 000-25225).

(4) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended July 30, 1999 (File No. 000-25225).

(5) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended July 28, 2000 (File No. 000-25225).

(6) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended August 3, 2001 (File No. 000-25225).

(7) Incorporated by reference to the Company's Registration Statement on Form S-7 under the Securities Act of 1933 (File No. 2-74266).

(8) Incorporated by reference to the Company's Registration Statement on Form S-8 under the Securities Act of 1933 (File No. 33-45482).

(9) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended August 2, 1991 (File No. 0-7536).

# CBRL GROUP, INC.

## 2000 NON-EXECUTIVE STOCK OPTION PLAN

### Purpose of the Plan

This CBRL Group, Inc. 2000 Non-Executive Stock Option Plan (the "Plan") is intended to promote the interests of CBRL Group, Inc. (the "Company") and its shareholders by encouraging employees of the Company and each defined Subsidiary, who are not officers or directors of the Company, to own, and to increase their ownership of, the Company's stock, thereby giving them, as shareholders, an increased personal interest in, and a greater concern for, the Company's continued success and progress.

### Statement of the Plan

1. NAME. The Plan shall be known as: CBRL Group, Inc. 2000 Non-Executive Stock Option Plan.

2. DEFINITIONS. In addition to words defined elsewhere in this document, in this Plan, the following terms, capitalized as indicated, shall have the meanings designated, in singular or plural forms, unless a different meaning is plainly required by the context.

a. "Affiliate" and "Associate" have the respective meanings ascribed to those terms in Rule 12b-2 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as in effect on the date the Plan is approved by the Company and becomes effective.

b. A "beneficial owner" of any securities is a person or any of its Affiliates or Associates which:

(1) beneficially owns the securities, directly or indirectly; or

(2) directly or indirectly, has (i) the right to acquire the securities (whether the right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding; or

(3) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any securities which are beneficially owned, directly or indirectly, by any other person.

c. "Board" means the Company Board of Directors.

d. "Change in Control" means:

(1) that after the date of this Agreement, a person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding voting securities, unless that acquisition was approved by a vote of at least 2/3 of the directors in office immediately prior to the acquisition;

(2) that during any period of 2 consecutive years following the date of this Agreement, individuals who at the beginning of the period constitute members of the Board of Directors of the Company cease for any reason to constitute a majority of the Board unless the election, or the nomination for election by the Company's shareholders, of each new director was approved by a vote of at least 2/3 of the directors then still in office who were directors at the beginning of the 2-year period;

(3) a merger, consolidation or reorganization of the Company (but this provision does not apply to a recapitalization or similar financial restructuring which does not involve a material change in ownership of equity of the Company and which does not result in a change in membership of the Board of Directors); or

(4) sale of all or substantially all of the Company's assets.

e. "Code" or "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

f. "Common Stock" means common stock of the Company having a par value of $0.01 per share.

g. "Disability" means disabled within the meaning of Section 22(e)(3) of the Internal Revenue Code.

h. "Effective Date" means the date this Plan is adopted by the Board.

i. "Fair Market Value" of the Common Stock shall be the last reported sale price of Common Stock as reported by The Nasdaq National Market ("Nasdaq") on the last trading day immediately preceding the day of the grant of the Option.

j. "Option" means a nonqualified option to acquire Common Stock granted pursuant to the Plan.

k. "Optionee" means any employee of the Company or of any of its Subsidiaries who receives Options granted under this Plan.

l. "Parent" means a parent corporation as defined in Sections 424(e) and (g) of the Internal Revenue Code.

m. A "person" means any individual, firm, company, partnership, other entity or group.

n. "Retirement" means the action of an employee who voluntarily terminates his or her employment relationship with the Company when the employee is at least 55 years of age, and the employee has 7 or more years of full-time service with the Company (as full-time service is defined for the employee's employment category during the time of service). Retirement specifically excludes termination pursuant to a severance agreement with the Company (unless specifically agreed otherwise in that agreement) or termination for Just Cause.

o. "Subsidiary" means an affiliated business entity during any period that 50% or more of its common stock, or in the case of a partnership 50% or more of its capital interest, is owned directly or indirectly by the Company, or during any period that it is a member with the Company in a controlled group of corporations or is otherwise under common control with the Company within the meaning of Sections 414(b) and (c) of the Code.

p. "Just Cause" means matters which, in the judgment of the Option Committee, constitute any one or more of the following:

(1) intoxication while on the job;

(2) theft or dishonesty in the conduct of the Company's business;

(3) willful neglect or negligence in the management of Company business, or violation of Company race or gender anti-harassment policies;

(4) violence that results in personal injury, or conviction of a crime involving moral turpitude.

3. ADMINISTRATION.

3.01 Option Committee. The Plan shall ultimately be administered by the Board's Compensation and Stock Option Committee (the "Option Committee"). The Option Committee shall consist of 2 or more non-employee directors. The Committee, in its discretion, may delegate to officers of the Company the authority, within parameters established from time to time by the Option Committee, to make decisions and to take actions which otherwise would be in the discretion of the Option Committee under the Plan.

3.02 Evidence of Grant. The Option Committee shall grant Options to employees chosen by the Option Committee to participate in the Plan. Each grant shall be made under, and in accordance with, the provisions of the Plan. Each Option granted shall be evidenced by a written stock option agreement in a form and containing provisions which are not inconsistent with this Plan.

3.03 Committee Authority. The Option Committee has full and final authority and discretion to interpret provisions of the Plan, to determine from time to time the individuals in the group eligible for Options and the number of shares to be affected by each Option; to determine the purchase price of the shares affected by each Option and the time or times at which Options shall be granted; to determine the conditions for grant, exercise, expiration or forfeiture of Options; to make, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the instruments by which Options shall be evidenced; and to make all other determinations necessary or advisable for the administration of the Plan. The Option Committee may, from time to time, adopt and change rules and regulations of general application for the Plan's administration. The Option Committee's interpretation of the Plan and its rules and regulations, and all actions taken and determinations made by the plan administrator pursuant to the Plan, shall be conclusive and binding on all those who are involved or affected.

4. ELIGIBILITY. Subject to the following sentence, the persons eligible to participate in the Plan as recipients of Options are the employees of the Company or of any Subsidiary of the Company (the "employees"). Notwithstanding the foregoing, any person who is a participant in the CBRL Group Long Term Incentive Plan shall not be eligible to participate in or receive options under the Plan. Nothing contained in this Plan, nor in any Option granted pursuant to the Plan, shall confer upon any employee any right to continue in the employment of the Company or any Subsidiary nor limit in any way the right of the Company or any Subsidiary to terminate any employee's employment at any time.

5. SHARES SUBJECT TO THE PLAN.

5.01 Shares Affected. The shares to be granted and delivered by the Company upon exercise of Options are shares of Common Stock, which may be either authorized but unissued shares, or so-called "treasury shares" reacquired by the Company, in the discretion of the Option Committee.

5.02 Number of Shares. The aggregate number of shares of Common Stock which may be granted under this Plan shall not exceed 4,750,000 shares. However, that number shall be adjusted as provided in Section 8 of this Plan for stock splits, stock dividends, exchanges of shares, or the like occurring after the Effective Date. No Option may be granted under this Plan which at the time could cause the maximum limit of shares to be exceeded.

5.03 Effect of Expired Options. Shares covered by an Option which is no longer exercisable with respect to those shares shall again be available to support grants of Options under this Plan.

6. TERMS OF OPTIONS. Options shall include the following terms and conditions:

a. Option Price. The Option price per share shall be the Fair Market Value of the Company's Common Stock.

b. Time and Issuance of Options. From time to time the Option Committee shall select, from among those who are eligible, the individuals to whom Options shall be granted and shall determine the number of shares to be affected by each Option. The date of the grant shall be determined by the date on which the Option recommendation is approved, or selection of an employee as a participant in any grant under the Plan is made, by the Option Committee. Participation in the Plan or management's recommendation of a grant shall not, and shall not be deemed to, entitle the employee to any Option prior to the time it is actually granted by the Option Committee; and the granting of any Option under the Plan shall not, and shall not be deemed to, entitle an employee to, or to disqualify the employee from, any participation in any other grant of Options under the Plan. In making any determination as to individuals to whom Options shall be granted and as to the number of shares to be affected by the Options, the Option Committee shall take into account the duties of the respective individuals, their present and potential contributions to the success of the Company, and any other factors the Option Committee deems relevant in accomplishing the purposes of the Plan.

c. Period Within Which Option May be Exercised. Each Option shall specify the rate at which the Option vests or becomes exercisable, which rate shall be in the discretion of the Option Committee. Each Option also shall specify that the Option shall expire at the end of a specified period, which shall not exceed 10 years.

d. Limited Transferability. No Option may be assigned, pledged or transferred by an Optionee other than by will or by the applicable laws of descent and distribution. The Option Committee, in its sole discretion, may permit an Optionee to designate a beneficiary who may exercise the Option after the Optionee's death but any affected Option shall remain subject to all the same terms and conditions contained in the instrument evidencing the Option.

e. Amendment of Options. Material amendments to an outstanding Option require approval by the Option Committee and must be agreed upon by the Optionee.

f. Exercise After Termination of Service. If an Optionee's employment with the Company is terminated, then in the following described circumstances, the Optionee shall have the specified time periods within which to exercise the Optionee's unexercised options, or portions of them:

(1) Death or Disability. If an Optionee dies (i) while an employee of the Company or of a Subsidiary or (ii) within 90 days after termination of that employment, other than termination for Just Cause, the Options may be exercised, to the extent that the Optionee was entitled to do so at the date of termination of employment, by the person or persons to whom the Optionee's rights under the Option pass by will or applicable law, or if no person has that right, by the executors or administrators, at any time, or from time to time, for a period of one year after the date of the Optionee's death, but no Option may ever be exercised later than its specified expiration date. If an Optionee's employment with the Company is terminated as a result of Disability, the Optionee may exercise Options, to the extent the Optionee was entitled to do so at the date of termination of employment, for a period of one year, but no Option may ever be exercised later than its specified expiration date.

(2) Termination of Employment. If an Optionee's employment with the Company or a Subsidiary terminates for any reason other than Disability, Retirement, death or Just Cause, he or she may exercise Options, to the extent that he or she was entitled to do so at the date of termination of employment, at any time, or from time to time, for a period of 90 days after the date of termination, but no Option may ever be exercised later than its specified expiration date. Absences for military service for 180 days or less shall not constitute termination of employment. In all other cases, the Option Committee shall determine whether authorized leaves of absence for military or governmental service shall constitute termination of employment for purposes of this Plan. If an Optionee's employment with the Company or any Subsidiary is terminated for Just Cause, all the employee's Options shall be terminated as of the date of the employee's termination and will no longer be exercisable.

(3) Retirement. If an Optionee ceases to be an employee by Retirement, the former employee may exercise Options, to the extent the Optionee was entitled to do so at the date of termination, at any time during the remaining life of the Options, but no Option may ever be exercised later than its specified expiration date.

g. Shareholder Rights. The Optionee shall have no rights as a shareholder with respect to any shares covered by Options until the issuance of a stock certificate to the Optionee for the affected shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of the stock certificate, except as provided in Section 8 of this Plan.

h. Partial Exercise. Unless specifically stated otherwise in the option grant, any exercise of an Option may be made in whole or in part.

7. EXERCISE OF OPTIONS.

7.01 Determination of Procedures. The Option Committee has the right to determine the manner in which Options may be exercised pursuant to this Plan. The exercise procedures shall be stated in each stock option agreement. The manner of exercising Options may vary from grant to grant, at the discretion of the Option Committee.

7.02 Method of Exercise. Unless specified otherwise in the applicable stock option agreement, an Option granted under this Plan may be exercised by written notice to the Company, signed by the Optionee, or by any other person entitled to exercise the Option. The notice of exercise shall be delivered to the Company at its principal office (Attention: Corporate Secretary), shall state the number of shares with respect to which the Option is being exercised, and shall be accompanied by payment in full of the Option price for the affected shares. Upon the exercise of an Option and full payment for it, as soon as practicable the Company shall cause a certificate or certificates for the number of shares with respect to which the Option is properly exercised to be delivered to the exercising Optionee. The shares of Common Stock shall be registered in the name of the exercising Optionee, or in any name jointly with him or her that the Optionee directs in the written notice of exercise. It is a condition to the obligation of the Company to issue or transfer shares of Common Stock upon exercise of an Option that the Optionee pay to the Company, upon its demand, all amounts requested by the Company for the purpose of satisfying its liability to withhold federal, state or local income or other taxes incurred because of the exercise of the Option or the transfer of the affected shares. If the amount requested is not paid, the Company may refuse to issue or transfer shares of stock upon exercise of an Option. All shares issued upon the proper exercise of the Option, with full payment as required, shall be fully paid and nonassessable.

7.03 Payment of Purchase Price. Shares purchased by exercising an Option shall be paid for in full by delivery to the Company of consideration equal to the product of each option price and the number of shares purchased, plus applicable taxes. The consideration shall be paid in cash or by check. In addition, in the sole discretion of the Option Committee (or any authorized person designated by that Committee), a combination of cash, check and one or more of the following alternatives may be used as payment for the exercise of an Option:

a. tendering (either actually or, if and so long as the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, by attestation) or constructively surrendering Common Stock already owned by the Optionee for at least 6 months having a Fair Market Value on the exercise date equal to the total Option exercise price; or

b. if and so long as the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, delivery of a properly executed exercise notice, together with irrevocable instructions, to a brokerage firm designated by the Company (which will promptly deliver to the Company the aggregate amount of sale or loan proceeds needed to pay the exercise price and any withholding tax obligations that may arise in connection with the exercise), and to the Company (which will cause its transfer agent to deliver the certificates for purchased shares directly to the brokerage firm), all in accordance with the regulations of the Federal Reserve Board; or

c. any other consideration the Option Committee may permit.

7.04 Withholding. The Company's obligation to deliver shares on the exercise of any Option is subject to satisfaction of any applicable United States federal, state and local tax withholding requirements. Applicable withholding obligations shall be determined as of the exercise date of any Option, i.e., the later of the date the Company receives a notice of exercise or the full payment of the exercise price. The Option Committee may, in its sole discretion, permit the Optionee to satisfy withholding obligations, in whole or in part, by paying cash or by transferring to the Company shares of Common Stock already owned by the Optionee for at least 6 months, in amounts based on Fair Market Value equal to the withholding obligation.

8. ADJUSTMENTS TO REFLECT CAPITAL CHANGES. The following adjustments shall be made to reflect changes in the capitalization of the Company:

a. Recapitalization. The number and kinds of shares subject to outstanding Options, the exercise prices for those shares, and the number and kinds of shares available for Options subsequently granted under the Plan shall be appropriately adjusted to reflect any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other change in capitalization with a similar substantive effect upon the number of shares of Common Stock then issued and outstanding and the number of shares available to be delivered upon exercise of Options. The Option Committee shall have the power to determine the amount of the adjustment to be made in each case.

b. Certain Reorganizations. After any reorganization, merger or consolidation in which the Company is not the surviving corporation, each Optionee shall, at no additional cost, be entitled to exercise all of his or her Options, whether vested or not, and (subject to any required action by shareholders) upon any exercise of any Option, to receive in lieu of the number of shares of the Common Stock exercisable pursuant to the Option, the number and class of shares of stock or other securities to which that Optionee would have been entitled pursuant to the terms of the reorganization, merger or consolidation if, at the time of the reorganization or other action, that Optionee had been the holder of record of a number of shares of stock equal to the total number of shares covered by all his or her Options. Comparable rights shall accrue to each Optionee in the event of successive reorganizations, mergers or consolidations in which the then existing corporation is not the surviving corporation.

c. Effect of Change in Control. In the event of any Change in Control, notwithstanding other provisions of this Plan or any contrary vesting schedule in any Option grant and agreement, unless the applicable Option agreement specifically provides that this provision shall not apply, all Options then outstanding under the Plan shall be deemed to be fully vested and immediately exercisable (without regard to any limitation imposed by the Plan or the Board at the time the Options were granted which permits all or any part of the Options to be exercised only after the lapse of time), as of the effective date of the Change in Control.

9. AMENDMENT AND TERMINATION OF PLAN. The Board may from time to time, with respect to any Common Stock on which Options have not been granted, amend in any respect, suspend or discontinue the Plan. However, no action may alter or impair an Optionee's rights under any outstanding Options without the Optionee's consent.

10. INDEMNIFICATION OF OPTION COMMITTEE. In addition to all other rights of indemnification they may have as members of the Board or as members of the Option Committee, the members of the Option Committee shall be indemnified by the Company against all costs and expenses reasonably incurred by them in connection with any action, suit or proceeding to which they or any of them may be party by reason of any action taken, or failure to act, under or in connection with the Plan, or any Option withheld or granted under the Plan, and against all amounts paid by them in settlement of those matters (provided the settlement is approved by legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except a judgment based upon a finding of bad faith. Upon the institution of any action, suit or proceeding, the affected Option Committee member shall notify the Company in writing, giving the Company an opportunity, at its own expense, to handle and defend the matter before the Option Committee member undertakes to handle it on his or her own behalf.

11. NO RIGHT TO RECEIVE OPTIONS. Neither the adoption of the Plan nor any action of the Option Committee shall, or shall be deemed to, give any person any right to be granted an Option, or any other right under this Plan, unless and until the Option Committee specifically acts to grant a person an Option, and then his or her rights shall be only those prescribed in the grant and agreement evidencing the Option.

12. COMPANY RESPONSIBILITY. All expenses of this Plan, including the cost of maintaining records, shall be borne by the Company. The Company shall have no responsibility or liability (other than under applicable securities laws) for any act or thing done or left undone with respect to the price, time, quantity, or other conditions and circumstances of the grant of Options or the sale and purchase of Common Stock under the terms of the Plan, so long as the Company acts in good faith.

13. SECURITIES LAWS. The Board shall take all necessary or appropriate actions to ensure that all Option grants are, and that all exercises of Options under this Plan may be made, in compliance with all applicable federal and state securities laws. The Company, however, assumes no responsibility for compliance with any federal or state securities laws affecting the resale of any shares of Common Stock acquired under the Plan.

14. NO OBLIGATION TO EXERCISE OPTION. The granting of an Option imposes no obligation upon any Optionee to exercise any Option at any time.

15. TERM OF PLAN. This Plan shall be effective as of the date of adoption of the Plan by the Board, and unless extended by specific action of the Board, this Plan shall expire on July 29, 2005 (except as to Options vested and outstanding on that date), and no Options shall be granted under the Plan on or after the expiration date of the Plan.

16. GENERAL. The Plan and any Options granted under this Plan shall be governed by and construed in accordance with the laws of the State of Tennessee and any specifically applicable federal tax, securities or employee benefit laws.

17. EFFECTIVE DATE. This Plan was adopted by the Board on July 27, 2000. This Plan was amended to add 2,500,000 shares, to make the total authorized number of shares 4,750,000, by action of the Board of Directors on July 26, 2001.

# EXECUTIVE EMPLOYMENT AGREEMENT

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|---|---|
| PARTIES: | Michael A. Woodhouse ("Executive") |
| | CBRL Group, Inc. a Tennessee corporation ("Company") |
| SUBJECT: | Employment for a Specified Term |
| POSITION: | President and Chief Executive Officer of the Company |
| LOCATION: | Lebanon, Tennessee |
| DATE: | As set forth on the signature pages, but effective as of August 4, 2001 |

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This Executive Employment Agreement ("Agreement"), dated for reference purposes as of August 4, 2001, is made by CBRL Group, Inc., a Tennessee corporation (the "Company"), and by Michael A. Woodhouse, an individual, (the "Executive").

## BACKGROUND FACTS

A. The Executive has previously been employed by the Company as its President and Chief Operating Officer and as an officer of certain subsidiaries.

B. The Board of Directors of the Company (the "Board") recognizes that the Executive's contribution to the growth and success of the Company during prior years has been substantial. The Board now desires, and deems it to be in the best interests of the Company and its shareholders, to provide for the continued employment of the Executive and to make certain changes in the Executive's employment arrangements with the Company which the Board has determined will reinforce and encourage the Executive's continued attention and dedication to the Company.

C. The Executive is willing to commit himself to continue to serve the Company on the specified terms and conditions.

D. In order to effect those purposes, the Company and the Executive wish to enter into an employment agreement on the terms and conditions set forth below.

Therefore, in consideration of the mutual promises in this Agreement, the Company and the Executive agree as follows:

## AGREEMENT

1. EMPLOYMENT.

The Company employs the Executive and the Executive accepts employment from the Company upon the terms and conditions of this Agreement.

2. DURATION OF AGREEMENT.

2.01 Initial Term. This employment shall begin as of the effective date of this Agreement, August 4, 2001, and shall continue until it terminates pursuant to this Agreement. Unless extended pursuant to Section 2.02 or earlier terminated pursuant to Article 6, this Agreement will automatically terminate at July 30, 2004. The specified period during which this Agreement is in effect is the "Employment Term."

2.02 Extension of Term. The term of this Agreement may be extended to a specified future date at any time by the specific written agreement of the parties signed prior to the original expiration date specified in Section 2.01, or any subsequent expiration date established pursuant to Section 2.03.

2.03 Annual Extension. On August 1 of each year beginning August 1, 2002, (each specified "Anniversary Date"), unless either party to this Agreement has notified the other in writing not less than 180 days prior to the Anniversary Date of that party's intention to allow this Agreement to expire and not be renewed at the end of the then current Employment Term, the Employment Term shall automatically be extended for one entire calendar year on each Anniversary Date.

3. DUTIES.

3.01 In General. Subject to the ultimate direction and control of the Company's Board of Directors, the Executive shall devote all of his efforts on a full-time basis to the business and affairs of the Company with such duties and responsibilities as the Board shall designate, and he shall not engage in any activities, or render services to or become associated with any other business that in the reasonable judgment of the Board violates Article 8 of this Agreement or interferes with the full and proper performance of the Executive's duties. The parties acknowledge and agree that community service, charitable activities, and reasonable participation in unrelated business activities, which do not adversely affect the Executive's employment duties, are not prohibited or restricted by this Section.

3.02 Specific Duties. The Executive will serve as President and Chief Executive Officer of the Company. The Executive will provide vision and leadership to the business operations of the Company and its subsidiaries, with particular attention to the Company's core Cracker Barrel Old Country Store(R) concept and to Logan's Roadhouse, Inc.

4. COMPENSATION AND BENEFITS.

4.01 Compensation Package. In full consideration for all services rendered by the Executive under this Agreement, including service on the Company's Board of Directors, and in accordance with its payroll practices and other applicable Company policies for executives, the Company shall pay the Executive an annual salary, and in appropriate specified circumstances, a bonus, and the Company will grant certain restricted stock and provide employment benefits, including participation in the Company's Long-Term Incentive Plan, all as set forth in Exhibit A attached to and a part of this Agreement. Exhibit A will remain in effect until altered by mutual agreement or until this Agreement expires or is terminated.

4.02 Benefits Distinct from Salary. Nothing paid to the Executive under any benefit plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Executive pursuant to this Article 4 and Exhibit A.

4.03 Prorations. Any payments or benefits payable to the Executive in respect of any 12-month period during which the Executive is employed by the Company for less than the entire 12-month period shall, unless otherwise provided in the applicable plan or arrangement, be prorated in accordance with the actual number of days within the 12-month period during which he is employed.

5. CHANGE IN CONTROL.

The Executive and the Company are parties to a separate agreement concerning changes in control of the Company. That agreement is specified in a letter dated October 13, 1999 from the Company to the Executive with a subject styled: "Employee Retention Agreement" (the "Letter Agreement"). A copy of the Letter Agreement comprises Exhibit B, which is attached to and is made part of this Agreement. Except as specifically provided in Section 6.06 of this Agreement respecting certain restricted stock, the Letter Agreement supersedes this Agreement and controls with respect to all issues between the Company and the Executive that may be affected by a change in control of the Company, as defined in the Letter Agreement (a "Change in Control").

6. TERMINATION OF EMPLOYMENT OR SEVERANCE.

6.01 Termination by Company Without Cause. The Board of Directors may terminate the Executive's employment, with or without cause, at any time by giving written notice of termination to the Executive, that termination of employment to be effective on a date specified in the notice. In the event of a termination without cause, the Executive shall be entitled to receive:

a. the unpaid amount due the Executive for annual base salary during the employment term prior to the date of termination;

b. an amount equal to 3 times the annual base salary in effect at the date of termination; and

c. subject to other specific provisions of this Agreement and the specific terms and conditions of each award or grant, appropriate stock options and restricted stock.

Payments with respect to base salary shall be made in cash in a single payment within 5 business days of the date of termination. The Executive's participation in all benefit programs other than life, medical and disability insurance shall cease as of the date of termination. The Executive's participation in the life, medical and disability insurance programs shall continue until the earlier of the time the Executive is 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, the Company no longer provides such benefit plans to the Executive's management employees, or the expiration of the term of this Agreement (as in effect at the time of termination). This provision supersedes any other severance program or policy that may be offered by the Company (except for those relating to termination following a Change in Control, which are set forth in the Letter Agreement) and is in lieu of, rather than in addition to other severance plans that may be in place, except with regard to any rights the Executive may have pursuant to COBRA or the Letter Agreement.

6.02 Termination by Company for Cause. If the Executive is terminated for cause, the Company shall have no further obligation to the Executive under this Agreement, and the Executive's participation in all benefit programs controlled by this Agreement shall cease as of the date of termination. For purposes of this Agreement, "cause" shall mean only any one or more of the following: (a) the Executive's personal dishonesty in connection with his duties to the Company; (b) the Executive's willful misconduct in the performance of his duties with the Company; (c) breach of fiduciary duty to the Company involving personal profit by the Executive; (d) conviction of the Executive for any felony or crime involving moral turpitude; (e) material intentional breach by the Executive of any provision of this Agreement; or (f) unsatisfactory performance by the Executive of the duties designated for the Executive by the Company's Board of Directors as a result of alcohol or drug use by the Executive.

6.03 Termination by Executive After Change in Control. If a Change in Control occurs, the Executive will have the rights, subject to the specified terms and conditions, set forth in the Letter Agreement.

6.04 Termination by Executive Other Than After Change in Control.

a. Without Good Reason. The Executive may terminate his employment with the Company at any time without further obligation by either party under this Agreement (except for the obligations and covenants of the Executive pursuant to Article 8, which shall survive termination as specified in this Agreement) by giving not less than 60 nor more than 180 days prior written notice of termination to the Company.

b. With Good Reason. In the event that: (i) the Executive's compensation or benefits are lowered (other than as provided in this Agreement), (ii) the Executive is removed as the Chief Executive Officer of the Company (other than pursuant to Section 6.02), (iii) the Executive's existing authority is materially diminished, or (iv) Executive's primary place of employment is relocated to a place that is more than 50 miles from its location at the inception of this Agreement, the Executive may tender his resignation and terminate this Agreement as a result of any of those events, in which case the termination shall be considered a termination by the Company without cause and the rights and obligations of the parties will be as set forth in Section 6.01.

6.05 Effect of Termination on Stock and Options.

a. General Effect. Subject to the terms, conditions and provisions of the Company's separate Long-Term Incentive Plan and the cash and stock awards made under that plan, upon any termination of the Executive's employment and this Agreement, all stock options and restricted stock held by the Executive that are vested prior to the effective date of the termination shall be exercisable in accordance with their terms, and all stock options and restricted stock held by the Executive that are not vested prior to the effective date of the termination shall lapse and be void.

b. Option Treatment Upon Certain Terminations. Upon a termination of the Executive's employment without cause pursuant to Section 6.01 or a termination by the Executive pursuant to Section 6.04(b), in addition to any other rights of the Executive under this Agreement, the Executive shall receive, within 30 days after the termination, a lump sum cash distribution equal to: (a) the number of shares of the Company's common stock that is subject to options held by the Executive which are not vested on the date of termination of employment but which would otherwise vest during the original term; multiplied by (b) the difference between: (i) the closing price of a share of the Company's common stock as of the day prior to the effective date of termination of employment (or, if the United States securities trading markets are closed on that date, on the last preceding date on which the United States securities trading markets were open for trading), and (ii) the applicable exercise prices of the non-vested options.

c. Effect of Change in ontrol. In the event of termination following a Change in Control, the terms and conditions expressed in the Letter Agreement will control with respect to stock options.

6.06 Effect of Termination on Certain Restricted Stock. As specified in Exhibit A to this Agreement, the Executive will be granted 48,000 shares of restricted stock during the first year of employment pursuant to this Agreement, on the vesting schedule and other terms and conditions specified in paragraph 4 of that Exhibit. The restricted stock will be vested and will be exercisable in accordance with and will be subject to those terms and conditions.

6.07 Death of Executive. If the Executive dies during the employment term, this Agreement and the Executive's employment shall terminate upon the Executive's death. With respect to cash compensation, the Executive's estate shall be entitled to any annual base salary earned but not paid plus any bonus accrued by the Company for the Executive through the date of death plus an additional amount equal to the annual base salary in effect for the Executive at the date of the death of the Executive. This payment shall be paid in a lump sum to the Executive's estate within 90 days after the Company is given notice of the Executive's 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.

6.08 Disability of Executive. The Company has disability insurance insuring individuals holding officer positions, and the Executive is included under that disability insurance. During any period that the Executive fails to perform his duties as a result of a disability, the Executive shall continue to receive his full salary at the rate then in effect pursuant to Exhibit A until his employment is terminated by death or the expiration of this Agreement. Payments made to the Executive during the disability period shall be reduced by the amounts, if any, payable to the Executive under disability benefit plans of the Company. The Executive's year-end bonus shall be paid in a pro rata amount to compensate the Executive proportionately for days worked prior to the beginning of his disability period. For purposes of this Agreement, unless and except as otherwise specifically defined by the Company in its insurance plans, a "disability" of the Executive shall occur if the Executive suffers any mental or physical condition that impairs the Executive's ability to perform the essential functions of his duties for a period of 180 consecutive days or more, and if within 30 days after the Executive receives written notice from the Company requesting that the Executive resume his duties under this Agreement, the Executive is unable or refuses to do so.

7. INDEMNIFICATION.

7.01 Executive's Indemnification. 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 he is or was an officer of the Company.

7.02 Insurance. 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.

8. LIMITS ON COMPETITION.

8.01 No Competing Activities. While this Agreement is in effect and for a period of one (1) year following its termination pursuant to Section 6.01 or Section 6.04(b), and if the Executive accepts the payment specified in Section 6.01b, the Executive shall not directly or indirectly, either as an employee, employer, officer, director, agent, consultant, partner or other investor (except for investments no greater than 5% of any entity) or in any other individual or representative capacity, engage or participate in any business or profession that is in substantial direct competition with the business of the Company. For the purposes of this paragraph, a business enterprise with which the Executive becomes associated as an employee, employer, officer, director, agent, consultant, partner or other investor shall be considered in "substantial direct competition" with the Company if it is engaged in the restaurant or gift shop business within the continental United States. Without limiting the list of companies engaged in substantial direct competition, the following companies are considered to certainly fall within that definition: Advantica Restaurants, Applebee's International, Avado Brands, Inc., Bob Evans Farms, Brinker International, Cheesecake Factory, Inc., Darden Restaurants, Inc., Eateries, Inc., Il Fornaio Corporation, O'Charley's, Outback Steakhouse, RARE Hospitality and Roadhouse Grill. This Section does not prohibit the Executive from engaging in any transaction which is approved in writing by the Board of Directors of the Company and this Section does not apply following normal expiration of this Agreement. The Executive may shorten the one-year period of non-competition by repaying to the Company the pro-rated balance of the payment received pursuant to Section 6.01b (each remaining day being considered 1/360 of the total). Executive understands and acknowledges that his violation of this covenant not to compete 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. Executive and Company recognize and acknowledge that the scope, area and time limitations contained in this Agreement are reasonable. In addition, Executive and Company recognize and acknowledge that the scope, area and time limitations 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 his association with Company's business and the public's close identification of Executive with Company and Company with Executive. The parties agree that nothing in this Agreement shall be construed as prohibiting Company from pursuing any other remedies available to it for any breach or threatened breach of this covenant not to compete, including, without limitation, the recovery of damages from Executive or any other person or entity acting in concert with Executive. Executive also agrees that, in the event he breaches this covenant not to compete, the one (1) year period of time during which Executive shall be restricted from certain activities hereunder shall be extended for a period of time equal to any period(s) of time within the one (1) year period following termination of this Agreement 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 Section 8.01, the purpose of this provision being to secure for the benefit of the Company the entire period of time being bargained for by the Company for the restriction upon the Executive's activities. If any part of this covenant not to compete is found to be unreasonable, then it may be amended by appropriate order of a court of competent jurisdiction to the extent deemed reasonable.

8.02 Confidentiality. In consideration of his employment and the compensation to be paid to him the Executive specifically covenants and agrees that he will regard and preserve as confidential all trade secrets and all non-public information pertaining to the Company's or its subsidiaries' businesses that have been or may be obtained by him. The Executive will not reveal, allow release of, nor disclose any Company confidential information. This prohibition on disclosure and release applies whether or not the information, which is confidential, may be classified as a trade secret. The confidential information of the Company which the Executive will not reveal, disclose or release to any person includes, but is not limited to, all technology, recipes and business systems of the Company at the date of this Agreement as well as all recipes, customer lists, business systems and styles developed during the course of this employment, and all other Company proprietary business information not generally known to the public. The Executive shall not use any confidential information except in the course of employment. The Executive will not use any of the confidential information after his employment by the Company is terminated for any reason, and the Executive will not take away or retain after termination of employment for any reason any of the Company's recipes, business systems, business styles or specifications, Company proprietary information, customer lists, or other documents or things relating to those matters. This provision does not apply to information voluntarily disclosed by the Company to the public, independently developed and disclosed by others, or otherwise lawfully in the public domain.

8.03 No Contact with Employees. As a specific part of the consideration to induce the Company to enter into this Agreement with him, the Executive unconditionally agrees that, for a period of one (1) year from the effective date of termination of the Executive's employment for any reason, the Executive will not encourage, solicit or otherwise attempt to persuade any employees of CBRL Group, Inc., or its subsidiaries or affiliates (jointly or severally, the "Group") to terminate their employment with the Group, to seek employment with the Executive or any corporation or other business entity in which the Executive has an ownership interest (except an ownership interest of 1% or less in a public company) or by which he might be employed or to violate any confidentiality, non-competition or employment agreement that such person may have with the Company or any policy of the Company.

9. MISCELLANEOUS TERMS.

9.01 Annual Performance Review. The Executive will report regularly to the Board of Directors and the Board will conduct an annual review of the Executive's performance prior to each Annual Shareholders Meeting.

9.02 Location of Employment. The Executive shall be employed at the Company's headquarters office in the city of Lebanon, TN, but the Executive shall travel to and carry out his duties wherever reasonably necessary for Company business, to an extent substantially consistent with business travel obligations at the date of this Agreement.

9.03 Compliance with Law. The Executive shall always, and when appropriate, at Company expense, endeavor to comply with all applicable federal, State and local laws, ordinances, rules, and regulations in the performance of all work and other activities carried out in the name of or on behalf of the Company.

9.04 Notices. All notices, requests, demands and other communications, under this Agreement shall be in writing and shall be duly given on the date of delivery if served personally on the party, or delivered by overnight courier, or 3 days after mailing if mailed to the party by first class mail, registered or certified, postage fully prepaid, and properly addressed as specified on the signature page of this Agreement. Any party may change its address by giving the other parties written notice of the new address in the manner set forth in this Section.

9.05 Entire Agreement. This Agreement, including the Letter Agreement and its other Exhibits, supersedes all other agreements, either oral or in writing, between the parties with respect to employment of the Executive by the Company. It contains all the promises between parties with respect to that employment. No representations, inducements, promises or other agreements, oral or otherwise, have been made by any party or any one acting on behalf of any party, and no agreement, statement or promise not contained in this Agreement is valid. Any modification of this Agreement must be in writing.

9.06 Partial Invalidity. If any provision in this agreement is held by a court of competent jurisdiction to be void or unenforceable, the remaining provisions shall continue in full force without being invalidated in any way.

9.07 Binding Effect. The provisions of this Agreement benefit and bind the Executive's heirs, representatives, and successors, and the Company's successors, transferees and assigns.

9.08 No Assignment. The Executive and the Company each acknowledges and agrees that the services to be rendered by the Executive are unique and personal. This Agreement is, therefore, personal to the parties and it, and the rights and obligations created by it, may not be assigned by the Executive, or except to corporations which are part of a consolidated group for tax purposes, by the Company.

9.09 Attorneys' Fees. 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.

9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

IN WITNESS WHEREOF, the parties have executed this Agreement on July 25, 2002, to be effective as of the date specified on page 1 of this Agreement.

| ADDRESSES: | COMPANY: |
|---|---|
| 106 Castle Heights Avenue North<br>Lebanon, Tennessee 37087 | CBRL Group, Inc.<br>a Tennessee corporation |
| | By: /s/Dan W. Evins<br>-------------------------------<br>Dan W. Evins, Chairman |
| | By: /s/James F. Blackstock<br>-------------------------------<br>James F. Blackstock, Secretary |
| | EXECUTIVE: |
| 417 Bethlehem Road<br>Lebanon, Tennessee 37087 | Michael A. Woodhouse<br>/s/Michael A. Woodhouse<br>-------------------------------<br>Michael A. Woodhouse |

July 25, 2002
- -------

Approved.

/s/Robert V. Dale
- ---------------------------------------
Robert V. Dale,
Chairman Compensation & Stock Option Committee

Michael A. Woodhouse Executive Employment Agreement
Agreed Salary and Benefits

| Effective Date | Executive | Annual Base Salary | Bonus Base |
|---|---|---|---|
| August 4, 2001 | Michael A. Woodhouse | $600,000 | 150% of base salary |

1. Salary. The annual base salary for the Executive will be paid in arrears semi-monthly, in equal installments on or about the 15th and last day of each calendar month. This salary may be increased from time to time in accordance with normal business practices of the Company, and if so increased, shall not thereafter during the term of this Agreement be decreased. Compensation of the Executive by salary payments shall not be deemed exclusive and shall not prevent the Executive from participating in any other compensation or benefit plan of the Company.

2. Benefits. The Company shall maintain in full force, and the Executive shall be entitled to continue to participate in, all of its employee benefit plans and arrangements in force on the effective date of this Exhibit A in which the Executive now participates (or it will implement plans or arrangements providing the Executive with at least equivalent benefits). The Company shall not make any changes in those plans and arrangements which would adversely affect the Executive's rights or benefits, unless the change occurs pursuant to a program applicable to all executive officers of the Company and does not result in a proportionately greater reduction in the rights of or benefits to the Executive as compared with any other executive officers of the Company. The Executive shall be entitled to participate in or receive benefits under any employee benefit plan or arrangement made available by the Company in the future to its executive officers and key management employees, subject to and on a basis consistent with the terms, conditions and overall administration of those plans and arrangements.

3. Options. The Executive is currently a participant in the Company's existing long term incentive arrangement and the Executive will have an opportunity each year to receive an annual grant of options for shares of Company common stock in the same manner stock options are granted to senior management employees of the Company. All option grants are subject to annual review and approval by the Company's Board of Directors.

4. Restricted Stock. Recognizing that the Executive is already a participant in the Company's Long-Term Incentive Plan ("LTI Plan"), and recognizing that the Executive participates in that Plan at a level materially different than the level that would be appropriate as a result of his status pursuant to this Executive Employment Agreement, and in order to appropriately adjust the net long-term incentive provided by the LTI Plan already in place and the terms and conditions of this Agreement, the Company hereby grants the Executive a total of 48,000 shares of CBRL Group, Inc. common stock on the following terms and conditions:

a. Total Number of Shares - 48,000 ("restricted" shares within the remaining of Securities and Exchange Commission Rule 144; the "Restricted Stock")

b. Vesting Schedule - The Restricted Stock vests, subject to forfeiture, in 3 increments over a 3-year period with 1/3 (16,000 shares) to vest as of the first day of the fiscal year following the end of each fiscal year during which this Agreement is in effect. Therefore, subject to accelerated vesting and to defeasance and forfeiture under paragraph 4c, 16,000 shares will vest as of August 3, 2002, 16,000 shares will vest as of August 2, 2003, and 16,000 shares will vest as of July 31, 2004.

c. Forfeiture and Early Vesting - Notwithstanding the vesting schedule set forth in paragraph 4b, the parties understand and unconditionally agree that the Restricted Stock is intended to provide compensation in lieu of adjustments to the Executive's existing LTI Plan awards. Therefore, they further unconditionally agree that, if the Executive is terminated for any reason or voluntarily terminates his employment at any time prior to the earlier of July 30, 2004, or any earlier date (potentially, August 2, 2002 or August 1, 2003) at which his existing LTI Plan awards vest (the "Absolute Vesting Date"), all the Restricted Stock will be considered not to be vested and they are subject to immediate and absolute defeasance and forfeiture at the effective date of such an event. Alternatively, upon a termination of the Executive's employment (or if the Executive continues his employment by the Company) upon normal expiration of the Agreement of which this Exhibit is part, at the end of the original term, or if the Executive's employment terminates for any other reason after the Absolute Vesting Date, in addition to any other rights of the Executive under this Agreement, all shares of that Restricted Stock which were not vested pursuant to the vesting schedule in paragraph 4b shall immediately and finally vest and all 48,000 shares shall be fully owned by the Executive as of the effective date of that termination.

d. Change in Control - In the event of a Change in Control of the Company, while the Restricted Stock is not specifically covered by the Change in Control provisions set forth in the Letter Agreement referred to in Article 5 of the Agreement, in so far as they would apply to stock or options, the Change in Control provisions of that Letter Agreement shall apply and shall be considered to be a part of this Exhibit and this Agreement, the intention being that all the protection provided by the Letter Agreement with respect to options and stock owned by affected executives upon a Change in Control, shall apply to this Restricted Stock as well.

5. Bonus. As part of this employment Agreement, the Executive will participate in a bonus plan substantially similar in terms and conditions to the Company and Cracker Barrel Old Country Store, Inc. Management Incentive Program ("MIP"), with a base bonus amount established at 150% of annual base salary. This bonus, or a portion of it, is earned if, and as, annually specified CBRL Group and personal target goals are achieved in each fiscal year. Any bonus earned will be paid after the close of each fiscal year.

6. Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him in performing his services, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the Company, provided that those expenses are incurred and accounted for in accordance with the policies and procedures established by the Company from time to time.

7. Health Insurance. The Executive will be provided with health, life, and disability insurance benefits of the same kinds and at the same levels as are available to senior management employees of the Company throughout the term of his employment.

8. Retirement Savings. The Executive will be eligible to participate in Company-sponsored retirement savings plans of the same kind and at the same level as are available to senior management employees of the Company throughout the term of his employment.

October 13, 1999

Norman J. Hill
2915 St. Johns Drive
Murfreesboro, TN 37130

Re: Employee Retention Agreement

Dear Norm:

The Board of Directors of the CBRL Group, Inc. recognizes the contribution that you have made to CBRL Group, Inc. or one of its direct or indirect subsidiaries (collectively, the "Company") and wishes to ensure your continuing commitment to the Company and its business operations. Accordingly, in exchange for your continuing commitment to the Company, and your energetic focus on continually improving operations, the Company promises you the following benfits if your employment with the Company is terminated in certain circumstances:

1. DEFINITIONS. As used in this Agreement, the following terms have the following meanings which are equally applicable to both the singular and plural forms of the terms defined:

1.1 "Cause" means any one of the following:

a) personal dishonesty;
(b) willful misconduct;
(c) breach of fiduciary duty; or
(d) conviction of any felony or crime involving moral turpitude.

1.2 "Change in Control" means: (a) that after the date of this Agreement, a person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding voting securities, unless that acquisition was approved by a vote of at least 2/3 of the directors in office immediately prior to the acquisition; (b) that during any period of 2 consecutive years following the date of this Agreement, individuals who at the beginning of the period constitute members of the Board of Directors of the Company cease for any reason to constitute a majority of the Board unless the election, or the nomination for election by the Company's shareholders, of each new director was approved by a vote of at least 2/3 of the directors then still in office who were directors at the beginning of the 2-year period; (c) a merger, consolidation or reorganization of the Company (but this provision does not apply to a recapitalization or similar financial restructuring which does not involve a material change in ownership of equity of the Company and which does not result in a change in membership of the Board of Directors); or (d) a sale of all or substantially all of the Company's assets.

1.3 "Change in Control Period" means a 2-year year period beginning the day after a Change in Control occurs.

1.4 "Change in Duties or Compensation" means any one of: (a) a material change in your duties and responsibilities for the Company (without your consent) from those duties and responsibilities for the Company in effect at the time a Change in Control occurs, which change results in the assignment of duties and responsibilities inferior to your duties and responsibilities at the time such Change in Control occurs (it being understood and acknowledged by you that a Change in Control that results in two persons of which you are one having similar or sharing duties and responsibilities shall not be a material change in your duties and responsibilities); (b) a reduction in your salary or a material change in benefits (excluding discretionary bonuses), from the salary and benefits in effect at the time a Change in Control occurs; or (c) a change in the location of your work assignment from your location at the time a Change in Control occurs to any other city or geographical location that is located further than 50 miles from that location.

2. TERMINATION OF EMPLOYMENT; SEVERANCE. Your immediate supervisor or the Company's Board of Directors may terminate your employment, with or without cause, at any time by giving you written notice of your termination, such termination of employment to be effective on the date specified in the notice. You also may terminate your employment with the Company at any time. The effective date of termination (the "Effective Date") shall be the last day of your employment with the Company, as specified in a notice by you, or if you are

terminated by the Company, the date that is specified by the Company in its notice to you. The following subsections set forth your rights to severance in the event of the termination of your employment in certain circumstances by either the Company or you. Section 5 also sets forth certain restrictions on your activities if your employment with the Company is terminated, whether by the Company or you. That section shall survive any termination of this Agreement or your employment with the Company.

2.1 Termination by the Company for Cause. If you are terminated for Cause, the Company shall have no further obligation to you, and your participation in all of the Company's benefit plans and programs shall cease as of the Effective Date. In the event of a termination for Cause, you shall not be entitled to receive severance benefits described in Section 3.

2.2 Termination by the Company Without Cause Other Than During a Change in Control Period. If your employment with the Company is terminated by the Company without Cause at a time other than during a Change in Control Period, you shall be entitled to only those severance benefits provided by the Company's severance policy or policies then in effect. You shall not be entitled to receive benefits pursuant to Section 3 of this Agreement.

2.3 Termination by the Company Without Cause During a Change in Control Period. If your employment with the Company is terminated by the Company without Cause during a Change in Control Period, you shall be entitled to receive Benefits pursuant to Section 3. A termination within 90 days prior to a Change in Control which occurs solely in order to make you ineligible for the benefits of this Agreement shall be considered a termination without Cause during a Change in Control Period.

2.4 Termination By You For Change in Duties or Compensation During a Change in Control Period. If during a Change in Control Period there occurs a Change in Duties or Compensation you may terminate your employment with the Company at any time within 30 days after the occurrence of the Change in Duties or Compensation, by giving to the Company not less than 120 nor more than 180 days notice of termination. During the notice period that you continue to work, any reduction in your Compensation will be restored. At the option of the Company, following receipt of this notice, it may: (a) change or cure, within 15 days, the condition that you claim has caused the Change in Duties or Compensation, in which case, your rights to terminate your employment with the Company pursuant to this Section 2.4 shall cease (unless there occurs thereafter another Change in Duties or Compensation) and you shall continue in the employment of the Company notwithstanding the notice that you have given; (b) allow you to continue your employment through the date that you have specified in your notice; or (c) immediately terminate your employment pursuant to Section 2.3. If you terminate your employment with the Company pursuant to this Section 2.4, you shall be entitled to receive Benefits pursuant to Section 3. Your failure to provide the notice required by this Section 2.4 shall result in you having no right to receive any further compensation from the Company except for any base salary or vacation earned but not paid, plus any bonus earned and accrued by the Company through the Effective Date.

3. SEVERANCE BENEFITS. If your employment with the Company is terminated as described in Section 2.3 or 2.4, you shall be entitled to the benefits specified in subsections 3.1, 3.2, and 3.3 (the "Benefits") for the period of time set forth in the applicable section.

3.1 Salary Payment or Continuance. You will be paid a single lump sum payment in an amount equal to 2.00 times the average of your annual base salary and any bonus payments for the 3 years immediately preceding the Effective Date. The determination of the amount of this payment shall be made by the Company's actuaries and benefit consultants and, absent manifest error, shall be final, binding and conclusive upon you and the Company.

3.2 Continuation of Benefits. During the 2 years following the Effective Date that results in benefits under this Article 3 (the "Severance Period"), you shall continue to receive the medical, prescription, dental, employee life and group life insurance benefits at the levels to which you were entitled on the day preceding the Effective Date, or reasonably equivalent benefits, to the extent continuation is not prohibited or limited by applicable law. In no event shall substitute plans, practices, policies and programs provide you with benefits which are less favorable, in the aggregate, than the most favorable of those plans, practices, policies and programs in effect for you at any time during the 120-day period immediately preceding the Effective Date. However, if you become reemployed with another employer and are eligible to receive medical or other welfare benefits under another employer-provided plan, Company payments for these medical and other welfare benefits shall cease.

4. EFFECT OF TERMINATION ON STOCK OPTIONS AND RESTRICTED STOCK. In the event of any termination of your employment, all stock options and restricted stock held by you that are vested prior to the Effective Date shall be owned or exercisable in accordance with their terms; all stock options held by you that are not vested prior to the Effective Date shall lapse and be void; however, if your employment with the Company is terminated as described in Sections 2.3 or 2.4, then, if your option or restricted stock grants provide for immediate vesting in the event of a Change in Control, the terms of your option or restricted stock agreement shall control. If your option or restricted stock agreement does not provide for immediate vesting, you shall receive, within 30 days after the Effective Date, a lump sum cash distribution equal to: (a) the number of shares of the Company's ordinary shares that are subject to options or restricted stock grants held by you that are not vested as of the Effective Date multiplied by (b) the difference between: (i) the closing price of a share of the Company's ordinary shares on the NASDAQ National Market System as reported by The Wall Street Journal as of the day prior to the Effective Date (or, if the market is closed on that date, on the last preceding date on which the market was open for trading), and (ii) the applicable exercise prices or stock grant values of those non-vested shares.

5. DISCLOSURE OF INFORMATION. You recognize and acknowledge that, as a result of your employment by the Company, you have or will become familiar with and acquire knowledge of confidential information and certain trade secrets that are valuable, special, and unique assets of the Company. You agree that all that confidential information and trade secrets are the property of the Company. Therefore, you agree that, for and during your employment with the Company and continuing following the termination of your employment for any reason, all confidential information and trade secrets shall be considered to be proprietary to the Company and kept as the private records of the Company and will not be divulged to any firm, individual, or institution, or used to the detriment of the Company. The parties agree that nothing in this Section 6 shall be construed as prohibiting the Company from pursuing any remedies available to it for any breach or threatened breach of this Section 6, including, without limitation, the recovery of damages from you or any person or entity acting in concert with you.

6. GENERAL PROVISIONS.

6.1 Other Plans. Nothing in this Agreement shall affect your rights during your employment to receive increases in compensation, responsibilities or duties or to participate in and receive benefits from any pension plan, benefit plan or profit sharing plans except plans which specifically address benefits of the type addressed in Sections 3 and 4 of this Agreement.

6.2 Death During Severance Period. If you die during the Severance Period, any Benefits remaining to be paid to you shall be paid to the beneficiary designated by you to receive those Benefits (or in the absence of designation, to your surviving spouse or next of kin).

6.3 Notices. Any notices to be given under this Agreement may be effected by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing on the first page of this Agreement (to the attention of the Secretary in the case of notices to the Company), but each party may change the delivery address by written notice in accordance with this Section 7.3. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of the second day following deposit in the United States Mail.

6.4 Entire Agreement. This Agreement supersedes all previous oral or written agreements, understandings or arrangements between the Company and you regarding a termination of your employment with the Company or a change in your status, scope or authority and the salary, benefits or other compensation that you receive from the Company as a result of the termination of your employment with the Company (the "Subject Matter"), all of which are wholly terminated and canceled. This Agreement contains all of the covenants and agreements between the parties with respect to the Subject Matter. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made with respect to the Subject Matter by any party, or anyone acting on behalf of any party, which are not embodied in this Agreement. Any subsequent agreement relating to the Subject Matter or any modification of this Agreement will be effective only if it is in writing signed by the party against whom enforcement of the modification is sought.

6.5 Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

6.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, and it shall be enforced or challenged only in the courts of the State of Tennessee.

6.7 Waiver of Jury Trial. The Company and you expressly waive any right to a trial by jury in any action or proceeding to enforce or defend any rights under this Agreement, and agree that any such action or proceeding shall be tried before a court and not a jury. You irrevocably waive, to the fullest extent permitted by law, any objection that you may have now or hereafter to the specified venue of any such action or proceeding and any claim that any such action or proceeding has been brought in an inconvenient forum.

6.8 Miscellaneous. Failure or delay of either party to insist upon compliance with any provision of this Agreement will not operate as and is not to be construed to be a waiver or amendment of the provision or the right of the aggrieved party to insist upon compliance with the provision or to take remedial steps to recover damages or other relief for noncompliance. Any express waiver of any provision of this Agreement will not operate, and is not to be construed, as a waiver of any subsequent breach, irrespective of whether occurring under similar or dissimilar circumstances. You may not assign any of your rights under this Agreement. The rights and obligations of the Company under this Agreement shall benefit and bind the successors and assigns of the Company. The Company agrees that if it assigns this Agreement to any successor company, it will ensure that its terms are continued.

6.9 Certain Additional Payments by the Company.

a. The Company will pay you an amount (the "Additional Amount") equal to the excise tax under the United States Internal Revenue Code of 1986, as amended (the "Code"), if any, incurred by you by reason of the payments under this Agreement and any other plan, agreement or understanding between you and the Company or its parent, subsidiaries or affiliates (collectively, "Separation Payments") constituting excess parachute payments under Section 280G of the Code (or any successor provision). In addition, the Company will pay an amount equal to all excise taxes and federal, state and local income taxes incurred by you with respect to receipt of the Additional Amount. All determinations required to be made under this Section 6.9 including whether an Additional Amount is required and the amount of any Additional Amount, will be made by the independent auditors engaged by the Company immediately prior to the Change in Control (the "Accounting Firm"), which will provide detailed supporting calculations to the Company and you. In computing taxes, the Accounting Firm will use the highest marginal federal, state and local income tax rates applicable to you and will assume the full deductibility of state and local income taxes for purposes of computing federal income tax liability, unless you demonstrate that you will not in fact be entitled to such a deduction for the year of payment.

b. The Additional Amount, computed assuming that all of the Separation Payments constitute excess parachute payments as defined in Section 280G of the Code (or any successor provision), will be paid to you at the time that the payments made pursuant to Section 3.1 is made unless the Company, prior to the Severance Period, provides you with an opinion of the Accounting Firm that you will not incur an excise tax on part or all of the Separation Payments. That opinion will be based upon the applicable regulations under Sections 280G and 4999 of the Code (or any successor provisions) or substantial authority within the meaning of Section 6662 of the Code. If that opinion applies only to part of the Separation Payments, the Company will pay you the Additional Amount with respect to the part of the Separation Payments not covered by the opinion.

c. The amount of the Additional Amount and the assumptions to be utilized in arriving at the determination, shall be made by the Company's Accounting Firm, whose decision shall be final and binding upon both you and the Company. You must notify the Company in writing no later than 30 days after you are informed of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Additional Amount. You must also cooperate fully with the Company and give the Company any information reasonably requested relating to the claim, and take all action in connection with contesting the claim as the Company reasonably requests in writing from time to time.

If all of the terms and conditions in this Agreement are agreed to by you, please signify your agreement by executing the enclosed duplicate of this letter and returning it to us. At the date of your return, this letter shall constitute a fully enforceable Agreement between us.

CBRL GROUP, INC.

By:/s/Dan W. Evins
----------------------------
Dan W. Evins
Chairman and Chief Executive Officer

The foregoing is fully agreed to and accepted by:

Company Employee's Signature: /s/Norman J. Hill
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Please Print or Type Name: Norman J. Hill
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Please Print or Type Title: Senior Vice President, Human Resources
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October 3, 2001

Mr. David L. Gilbert
700 Princeton Hills Drive
Brentwood, TN 37027

Re: Employee Retention Agreement

Dear David:

The Board of Directors of the CBRL Group, Inc. recognizes the contribution that you have made to CBRL Group, Inc. or one of its direct or indirect subsidiaries (collectively, the "Company") and wishes to ensure your continuing commitment to the Company and its business operations. Accordingly, in exchange for your continuing commitment to the Company, and your energetic focus on continually improving operations, the Company promises you the following benefits if your employment with the Company is terminated in certain circumstances:

1. DEFINITIONS. As used in this Agreement, the following terms have the following meanings which are equally applicable to both the singular and plural forms of the terms defined:

1.1 "Cause" means any one of the following:

(a) personal dishonesty;
(b) willful misconduct;
(c) breach of fiduciary duty; or
(d) conviction of any felony or crime involving moral turpitude.

1.2 "Change in Control" means: (a) that after the date of this Agreement, a person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding voting securities, unless that acquisition was approved by a vote of at least 2/3 of the directors in office immediately prior to the acquisition; (b) that during any period of 2 consecutive years following the date of this Agreement, individuals who at the beginning of the period constitute members of the Board of Directors of the Company cease for any reason to constitute a majority of the Board unless the election, or the nomination for election by the Company's shareholders, of each new director was approved by a vote of at least 2/3 of the directors then still in office who were directors at the beginning of the 2-year period; (c) a merger, consolidation or reorganization of the Company (but this provision does not apply to a recapitalization or similar financial restructuring which does not involve a material change in ownership of equity of the Company and which does not result in a change in membership of the Board of Directors); or (d) a sale of all or substantially all of the Company's assets.

1.3 "Change in Control Period" means a 2-year year period beginning the day after a Change in Control occurs.

1.4 "Change in Duties or Compensation" means any one of: (a) a material change in your duties and responsibilities for the Company (without your consent) from those duties and responsibilities for the Company in effect at the time a Change in Control occurs, which change results in the assignment of duties and responsibilities inferior to your duties and responsibilities at the time such Change in Control occurs (it being understood and acknowledged by you that a Change in Control that results in two persons of which you are one having similar or sharing duties and responsibilities shall not be a material change in your duties and responsibilities); (b) a reduction in your salary or a material change in benefits (excluding discretionary bonuses), from the salary and benefits in effect at the time a Change in Control occurs; or (c) a change in the location of your work assignment from your location at the time a Change in Control occurs to any other city or geographical location that is located further than 50 miles from that location.

2. TERMINATION OF EMPLOYMENT; SEVERANCE. Your immediate supervisor or the Company's Board of Directors may terminate your employment, with or without cause, at any time by giving you written notice of your termination, such termination of employment to be effective on the date specified in the notice.

You also may terminate your employment with the Company at any time. The effective date of termination (the "Effective Date") shall be the last day of your employment with the Company, as specified in a notice by you, or if you are terminated by the Company, the date that is specified by the Company in its notice to you. The following subsections set forth your rights to severance in the event of the termination of your employment in certain circumstances by either the Company or you. Section 5 also sets forth certain restrictions on your activities if your employment with the Company is terminated, whether by the Company or you. That section shall survive any termination of this Agreement or your employment with the Company.

2.1 Termination by the Company for Cause. If you are terminated for Cause, the Company shall have no further obligation to you, and your participation in all of the Company's benefit plans and programs shall cease as of the Effective Date. In the event of a termination for Cause, you shall not be entitled to receive severance benefits described in Section 3.

2.2 Termination by the Company Without Cause Other Than During a Change in Control Period. If your employment with the Company is terminated by the Company without Cause at a time other than during a Change in Control Period, you shall be entitled to only those severance benefits provided by the Company's severance policy or policies then in effect. You shall not be entitled to receive benefits pursuant to Section 3 of this Agreement.

2.3 Termination by the Company Without Cause During a Change in Control Period. If your employment with the Company is terminated by the Company without Cause during a Change in Control Period, you shall be entitled to receive Benefits pursuant to Section 3. A termination within 90 days prior to a Change in Control which occurs solely in order to make you ineligible for the benefits of this Agreement shall be considered a termination without Cause during a Change in Control Period.

2.4 Termination By You For Change in Duties or Compensation During a Change in Control Period. If during a Change in Control Period there occurs a Change in Duties or Compensation you may terminate your employment with the Company at any time within 30 days after the occurrence of the Change in Duties or Compensation, by giving to the Company not less than 120 nor more than 180 days notice of termination. During the notice period that you continue to work, any reduction in your Compensation will be restored. At the option of the Company, following receipt of this notice, it may: (a) change or cure, within 15 days, the condition that you claim has caused the Change in Duties or Compensation, in which case, your rights to terminate your employment with the Company pursuant to this Section 2.4 shall cease (unless there occurs thereafter another Change in Duties or Compensation) and you shall continue in the employment of the Company notwithstanding the notice that you have given; (b) allow you to continue your employment through the date that you have specified in your notice; or (c) immediately terminate your employment pursuant to Section 2.3. If you terminate your employment with the Company pursuant to this Section 2.4, you shall be entitled to receive Benefits pursuant to Section 3. Your failure to provide the notice required by this Section 2.4 shall result in you having no right to receive any further compensation from the Company except for any base salary or vacation earned but not paid, plus any bonus earned and accrued by the Company through the Effective Date.

3. SEVERANCE BENEFITS. If your employment with the Company is terminated as described in Section 2.3 or 2.4, you shall be entitled to the benefits specified in subsections 3.1, 3.2, and 3.3 (the "Benefits") for the period of time set forth in the applicable section.

3.1 Salary Payment or Continuance. You will be paid a single lump sum payment in an amount equal to 2.00 times the average of your annual base salary and any bonus payments for the 3 years immediately preceding the Effective Date. The determination of the amount of this payment shall be made by the Company's actuaries and benefit consultants and, absent manifest error, shall be final, binding and conclusive upon you and the Company.

3.2 Continuation of Benefits. During the 2 years following the Effective Date that results in benefits under this Article 3 (the "Severance Period"), you shall continue to receive the medical, prescription, dental, employee life and group life insurance benefits at the levels to which you were entitled on the day preceding the Effective Date, or reasonably equivalent benefits, to the extent continuation is not prohibited or limited by applicable law. In no event shall substitute plans, practices, policies and programs provide you with benefits which are less favorable, in the aggregate, than the most favorable of those plans, practices, policies and programs in effect for you at any time during the 120-day period immediately preceding the Effective Date. However, if you become reemployed with another employer and are eligible to receive medical or other welfare benefits under another employer-provided plan, Company payments for these medical and other welfare benefits shall cease.

4. EFFECT OF TERMINATION ON STOCK OPTIONS AND RESTRICTED STOCK. In the event of any termination of your employment, all stock options and restricted stock held by you that are vested prior to the Effective Date shall be owned or exercisable in accordance with their terms; all stock options held by you that are not vested prior to the Effective Date shall lapse and be void; however, if your employment with the Company is terminated as described in Sections 2.3 or 2.4, then, if your option or restricted stock grants provide for immediate vesting in the event of a Change in Control, the terms of your option or restricted stock agreement shall control. If your option or restricted stock agreement does not provide for immediate vesting, you shall receive, within 30 days after the Effective Date, a lump sum cash distribution equal to: (a) the number of shares of the Company's ordinary shares that are subject to options or restricted stock grants held by you that are not vested as of the Effective Date multiplied by (b) the difference between: (i) the closing price of a share of the Company's ordinary shares on the NASDAQ National Market System as reported by The Wall Street Journal as of the day prior to the Effective Date (or, if the market is closed on that date, on the last preceding date on which the market was open for trading), and (ii) the applicable exercise prices or stock grant values of those non-vested shares.

5. DISCLOSURE OF INFORMATION. You recognize and acknowledge that, as a result of your employment by the Company, you have or will become familiar with and acquire knowledge of confidential information and certain trade secrets that are valuable, special, and unique assets of the Company. You agree that all that confidential information and trade secrets are the property of the Company. Therefore, you agree that, for and during your employment with the Company and continuing following the termination of your employment for any reason, all confidential information and trade secrets shall be considered to be proprietary to the Company and kept as the private records of the Company and will not be divulged to any firm, individual, or institution, or used to the detriment of the Company. The parties agree that nothing in this Section 6 shall be construed as prohibiting the Company from pursuing any remedies available to it for any breach or threatened breach of this Section 6, including, without limitation, the recovery of damages from you or any person or entity acting in concert with you.

6. GENERAL PROVISIONS.

6.1 Other Plans. Nothing in this Agreement shall affect your rights during your employment to receive increases in compensation, responsibilities or duties or to participate in and receive benefits from any pension plan, benefit plan or profit sharing plans except plans which specifically address benefits of the type addressed in Sections 3 and 4 of this Agreement.

6.2 Death During Severance Period. If you die during the Severance Period, any Benefits remaining to be paid to you shall be paid to the beneficiary designated by you to receive those Benefits (or in the absence of designation, to your surviving spouse or next of kin).

6.3 Notices. Any notices to be given under this Agreement may be effected by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing on the first page of this Agreement (to the attention of the Secretary in the case of notices to the Company), but each party may change the delivery address by written notice in accordance with this Section 7.3. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of the second day following deposit in the United States Mail.

6.4 Entire Agreement. This Agreement supersedes all previous oral or written agreements, understandings or arrangements between the Company and you regarding a termination of your employment with the Company or a change in your status, scope or authority and the salary, benefits or other compensation that you receive from the Company as a result of the termination of your employment with the Company (the "Subject Matter"), all of which are wholly terminated and canceled. This Agreement contains all of the covenants and agreements between the parties with respect to the Subject Matter. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made with respect to the Subject Matter by any party, or anyone acting on behalf of any party, which are not embodied in this Agreement. Any subsequent agreement relating to the Subject Matter or any modification of this Agreement will be effective only if it is in writing signed by the party against whom enforcement of the modification is sought.

6.5 Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

6.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, and it shall be enforced or challenged only in the courts of the State of Tennessee.

6.7 Waiver of Jury Trial. The Company and you expressly waive any right to a trial by jury in any action or proceeding to enforce or defend any rights under this Agreement, and agree that any such action or proceeding shall be tried before a court and not a jury. You irrevocably waive, to the fullest extent permitted by law, any objection that you may have now or hereafter to the specified venue of any such action or proceeding and any claim that any such action or proceeding has been brought in an inconvenient forum.

6.8 Miscellaneous. Failure or delay of either party to insist upon compliance with any provision of this Agreement will not operate as and is not to be construed to be a waiver or amendment of the provision or the right of the aggrieved party to insist upon compliance with the provision or to take remedial steps to recover damages or other relief for noncompliance. Any express waiver of any provision of this Agreement will not operate, and is not to be construed, as a waiver of any subsequent breach, irrespective of whether occurring under similar or dissimilar circumstances. You may not assign any of your rights under this Agreement. The rights and obligations of the Company under this Agreement shall benefit and bind the successors and assigns of the Company. The Company agrees that if it assigns this Agreement to any successor company, it will ensure that its terms are continued.

6.9 Certain Additional Payments by the Company.

a. The Company will pay you an amount (the "Additional Amount") equal to the excise tax under the United States Internal Revenue Code of 1986, as amended (the "Code"), if any, incurred by you by reason of the payments under this Agreement and any other plan, agreement or understanding between you and the Company or its parent, subsidiaries or affiliates (collectively, "Separation Payments") constituting excess parachute payments under Section 280G of the Code (or any successor provision). In addition, the Company will pay an amount equal to all excise taxes and federal, state and local income taxes incurred by you with respect to receipt of the Additional Amount. All determinations required to be made under this Section 6.9 including whether an Additional Amount is required and the amount of any Additional Amount, will be made by the independent auditors engaged by the Company immediately prior to the Change in Control (the "Accounting Firm"), which will provide detailed supporting calculations to the Company and you. In computing taxes, the Accounting Firm will use the highest marginal federal, state and local income tax rates applicable to you and will assume the full deductibility of state and local income taxes for purposes of computing federal income tax liability, unless you demonstrate that you will not in fact be entitled to such a deduction for the year of payment.

b. The Additional Amount, computed assuming that all of the Separation Payments constitute excess parachute payments as defined in Section 280G of the Code (or any successor provision), will be paid to you at the time that the payments made pursuant to Section 3.1 is made unless the Company, prior to the Severance Period, provides you with an opinion of the Accounting Firm that you will not incur an excise tax on part or all of the Separation Payments. That opinion will be based upon the applicable regulations under Sections 280G and 4999 of the Code (or any successor provisions) or substantial authority within the meaning of Section 6662 of the Code. If that opinion applies only to part of the Separation Payments, the Company will pay you the Additional Amount with respect to the part of the Separation Payments not covered by the opinion.

c. The amount of the Additional Amount and the assumptions to be utilized in arriving at the determination, shall be made by the Company's Accounting Firm, whose decision shall be final and binding upon both you and the Company. You must notify the Company in writing no later than 30 days after you are informed of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Additional Amount. You must also cooperate fully with the Company and give the Company any information reasonably requested relating to the claim, and take all action in connection with contesting the claim as the Company reasonably requests in writing from time to time.

If all of the terms and conditions in this Agreement are agreed to by you, please signify your agreement by executing the enclosed duplicate of this letter and returning it to us. At the date of your return, this letter shall constitute a fully enforceable Agreement between us.

CBRL GROUP, INC.

By: /s/Michael A. Woodhouse
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Michael A. Woodhouse
President/CEO

The foregoing is fully agreed to and accepted by:

Company Employee's Signature: /s/David L . Gilbert
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Please Print or Type Name:  David L. Gilbert
                           ----------------

Please Print or Type Title: Chief Administrative Officer
                            ----------------------------

October 13, 1999

Peter W. Kehayes
401 Hope Avenue
Franklin, TN 37067

Re: Employee Retention Agreement

Dear Peter:

The Board of Directors of the CBRL Group, Inc. recognizes the contribution that you have made to CBRL Group, Inc. or one of its direct or indirect subsidiaries (collectively, the "Company") and wishes to ensure your continuing commitment to the Company and its business operations. Accordingly, in exchange for your continuing commitment to the Company, and your energetic focus on continually improving operations, the Company promises you the following benefits if your employment with the Company is terminated in certain circumstances:

1. DEFINITIONS. As used in this Agreement, the following terms have the following meanings which are equally applicable to both the singular and plural forms of the terms defined:

1.1 "Cause" means any one of the following:

(a) personal dishonesty;
(b) willful misconduct;
(c) breach of fiduciary duty; or
(d) conviction of any felony or crime involving moral turpitude.

1.2 "Change in Control" means: (a) that after the date of this Agreement, a person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding voting securities, unless that acquisition was approved by a vote of at least 2/3 of the directors in office immediately prior to the acquisition; (b) that during any period of 2 consecutive years following the date of this Agreement, individuals who at the beginning of the period constitute members of the Board of Directors of the Company cease for any reason to constitute a majority of the Board unless the election, or the nomination for election by the Company's shareholders, of each new director was approved by a vote of at least 2/3 of the directors then still in office who were directors at the beginning of the 2-year period; (c) a merger, consolidation or reorganization of the Company (but this provision does not apply to a recapitalization or similar financial restructuring which does not involve a material change in ownership of equity of the Company and which does not result in a change in membership of the Board of Directors); or (d) a sale of all or substantially all of the Company's assets.

1.3 "Change in Control Period" means a 2-year year period beginning the day after a Change in Control occurs.

1.4 "Change in Duties or Compensation" means any one of: (a) a material change in your duties and responsibilities for the Company (without your consent) from those duties and responsibilities for the Company in effect at the time a Change in Control occurs, which change results in the assignment of duties and responsibilities inferior to your duties and responsibilities at the time such Change in Control occurs (it being understood and acknowledged by you that a Change in Control that results in two persons of which you are one having similar or sharing duties and responsibilities shall not be a material change in your duties and responsibilities); (b) a reduction in your salary or a material change in benefits (excluding discretionary bonuses), from the salary and benefits in effect at the time a Change in Control occurs; or (c) a change in the location of your work assignment from your location at the time a Change in Control occurs to any other city or geographical location that is located further than 50 miles from that location.

2. TERMINATION OF EMPLOYMENT; SEVERANCE. Your immediate supervisor or the Company's Board of Directors may terminate your employment, with or without cause, at any time by giving you written notice of your termination, such termination of employment to be effective on the date specified in the notice. You also may terminate your employment with the Company at any time. The effective date of termination (the "Effective Date") shall be the last day of

your employment with the Company, as specified in a notice by you, or if you are terminated by the Company, the date that is specified by the Company in its notice to you. The following subsections set forth your rights to severance in the event of the termination of your employment in certain circumstances by either the Company or you. Section 5 also sets forth certain restrictions on your activities if your employment with the Company is terminated, whether by the Company or you. That section shall survive any termination of this Agreement or your employment with the Company.

2.1 Termination by the Company for Cause. If you are terminated for Cause, the Company shall have no further obligation to you, and your participation in all of the Company's benefit plans and programs shall cease as of the Effective Date. In the event of a termination for Cause, you shall not be entitled to receive severance benefits described in Section 3.

2.2 Termination by the Company Without Cause Other Than During a Change in Control Period. If your employment with the Company is terminated by the Company without Cause at a time other than during a Change in Control Period, you shall be entitled to only those severance benefits provided by the Company's severance policy or policies then in effect. You shall not be entitled to receive benefits pursuant to Section 3 of this Agreement.

2.3 Termination by the Company Without Cause During a Change in Control Period. If your employment with the Company is terminated by the Company without Cause during a Change in Control Period, you shall be entitled to receive Benefits pursuant to Section 3. A termination within 90 days prior to a Change in Control which occurs solely in order to make you ineligible for the benefits of this Agreement shall be considered a termination without Cause during a Change in Control Period.

2.4 Termination By You For Change in Duties or Compensation During a Change in Control Period. If during a Change in Control Period there occurs a Change in Duties or Compensation you may terminate your employment with the Company at any time within 30 days after the occurrence of the Change in Duties or Compensation, by giving to the Company not less than 120 nor more than 180 days notice of termination. During the notice period that you continue to work, any reduction in your Compensation will be restored. At the option of the Company, following receipt of this notice, it may: (a) change or cure, within 15 days, the condition that you claim has caused the Change in Duties or Compensation, in which case, your rights to terminate your employment with the Company pursuant to this Section 2.4 shall cease (unless there occurs thereafter another Change in Duties or Compensation) and you shall continue in the employment of the Company notwithstanding the notice that you have given; (b) allow you to continue your employment through the date that you have specified in your notice; or (c) immediately terminate your employment pursuant to Section 2.3. If you terminate your employment with the Company pursuant to this Section 2.4, you shall be entitled to receive Benefits pursuant to Section 3. Your failure to provide the notice required by this Section 2.4 shall result in you having no right to receive any further compensation from the Company except for any base salary or vacation earned but not paid, plus any bonus earned and accrued by the Company through the Effective Date.

3. SEVERANCE BENEFITS. If your employment with the Company is terminated as described in Section 2.3 or 2.4, you shall be entitled to the benefits specified in subsections 3.1, 3.2, and 3.3 (the "Benefits") for the period of time set forth in the applicable section.

3.1 Salary Payment or Continuance. You will be paid a single lump sum payment in an amount equal to 2.99 times the average of your annual base salary and any bonus payments for the 3 years immediately preceding the Effective Date. The determination of the amount of this payment shall be made by the Company's actuaries and benefit consultants and, absent manifest error, shall be final, binding and conclusive upon you and the Company.

3.2 Continuation of Benefits. During the 2 years following the Effective Date (the "Severance Period") that results in benefits under this Article 3, you shall continue to receive the medical, prescription, dental, employee life and group life insurance benefits at the levels to which you were entitled on the day preceding the Effective Date, or reasonably equivalent benefits, to the extent continuation is not prohibited or limited by applicable law. In no event shall substitute plans, practices, policies and programs provide you with benefits which are less favorable, in the aggregate, than the most favorable of those plans, practices, policies and programs in effect for you at any time during the 120-day period immediately preceding the Effective Date. However, if you become reemployed with another employer and are eligible to receive medical or other welfare benefits under another employer-provided plan, Company payments for these medical and other welfare benefits shall cease.

4. EFFECT OF TERMINATION ON STOCK OPTIONS AND RESTRICTED STOCK. In the event of any termination of your employment, all stock options and restricted stock held by you that are vested prior to the Effective Date shall be owned or exercisable in accordance with their terms; all stock options held by you that are not vested prior to the Effective Date shall lapse and be void; however, if your employment with the Company is terminated as described in Sections 2.3 or 2.4, then, if your option or restricted stock grants provide for immediate vesting in the event of a Change in Control, the terms of your option or restricted stock agreement shall control. If your option or restricted stock agreement does not provide for immediate vesting, you shall receive, within 30 days after the Effective Date, a lump sum cash distribution equal to: (a) the number of shares of the Company's ordinary shares that are subject to options or restricted stock grants held by you that are not vested as of the Effective Date multiplied by (b) the difference between: (i) the closing price of a share of the Company's ordinary shares on the NASDAQ National Market System as reported by The Wall Street Journal as of the day prior to the Effective Date (or, if the market is closed on that date, on the last preceding date on which the market was open for trading), and (ii) the applicable exercise prices or stock grant values of those non-vested shares.

5. DISCLOSURE OF INFORMATION. You recognize and acknowledge that, as a result of your employment by the Company, you have or will become familiar with and acquire knowledge of confidential information and certain trade secrets that are valuable, special, and unique assets of the Company. You agree that all that confidential information and trade secrets are the property of the Company. Therefore, you agree that, for and during your employment with the Company and continuing following the termination of your employment for any reason, all confidential information and trade secrets shall be considered to be proprietary to the Company and kept as the private records of the Company and will not be divulged to any firm, individual, or institution, or used to the detriment of the Company. The parties agree that nothing in this Section 6 shall be construed as prohibiting the Company from pursuing any remedies available to it for any breach or threatened breach of this Section 6, including, without limitation, the recovery of damages from you or any person or entity acting in concert with you.

6. GENERAL PROVISIONS.

6.1 Other Plans. Nothing in this Agreement shall affect your rights during your employment to receive increases in compensation, responsibilities or duties or to participate in and receive benefits from any pension plan, benefit plan or profit sharing plans except plans which specifically address benefits of the type addressed in Sections 3 and 4 of this Agreement.

6.2 Death During Severance Period. If you die during the Severance Period, any Benefits remaining to be paid to you shall be paid to the beneficiary designated by you to receive those Benefits (or in the absence of designation, to your surviving spouse or next of kin).

6.3 Notices. Any notices to be given under this Agreement may be effected by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing on the first page of this Agreement (to the attention of the Secretary in the case of notices to the Company), but each party may change the delivery address by written notice in accordance with this Section 7.3. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of the second day following deposit in the United States Mail.

6.4 Entire Agreement. This Agreement supersedes all previous oral or written agreements, understandings or arrangements between the Company and you regarding a termination of your employment with the Company or a change in your status, scope or authority and the salary, benefits or other compensation that you receive from the Company as a result of the termination of your employment with the Company (the "Subject Matter"), all of which are wholly terminated and canceled. This Agreement contains all of the covenants and agreements between the parties with respect to the Subject Matter. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made with respect to the Subject Matter by any party, or anyone acting on behalf of any party, which are not embodied in this Agreement. Any subsequent agreement relating to the Subject Matter or any modification of this Agreement will be effective only if it is in writing signed by the party against whom enforcement of the modification is sought.

6.5 Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

6.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, and it shall be enforced or challenged only in the courts of the State of Tennessee.

6.7 Waiver of Jury Trial. The Company and you expressly waive any right to a trial by jury in any action or proceeding to enforce or defend any rights under this Agreement, and agree that any such action or proceeding shall be tried before a court and not a jury. You irrevocably waive, to the fullest extent permitted by law, any objection that you may have now or hereafter to the specified venue of any such action or proceeding and any claim that any such action or proceeding has been brought in an inconvenient forum.

6.8 Miscellaneous. Failure or delay of either party to insist upon compliance with any provision of this Agreement will not operate as and is not to be construed to be a waiver or amendment of the provision or the right of the aggrieved party to insist upon compliance with the provision or to take remedial steps to recover damages or other relief for noncompliance. Any express waiver of any provision of this Agreement will not operate, and is not to be construed, as a waiver of any subsequent breach, irrespective of whether occurring under similar or dissimilar circumstances. You may not assign any of your rights under this Agreement. The rights and obligations of the Company under this Agreement shall benefit and bind the successors and assigns of the Company. The Company agrees that if it assigns this Agreement to any successor company, it will ensure that its terms are continued.

6.9 Certain Additional Payments by the Company.

a. The Company will pay you an amount (the "Additional Amount") equal to the excise tax under the United States Internal Revenue Code of 1986, as amended (the "Code"), if any, incurred by you by reason of the payments under this Agreement and any other plan, agreement or understanding between you and the Company or its parent, subsidiaries or affiliates (collectively, "Separation Payments") constituting excess parachute payments under Section 280G of the Code (or any successor provision). In addition, the Company will pay an amount equal to all excise taxes and federal, state and local income taxes incurred by you with respect to receipt of the Additional Amount. All determinations required to be made under this Section 6.9 including whether an Additional Amount is required and the amount of any Additional Amount, will be made by the independent auditors engaged by the Company immediately prior to the Change in Control (the "Accounting Firm"), which will provide detailed supporting calculations to the Company and you. In computing taxes, the Accounting Firm will use the highest marginal federal, state and local income tax rates applicable to you and will assume the full deductibility of state and local income taxes for purposes of computing federal income tax liability, unless you demonstrate that you will not in fact be entitled to such a deduction for the year of payment.

b. The Additional Amount, computed assuming that all of the Separation Payments constitute excess parachute payments as defined in Section 280G of the Code (or any successor provision), will be paid to you at the time that the payments made pursuant to Section 3.1 is made unless the Company, prior to the Severance Period, provides you with an opinion of the Accounting Firm that you will not incur an excise tax on part or all of the Separation Payments. That opinion will be based upon the applicable regulations under Sections 280G and 4999 of the Code (or any successor provisions) or substantial authority within the meaning of Section 6662 of the Code. If that opinion applies only to part of the Separation Payments, the Company will pay you the Additional Amount with respect to the part of the Separation Payments not covered by the opinion.

c. The amount of the Additional Amount and the assumptions to be utilized in arriving at the determination, shall be made by the Company's Accounting Firm, whose decision shall be final and binding upon both you and the Company. You must notify the Company in writing no later than 30 days after you are informed of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Additional Amount. You must also cooperate fully with the Company and give the Company any information reasonably requested relating to the claim, and take all action in connection with contesting the claim as the Company reasonably requests in writing from time to time.

If all of the terms and conditions in this Agreement are agreed to by you, please signify your agreement by executing the enclosed duplicate of this letter and returning it to us. At the date of your return, this letter shall constitute a fully enforceable Agreement between us.

CBRL GROUP, INC.

By: /s/Dan W. Evins
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Dan W. Evins
Chairman and Chief Executive Officer

The foregoing is fully agreed to and accepted by:

Company Employee's Signature: /s/Peter W. Kehayes
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Please Print or Type Name: Peter W. Kehayes
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Please Print or Type Title: Executive Vice President & COO
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SELECTED FINANCIAL DATA

(In thousands except per share data)
For each of the fiscal years ended

| | August 2, 2002 | August 3, 2001(b)(c)(d) | July 28, 2000(e) | July 30, 1999(f) | July 31, 1998(g) |
|---|---|---|---|---|---|
| OPERATING RESULTS | | | | | |
| Total revenue | $2,066,892 | $1,963,692 | $1,772,712 | $1,531,625 | $1,317,104 |
| Cost of goods sold | 677,738 | 664,332 | 614,472 | 538,051 | 450,120 |
| Gross profit | 1,389,154 | 1,299,360 | 1,158,240 | 993,574 | 866,984 |
| Labor & other related expenses | 777,617 | 732,419 | 645,976 | 538,348 | 441,121 |
| Other store operating expenses | 347,085 | 353,334 | 294,012 | 248,208 | 197,098 |
| Store operating income | 264,452 | 213,607 | 218,252 | 207,018 | 228,765 |
| General and administrative | 115,152 | 102,541 | 95,289 | 82,006 | 63,648 |
| Amortization of goodwill | -- | 14,370 | 3,994 | 2,169 | 208 |
| Operating income | 149,300 | 96,696 | 118,969 | 122,843 | 164,909 |
| Interest expense | 6,769 | 12,316 | 24,616 | 11,324 | 3,026 |
| Interest income | -- | 84 | 352 | 1,319 | 2,847 |
| Income before income taxes | 142,531 | 84,464 | 94,705 | 112,838 | 164,730 |
| Provision for income taxes | 50,742 | 35,283 | 35,707 | 42,653 | 60,594 |
| Net income | $ 91,789 | $ 49,181 | $ 58,998 | $ 70,185 | $ 104,136 |
| SHARE DATA Net income per share: | | | | | |
| Basic | $1.69 | $.88 | $1.02 | $1.16 | $1.68 |
| Diluted | 1.64 | .87 | 1.02 | 1.16 | 1.65 |
| Dividends per share(a) | $.02 | $ .02 | $ .01 | $ .02 | $ .02 |
| Weighted average shares outstanding: | | | | | |
| Basic | 54,199 | 56,129 | 57,960 | 60,329 | 61,832 |
| Diluted | 56,091 | 56,799 | 58,041 | 60,610 | 63,028 |
| FINANCIAL POSITION | | | | | |
| Working capital | $ (61,587) | $ (42,059) | $ (29,543) | $ (5,803) | $ 60,804 |
| Total assets | 1,263,737 | 1,212,872 | 1,335,023 | 1,277,781 | 992,108 |
| Property and equipment-net | 984,817 | 955,028 | 1,075,134 | 1,020,055 | 812,321 |
| Long-term debt | 194,476 | 125,000 | 292,000 | 312,000 | 59,500 |
| Other long-term obligations | 10,702 | 8,829 | 1,762 | 902 | 1,502 |
| Shareholders' equity | 782,994 | 846,108 | 828,970 | 791,007 | 803,374 |

(a)On November 24, 1999, the CBRL Group, Inc.'s ("Company") Board of Directors adopted a policy to consider and pay dividends, if declared, on an annual basis each January in the future. This new policy is intended to reduce administrative and mailing costs related to dividends.

(b)The Company recorded charges of $33,063 before taxes during the quarter ended August 3, 2001, principally as a result of exiting its Carmine Giardini's Gourmet Market(TM) business and the closing of four Cracker Barrel Old Country Store(R) units and three Logan's Roadhouse(R) units, as well as an accrual for a settlement proposal for a collective action under the Fair Labor Standards Act. Before the effect of these charges, net income would have been $73,654 and diluted net income per share would have been $1.30. (See Notes 2 and 9 to the Company's Consolidated Financial Statements.)

(c)The Company's fiscal year ended August 3, 2001 consisted of 53 weeks. As a result, comparisons to fiscal 2002 and fiscal 2000 also reflect the impact of having one more week in fiscal 2001 than in fiscal 2002 and fiscal 2000. The estimated impact of the additional week was to increase consolidated fiscal 2001 results as follows: total revenue, $40,485; store operating income, $9,006; operating income, $8,056; net income, $4,954; and diluted net income per share, $0.09.

(d)The Company completed a sale-leaseback transaction in the first quarter of fiscal 2001, under which $138,300 of long-term debt was paid down, operating income was reduced by $12,256 and interest expense was reduced by approximately $10,100. (See Note 11 to the Company's Consolidated Financial Statements.)

(e)The Company recorded charges of $8,592 before taxes during the quarter ended

January 28, 2000, principally as a result of management changes and the resulting refocused operating priorities. Before the effect of these charges, net income would have been $64,350 and diluted net income per share would have been $1.11. (See Note 2 to the Company's Consolidated Financial Statements.)

(f)The Company acquired Logan's Roadhouse, Inc. on February 16, 1999.

(g)The Company acquired Carmine's Prime Meats, Inc. on April 1, 1998.

## MARKET PRICE AND DIVIDEND INFORMATION

The following table indicates the high and low sales prices of the Company's common stock, as reported by The Nasdaq Stock Market (National Market), and dividends paid.

| | Fiscal Year 2002 | | | Fiscal Year 2001 | | |
|---|---|---|---|---|---|---|
| | Prices | | | Prices | | |
| Quarter | High | Low | Dividends Paid | High | Low | Dividends Paid |
| First | $25.96 | $18.31 | -- | $15.94 | $11.75 | -- |
| Second | 31.88 | 23.55 | $.02 | 24.25 | 15.69 | $.02 |
| Third | 32.75 | 26.25 | -- | 21.81 | 17.63 | -- |
| Fourth | 34.10 | 24.85 | -- | 21.94 | 16.26 | -- |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

All dollar amounts reported or discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations are shown in thousands.

The following table highlights operating results over the past three fiscal years (immediately following the table are details of the impact of certain charges taken in fiscal 2000 and fiscal 2001 on the values shown in the table):

| | Relationship to Total Revenue | | | Period to Period Increase(Decrease) | |
|---|---|---|---|---|---|
| | 2002 | 2001 | 2000 | 2002 vs 2001 | 2001 vs 2000 |
| Net Sales: | | | | | |
| Restaurant | 79.6% | 78.6% | 77.8% | 7% | 12% |
| Retail | 20.3 | 21.4 | 22.2 | - | 7 |
| Total net sales | 99.9 | 100.0 | 100.0 | 5 | 11 |
| Franchise fees and royalties | 0.1 | -- | -- | 47 | 16 |
| Total revenue | 100.0% | 100.0% | 100.0% | 5 | 11 |
| Cost of goods sold | 32.8 | 33.8 | 34.7 | 2 | 8 |
| Gross profit | 67.2 | 66.2 | 65.3 | 7 | 12 |
| Labor & other related expenses | 37.6 | 37.3 | 36.4 | 6 | 13 |
| Other store operating expenses | 16.8 | 18.0 | 16.6 | (2) | 20 |
| Store operating income | 12.8 | 10.9 | 12.3 | 24 | (2) |
| General & administrative | 5.6 | 5.2 | 5.4 | 12 | 8 |
| Amortization of goodwill | -- | 0.8 | 0.2 | (100) | 260 |
| Operating income | 7.2 | 4.9 | 6.7 | 54 | (19) |
| Interest expense | 0.3 | 0.6 | 1.4 | (45) | (50) |
| Interest income | -- | -- | -- | (100) | (76) |
| Income before income taxes | 6.9 | 4.3 | 5.3 | 69 | (11) |
| Provision for income taxes | 2.5 | 1.8 | 2.0 | 44 | (1) |
| Net income | 4.4 | 2.5 | 3.3 | 87 | (17) |

The Company recorded charges of $33,063 before taxes during the quarter ended August 3, 2001, principally as a result of exiting the Carmine Giardini's Gourmet Market(TM) ("Carmine's") business and the closing of four Cracker Barrel Old Country Store(R) ("Cracker Barrel") units and three Logan's Roadhouse(R) ("Logan's") restaurants, as well as an accrual for a settlement proposal for a certain collective action under the Fair Labor Standards Act. These charges consisted primarily of $10,428 for the write-off of goodwill related to the acquisition of Carmine's and $14,003 for the write-down of fixed assets of all three Carmine's units, four Cracker Barrel units and three Logan's units in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Certain Long-Lived Assets and for Long-Lived Assets to be Disposed Of", (see Note 2 to the Company's Consolidated Financial Statements). These charges also consisted of $1,234 for severance and related expenses for approximately 1,000 employees, consisting primarily of store personnel, and $3,898 for other charges primarily consisting of lease termination costs, inventory write-downs related to the closed units and other unit closing costs. Additionally, the Company accrued $3,500 for a settlement proposal for a certain collective action under the Fair Labor Standards Act (see Note 9 to the Company's Consolidated Financial Statements). These charges affect line items in the Company's Consolidated Statement of Income in dollars and as a percent of total revenue for the fiscal year ended August 3, 2001, respectively, as follows: Cost of goods sold $669, 0.0%; Labor and other related expenses $924, 0.0%; Other store operating expenses $20,552, 1.1%; General and administrative $490, 0.0%; and Amortization of goodwill $10,428, 0.6%. As of August 3, 2001, approximately $285 of the severance costs and $620 of the other charges had been paid with no changes from the original estimate. The Company has paid substantially all of the remaining severance in the first quarter of fiscal 2002 with no changes from the original estimates. After taking into effect the property and equipment write-downs, the Company's carrying value of the property and equipment associated with the charges is approximately $508 as of August 2, 2002. As of August 2, 2002, substantially all of the amounts previously recorded had been paid or settled except for $961 accrued for certain lease termination costs.

The Company's fiscal year ended August 3, 2001 consisted of 53 weeks. As a result, comparisons to fiscal 2002 and fiscal 2000 also reflect the impact of having one more week in fiscal 2001 than in fiscal 2002 and fiscal 2000. The estimated impact of the additional week was to increase consolidated fiscal 2001 results as follows: total revenue, $40,485; store operating income, $9,006; operating income, $8,056; net income, $4,954; and diluted net income per share, $0.09.

The Company recorded charges of $8,592 before taxes during the quarter ended January 28, 2000, principally as a result of management changes and the resulting refocused operating priorities. These charges consisted of $3,887 for the write-down of certain Cracker Barrel properties no longer expected to be used for future development and for Cracker Barrel's test, retail-only mall store in accordance with SFAS No. 121 (see Note 2 to the Company's Consolidated Financial Statements), $1,955 for severance and related expenses for a total of 20 corporate employees, including 18 at Cracker Barrel, and $2,750 for other charges primarily consisting of the future minimum lease payments on certain properties no longer expected to be used for future development, the write-down of certain abandoned property, inventory write-downs related to the closing of Cracker Barrel's test outlet store and other contractual obligations. These charges affect line items on the Company's Consolidated Statement of Income in dollars and as a percent of total revenue for the fiscal year ended July 28, 2000, respectively, as follows: Cost of goods sold $205, 0.0%; Other store operating expenses $5,609, 0.3%; and General and administrative $2,778, 0.2%. As of July 28, 2000, substantially all of the amounts previously recorded had been paid or settled with no changes from the original estimates.

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the Consolidated Financial Statements and notes thereto. Except for specific historical information, the matters discussed in this Annual Report to Shareholders, as well as the Company's Form 10-K filed with the Securities and Exchange Commission for the year ended August 2, 2002, contain forward-looking statements that involve risks, uncertainties and other factors which may cause actual results and performance of the Company to differ materially from those expressed or implied by these statements. All forward-looking information is provided by the Company pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "assumptions", "target", "guidance", "plans", "projection", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "potential", or "continue" (or the negative of each of these terms) or similar terminology. Factors which will affect actual results include, but are not limited to: adverse general economic conditions including uncertain consumer confidence effects on sales; the actual results of pending or threatened litigation or governmental investigations; changes in generally accepted accounting principles or in capital market conditions that could affect valuations of restaurant companies in general or the Company`s goodwill in particular; the effects of negative publicity; weather conditions and customer travel activity and retail buying trends; the effect of plans intended to improve operational execution and performance including retail logistics initiatives; commodity, workers' compensation, group health and utility price changes; the effects of increased competition at Company locations on sales and on labor recruiting, cost and retention; the ability of and cost to the Company to recruit, train and retain qualified restaurant hourly and management employees; the ability of the Company to identify successful new lines of retail merchandise; the availability and costs of acceptable sites for development; the acceptance of the Company's concepts as the Company continues to expand into new markets and geographic regions; changes in or implementation of additional governmental rules and regulations affecting accounting, wage and hour matters, health and safety, pensions and insurance; practical or psychological effects of terrorist acts or military or government responses; changes in interest rates affecting the Company's financing costs; income, payroll and other tax issues including changes in government policy, settlement of audits, and changes affecting the Company's ability to plan and structure its operations; other undeterminable areas of government or regulatory actions or regulations; and other factors described from time to time in the Company's filings with the Securities and Exchange Commission, press releases and other communications.

The following table highlights comparable store sales* results over the past two fiscal years:

| | Cracker Barrel Old Country Store Period to Period Increase | | Logan's Roadhouse Period to Period Increase(Decrease) | |
|---|---|---|---|---|
| | 2002 vs 2001 (414 Stores) | 2001 vs 2000 (376 Stores) | 2002 vs 2001 (59 Stores) | 2001 vs 2000 (40 Stores) |
| Restaurant | 5.3% | 4.6% | 2.4% | (1.1)% |
| Retail | 2.3 | 1.1 | -- | -- |
| Restaurant & retail | 4.6 | 3.8 | 2.4 | (1.1) |

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*Comparable store sales consist of sales of stores open six full quarters at the beginning of the fiscal year; and are measured on comparable calendar weeks.

Cracker Barrel comparable store restaurant sales increased 5.3% for fiscal 2002 versus the comparable 52 weeks of fiscal 2001. Comparable store restaurant sales increased 4.6% in fiscal 2001 versus the comparable 53-week period of a year earlier. The increase in comparable store sales growth from fiscal 2001 to fiscal 2002 was primarily due to the increases in average check of 2.9% and guest traffic of 2.4%.

Cracker Barrel comparable store retail sales increased 2.3% for fiscal 2002 versus the comparable 52 weeks of fiscal 2001. Comparable store retail sales increased 1.1% in fiscal 2001 versus the comparable 53-week period of a year earlier. The comparable store retail sales increase from fiscal 2001 to fiscal 2002 was primarily due to the restaurant guest traffic increase.

In fiscal 2002 total net sales (restaurant and retail) in the 414 Cracker Barrel comparable stores averaged $4,095. Restaurant sales were 76.9% of total net sales in the comparable 414 stores in fiscal 2002 and 76.4% in fiscal 2001.

Logan's comparable store sales increased 2.4% for fiscal 2002 versus the comparable 52 weeks of fiscal 2001. Comparable store sales decreased 1.1% in fiscal 2001 versus the comparable 53-week period of a year earlier. The comparable store sales increase from fiscal 2001 to fiscal 2002 was primarily due to an increase in guest traffic of approximately 2%.

Total revenue, which increased approximately 5% and 11% in fiscal 2002 and 2001, respectively, benefited from the opening of 20, 15 and 30 new Cracker Barrel stores in fiscal 2002, 2001 and 2000, respectively, and the opening of 9, 13 and 12 new company-operated Logan's restaurants in fiscal 2002, 2001 and 2000, respectively. Additionally, fiscal 2001 benefited from a 53rd week, which reflected approximately 2% of total revenue.

Cost of goods sold as a percentage of total revenue decreased in fiscal 2002 to 32.8% from 33.8% in 2001. This decrease was primarily due to higher average check, an increased mix of restaurant sales, which have a lower cost of goods than retail sales, improvements in store-level food cost execution, lower beef and rib prices, higher initial mark-ons and lower markdowns of retail merchandise, lower retail shrinkage and lower retail freight. These decreases were partially offset by higher potato prices. Food cost as a percentage of net restaurant sales in fiscal 2002 decreased from fiscal 2001 primarily for the reasons described above.

Cost of goods sold as a percentage of total revenue decreased in fiscal 2001 to 33.8% from 34.7% in 2000. This decrease was primarily due to higher menu pricing, improved food cost management in the Cracker Barrel stores, lower bacon and potato prices, an increased mix of restaurant sales, which have a lower cost of goods than retail sales, and higher initial mark-ons and lower markdowns of retail merchandise versus the prior year. Additionally, the Company had the non-recurrence of $205 in charges to cost of goods sold related to management's decision during the second quarter of fiscal 2000 to close Cracker Barrel's test outlet store. These decreases were partially offset by commodity cost pressure in beef, ribs and butter, higher retail shrinkage versus the prior year, and $669 in charges to cost of goods sold related to management's decision during the fourth quarter of fiscal 2001 to exit the Carmine's business and to close four Cracker Barrel units and three Logan's units. Food cost as a percentage of net restaurant sales in fiscal 2001 decreased from fiscal 2000 primarily for the reasons described above.

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. Labor expenses as a percentage of total revenue were 37.6%, 37.3% and 36.4% in fiscal 2002, 2001 and 2000, respectively. The year to year increase in fiscal 2002 versus 2001 was primarily due to increases in wages, increases under the store-level bonus programs and increases in workers' compensation costs. These increased workers' compensation costs reflect continued higher than expected claims cost development (as determined annually by an independent actuarial evaluation) from claims incurred in prior fiscal years. The Company does not expect this increased workers' compensation claims development to continue to the same degree. These increases were partially offset by lower group health costs, higher average check and improved volume.

The year to year increase in fiscal 2001 versus fiscal 2000 was primarily due to hourly wage inflation in Cracker Barrel and Logan's stores, increases in Cracker Barrel's store manager staffing and wages, increased bonus payouts under the Cracker Barrel store-level bonus programs and increases in group health costs. Additionally, the Company had $924 in charges to labor and other related expenses related to management's decision during the fourth quarter of fiscal 2001 to exit the Carmine's business and to close four Cracker Barrel units and three Logan's units. These increases were partially offset by higher menu pricing and improved volume at Cracker Barrel stores.

Other store operating expenses include all unit-level operating costs, the major components of which are operating supplies, utilities, repairs and maintenance, advertising expenses, rent, depreciation and amortization. Other store operating expenses as a percentage of total revenue were 16.8%, 18.0% and 16.6% in fiscal 2002, 2001 and 2000, respectively. The year to year decrease in fiscal 2002 versus 2001 was primarily due to the non-recurrence of the charges in the fourth quarter of fiscal 2001 of $20,552, consisting primarily of impairment losses of $14,003 (See Note 2 to the Company's Consolidated Financial Statements). This decrease was also due to lower utility costs, lower advertising spending, higher average check and improved volume partially offset by higher general liability insurance costs and credit card fees.

The year to year increase in fiscal 2001 versus fiscal 2000 was primarily due to charges in the fourth quarter of fiscal 2001 of $20,552, consisting primarily of impairment losses of $14,003 (see Note 2 to the Company's Consolidated Financial Statements). Additionally, this increase was due to the net effect of the Company's sale-leaseback transaction, which increased rent expense and decreased depreciation expense (see Note 11 to the Company's Consolidated Financial Statements). These increases were partially offset due to the non-recurrence of charges in the second quarter of fiscal 2000 of $5,609, consisting primarily of impairment losses of $3,887 (see Note 2 to the Company's Consolidated Financial Statements). The net effect of the fiscal 2001 charges and the sale-leaseback transaction reduced by the non-recurrence of fiscal 2000 charges was to increase other store operating expenses as a percentage of total revenue by 1.4%. Therefore, the changes from fiscal 2000 to fiscal 2001 in the other components of other store operating expenses as a percentage of total revenue offset each other. Higher utility and maintenance costs were offset by lower advertising spending at the Cracker Barrel concept and higher menu pricing and improved volume at Cracker Barrel stores.

General and administrative expenses as a percentage of total revenue were 5.6%, 5.2% and 5.4% in fiscal 2002, 2001 and 2000, respectively. General and administrative expenses as a percentage of total revenue increased from fiscal 2001 to fiscal 2002 primarily due to bonus accruals reflective of performance improvements, higher professional fees, and various staffing and infrastructure changes. These increases were partially offset by higher average check, improved volume and the non-recurrence of the $490 in charges related to management's decision during the fourth quarter of fiscal 2001 to exit the Carmine's business and to close four Cracker Barrel units and three Logan's units (see Note 2 to the Company's Consolidated Financial Statements).

General and administrative expenses as a percentage of total revenue decreased from fiscal 2000 to fiscal 2001 primarily due to the non-recurrence of charges of $2,778 in second quarter of fiscal 2000, consisting primarily of severance and related expenses (see Note 2 to the Company's Consolidated Financial Statements). These decreases were partially offset due to $490 in charges to general and administrative expenses related to management's decision during the fourth quarter of fiscal 2001 to exit the Carmine's business and to close four Cracker Barrel units and three Logan's units (see Note 2 to the Company's Consolidated Financial Statements).

Interest expense decreased in fiscal 2002 to $6,769 from $12,316 and from $24,616 in fiscal 2000. The decrease from fiscal 2001 to fiscal 2002 was primarily due to lower interest rates (see Note 4 to the Company's Consolidated Financial Statements). The decrease from fiscal 2000 to fiscal 2001 was primarily due to net revolving principal payments from the proceeds of the Company's sale-leaseback transaction (see Note 11 to the Company's Consolidated Financial Statements) and from operating and other cash flow not otherwise needed in the Company's business and financing activities.

Interest income decreased to $0 in fiscal 2002 from $84 in fiscal 2001 and $352 in fiscal 2000. The primary reason for the decrease was lower average funds available for investment.

Provision for income taxes as a percent of pretax income was 35.6% for fiscal 2002, 41.8% for fiscal 2001 and 37.7% for fiscal 2000. The primary reason for the decrease in the tax rate from fiscal 2001 to fiscal 2002 and the increase in the tax rate from fiscal 2000 to fiscal 2001 was the non-deductibility of the $10,428 write-off of goodwill related to Carmine's in fiscal 2001. (See Note 2 to the Company's Consolidated Financial Statements.)

Critical Accounting Policies

The Company prepares its Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period (see Note 2 to the Company's Consolidated Financial Statements). Actual results could differ from those estimates. Critical accounting policies are those that management believes are both most important to the portrayal of the Company's financial condition and operating results, and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company bases its estimates on historical experience and on various other assumptions 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. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. The Company considers the following policies to be most critical in understanding the judgments that are involved in preparing its consolidated financial statements.

Impairment of Long-Lived Assets and Provision for Asset Dispositions

The Company assesses the impairment of identifiable intangibles, long-lived assets and goodwill 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 future cash flows expected to be generated by the asset. If the total future cash flows were less than the carrying amount of the asset, the carrying amount is written down to the estimated fair value, and a loss resulting from value impairment is recognized by a charge to earnings. Judgments and estimates made by the Company related to the expected useful lives of long-lived assets are affected by factors such as changes in economic conditions and changes in operating performance. As the Company assesses the ongoing expected cash flows and carrying amounts of its long-lived assets, these factors could cause the Company to realize a material impairment charge. From time to time the Company has decided to exit from or dispose of certain operating units. Typically such decisions are made based on operating performance or strategic considerations and must be made before the actual costs of proceeds of disposition are known, and management must make estimates of these outcomes. Such outcomes could include the sale of a property or leasehold, mitigating costs through a tenant or subtenant, or negotiating a buyout of a remaining lease term. In these instances management evaluates possible outcomes, frequently using outside real estate and legal advice, and records in the financial statements provisions for the effect of such outcomes. The accuracy of such provisions can vary materially from original estimates, and management regularly monitors the adequacy of the provisions until final disposition occurs. In addition, at least annually the Company assesses the recoverability of goodwill and other intangible assets related to its restaurant concepts. The impairment tests require the Company to estimate fair values of its restaurant concepts by making assumptions regarding future cash flows and other factors. This valuation may reflect, among other things, such external factors as capital market valuation for public companies comparable to the operating unit. If these assumptions change in the future, the Company may be required to record impairment charges for these assets.

Insurance Reserves

The Company self-insures a significant portion of expected losses under its workers compensation, general liability and health insurance programs. The Company has purchased insurance for individual claims that exceed $250 for workers' compensation and general liability insurance prior to fiscal 2003, but has now increased this amount to $500. The Company has decided not to purchase such insurance for its primary group health program. The Company records a liability for workers' compensation and general liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost to the Company based upon an actuarially determined reserve as of the end of the Company's third fiscal quarter and adjusting it by the actuarially determined losses and actual claims payments for the fourth fiscal quarter. 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", the Company records the losses at the low end of that range and discounts them to present value using a risk-free interest rate based on actuarially projected timing of payments. The Company records a liability for its group health program for all unpaid claims based primarily upon a loss development analysis derived from actual group health claims payment experience provided by the Company's third party administrator. The Company's accounting policies regarding insurance reserves include certain actuarial assumptions or management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. Unanticipated changes in these factors may produce materially different amounts of expense that would be reported under these programs.

Tax Provision

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

Legal Proceedings

As more fully discussed in Note 9 to the Consolidated Financial Statements, the Company is a defendant in four lawsuits, all brought by the same plaintiffs' attorneys, one of which has been provisionally certified as a collective action, and in one of which the District Court has issued its ruling denying class certification. The Company believes it has substantial defenses in these actions and intends to continue to defend each of them vigorously. Nevertheless, the Company offered a total of $3,500 to resolve one of the cases, but those offers were not accepted by the plaintiffs' attorneys. As a result, the Company recorded an accrual of this amount in the fourth quarter of fiscal 2001 in accordance with SFAS No. 5. Except for that accrual there currently is no provision for any potential liability with respect to these lawsuits in the Consolidated Financial Statements. If there were to be an unfavorable outcome in any of these cases, the Company's results of operations, financial position and liquidity could be materially and adversely affected.

In addition to the litigation described in the proceeding paragraph, the Company and its subsidiaries are party to other legal proceedings incidental to their business. In the opinion of management, based upon information currently available, the ultimate liability with respect to these other actions will not materially affect the Company's Consolidated Financial Statements.

Impact of Recent Accounting Pronouncements Not Yet Adopted

In July 2001, The Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires entities to record obligations associated with the retirement of a tangible long-lived asset as a liability upon incurring those obligations, with the amount of the liability initially measured at fair value. Upon initially recognizing a liability for an asset retirement obligation ("ARO"), an entity must capitalize the cost by recognizing an increase in the carrying amount of the related long-lived asset. Over time, the entity amortizes the liability to its present value each period, and the entity depreciates the capitalized cost over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. Upon adoption, an entity will use a cumulative-effect approach to recognize transition amounts for existing ARO liabilities, asset retirement costs, and accumulated depreciation. All transition amounts are to be measured using current information known as of the adoption date, including current assumptions and current interest rates. SFAS No. 143 will be effective for financial statements for fiscal years beginning after June 15, 2002 and earlier application is encouraged. The Company does not expect the adoption of this statement to have a material impact on its results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30 "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 retains the fundamental provisions of SFAS No. 121 but eliminates the requirement to allocate goodwill to long-lived assets to be tested for impairment. This statement also requires discontinued operations to be carried at the lower of cost or fair value less costs to sell and broadens the presentation of discontinued operations to include a component of an entity rather than a segment of a business. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The Company does not expect the adoption of this statement to have a material impact on its results of operations or financial position.

In May 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, 64, Amendment of FASB Statement No. 13, and Technical Corrections". This statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, FASB Statement No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". This statement also rescinds FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers". This statement amends FASB Statement No. 13,"Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The provisions of this statement related to the rescission of Statement 4 shall be applied in fiscal years beginning after May 15, 2002. The provisions of this statement related to Statement 13 shall be effective for transactions occurring after May 15, 2002. All other provisions of this statement shall be effective for financial statements issued on or after May 15, 2002. The Company does not expect the adoption of this standard to have a material impact on its results of operations or financial position.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". This statement nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS No. 146 addresses significant issues regarding the recognition, measurement, and reporting of costs that are associated with exit and disposal activities, including restructuring activities that are currently accounted for pursuant to the guidance in EITF No. 94-3. The scope of SFAS No. 146 also includes (1) costs related to terminating a contract that is not a capital lease and (2) termination benefits that employees who are involuntarily terminated receive under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 is effective January 1, 2003. The Company does not expect the adoption of this standard to have a material effect on the Company's Consolidated Financial Statements or its financial position.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk. With certain instruments entered into for other than trading purposes, the Company is subject to market risk exposure related to changes in interest rates. As of October 25, 2002, the Company has in place a $250,000 bank credit facility, which matures December 31, 2003. The facility bears interest, at the Company's election, either at the prime rate or a percentage point spread from LIBOR based on the Company's ratio of lease adjusted funded debt to EBITDAR (earnings before interest expense, income taxes, depreciation and amortization and rent expense), adjusted quarterly. As of August 2, 2002, the Company had $20,000 outstanding under the revolver at interest rates ranging from 3.06% to 4.75%. On September 12, 2001, the Company amended its bank credit facility, thereby converting its then-outstanding $50,000 term loan into a revolving loan under the facility, and reduced the entire facility by $70,000 to the current $250,000 facility. As of August 2, 2002, the weighted average interest rate through the expected maturity dates for the Company's revolving credit facility was 3.48%, based on the Company's current credit spread of 1.25%. While changes in the prime rate or LIBOR would affect the cost of funds borrowed in the future, the Company believes that the effect, if any, of reasonably possible near-term changes in interest rates on the Company's consolidated financial position, results of operations or cash flows would not be material. Based on discounted cash flows of future payment streams, assuming rates equivalent to the Company's incremental borrowing rate on similar liabilities, the fair value of the $20,000 outstanding under the revolving credit facility approximates carrying value as of August 2, 2002.

Commodity Price Risk. Many of the food products purchased by the Company are affected by commodity pricing and are, therefore, subject to price volatility caused by weather, production problems, delivery difficulties and other factors which are outside the control of the Company and which are generally unpredictable. Three food categories (beef, pork and poultry) account for the largest shares of the Company's food purchases at approximately 17%, 13% and 12%, respectively. Other items affected by the commodities markets, such as dairy, produce and coffee, may each account for as much as 10% of the Company's food purchases. While the Company has some of its food items prepared to its specifications, the Company's food items are based on generally available products, and if any existing suppliers fail, or are unable to deliver in quantities required by the Company, the Company believes that there are sufficient other quality suppliers in the marketplace that its sources of supply can be replaced as necessary. The Company also recognizes, however, that commodity pricing is extremely volatile and can change unpredictably and over short periods of time. Changes in commodity prices would affect the Company and its competitors generally and often simultaneously. The Company also enters into supply contracts for certain of its products in an effort to minimize volatility of supply and pricing. In many cases, the Company believes it will be able to pass through any increased commodity costs by adjusting its menu pricing. From time to time, competitive circumstances may limit menu price flexibility, and in those circumstances increases in commodity prices can result in lower margins for the Company. The Company does not use financial instruments to hedge commodity prices. However, the Company believes that any changes in commodity pricing which cannot be adjusted for by changes in menu pricing or other product delivery strategies would not be material.

Liquidity and Capital Resources

The following table presents a summary of the Company's cash flows for the last three fiscal years:

| | 2002 | 2001 | 2000 |
|---|---|---|---|
| Net cash provided by operating activities | $191,424 | $147,762 | $160,247 |
| Net cash (used in) provided by investing activities | (90,879) | 49,844 | (120,699) |
| Net cash used in financing activities | (97,278) | (199,664) | (43,945) |
| Net increase (decrease) in cash and cash equivalents | $ 3,267 | $ (2,058) | $ (4,397) |

The Company's cash generated from operating activities was $191,424 in fiscal 2002. Most of this cash was provided by net income adjusted by depreciation and amortization, accretion on zero-coupon contingently convertible senior notes and the tax benefit realized upon exercise of stock options. Decreases in receivables and increases in accounts payable, accrued employee compensation, accrued employee benefits, other accrued expenses, other long-term obligations , deferred income taxes were partially offset by increases in inventories, prepaid expenses and other assets and decreases in taxes withheld and accrued and income taxes payable.

The sale-leaseback transaction that the Company entered into at the beginning of fiscal year 2001 generated cash of $138,280 from the sale of 65 Cracker Barrel units that was used to reduce the Company's borrowings under its revolving credit facility. This transaction caused the change from net cash used in investing activities to change to net cash provided by investing activities and caused the significant increase from fiscal 2000 in net cash used in financing activities. (See Note 11 to the Company's Consolidated Financial Statements.)

Capital expenditures were $96,692, $91,439 and $138,032 in fiscal 2002, 2001 and 2000, respectively. Costs of new locations accounted for substantially all of these expenditures.

The Company's internally generated cash, along with cash at August 3, 2001, the Company's new operating leases, proceeds from stock option exercises, proceeds from the Company's zero-coupon contingently convertible Senior Notes ("Notes") and the Company's available revolver, were sufficient to finance all of its growth, share repurchases and other cash payment obligations in fiscal 2002.

In April 2002, the Company issued $422,050 face value at maturity of zero-coupon convertible senior notes ("Notes"), maturing on April 3, 2032, and received proceeds totaling $172,756 prior to debt issuance costs of $4,639. The Notes are callable at the Company's option on or after April 3, 2007. Holders of the Notes may require the Company to purchase ("put") all or a portion of their Notes on April 3, 2005, April 3, 2007 and every 5 years thereafter until April 3, 2027, at a purchase price equal to the accreted value of the Notes, which includes accrued and unpaid cash interest, if any, under the contingent interest features of the Notes. The debt issuance costs are being amortized over three years to the first put date. Each $1 Note (face value at maturity) will be convertible into 10.8584 shares of the Company's common stock, with an initial conversion price of $37.69 per share accreting at 3% per annum, compounded semi-annually, if certain conversion contingencies are met. Those contingencies are met if the closing price of the Company's common stock exceeds a specified price (initially, 120% of the accreted conversion price, and declining .08474% per quarter thereafter to approximately 110% of the accreted conversion price on the last day of the quarter ending January 30, 2032) for a specified period of time (20 of the last 30 trading days) in any quarter beginning after August 2, 2002, or otherwise upon the occurrence of certain events. These potentially dilutive shares are not included in diluted shares in fiscal 2002 since the specified stock price contingency had not been reached. The Notes have an initial yield to maturity of 3.0%, which is being accreted over the life of the Notes using the effective interest method. The Company may pay cash contingent interest for the six-month period commencing April 4, 2007, and for any six-month period thereafter if the average market price of the Notes for a five-trading day measurement period preceding the applicable six-month period equals 120% or more of the sum of the issue price and accrued original issue discount for the Notes. The amount of contingent interest payable per $1 (face value at maturity) shall equal 0.125% of the average LYON Market Price for the Five-Day Period with respect to such Contingent Interest Period based on the capitalized terms as defined in the Notes. All subsidiaries of the Company have fully and unconditionally guaranteed on a joint and several basis the obligations under the Notes. Each guarantor directly or indirectly is a wholly-owned affiliate of the parent company, CBRL Group, Inc., which has no independent assets or operations. The Notes and the underlying common stock were registered in the Company's fourth fiscal quarter of fiscal 2002 with the Securities and Exchange Commission to enable holders of the Notes to resell their Notes and the shares of common stock issuable upon conversion of their Notes.

On September 17, 2001, the Company announced that the Board of Directors had authorized the repurchase of up to 3 million shares of the Company's common stock. On May 23, 2002, the Company announced that the Board of Directors had authorized the repurchase of up to an additional 1.5 million shares of the Company's common stock. On July 11, 2002, the Company announced that the Board of Directors had authorized the repurchase of up to an additional 1 million shares of the Company's common stock. The purchases were to be made from time to time in the open market at prevailing market prices. The Company completed all three of these new share repurchase authorizations during fiscal 2002 for total consideration of $156,834 or $28.52 per share. These share repurchases were in addition to the repurchase of approximately 2.1 million shares for $60,000 in consideration, or $28.13 per share, concurrent with the issuance of the Notes described above.

Subsequent to the end of the fiscal year, on September 12, 2002, the Company announced that the Board of Directors had authorized the repurchase of up to 2 million shares of the Company's common stock. The purchases are to be made from time to time in the open market at prevailing market prices.

For fiscal 2002 the Company received proceeds of $53,103 from the exercise of stock options on 2,878,567 shares of its common stock and tax benefit upon exercise of stock options of $9,991.

The Company estimates that its capital expenditures for fiscal 2003 will be approximately $120,000 to $125,000, substantially all of which will be related to the construction of 23 new Cracker Barrel stores and 12 new Logan's restaurants.

Management believes that cash at August 2, 2002, along with cash generated from the Company's operating activities, stock option exercises and its available revolving credit facility, will be sufficient to finance its continued operations, its remaining share repurchase authorization and its continued expansion plans through fiscal 2003. At August 2, 2002, the Company had $230,000 available under its revolving credit facility. The Company estimates that its operations and other sources will generate excess cash of approximately $55,000 to $60,000 before proceeds from the exercise of stock options and after capital expenditures in fiscal 2003 which it intends to apply toward completing its current 2 million share repurchase authorization, future share repurchase authorizations, debt reduction or other purposes. The Company's principal criteria for share repurchases are that they be accretive to net income per share and that they do not unfavorably affect the Company's investment grade debt rating.

Material Commitments

The Company's contractual cash obligations as of August 2, 2002, are summarized in the table below:

| | | | Payments due by Fiscal Year | | |
|---|---|---|---|---|---|
| | Total | 2003 | 2004-2005 | 2006-2007 | 2008 and After |
| Debt | $194,476 | -- | $20,000 | -- | $174,476 |
| Operating leases - excluding billboards | 438,060 | $25,629 | 51,200 | $50,931 | 310,300 |
| Operating leases for billboards | 31,083 | 18,243 | 12,840 | -- | -- |
| Capital leases | 538 | 87 | 347 | 104 | -- |
| Total contractual cash obligations | $664,157 | $43,959 | $84,387 | $51,035 | $487,776 |

Legal Proceedings

As more fully discussed in Note 9 to the Consolidated Financial Statements, the Company is a defendant in four lawsuits, all brought by the same plaintiffs' attorneys, one of which has been provisionally certified as a collective action, and in one of which the District Court has issued its ruling denying class certification. The Company believes it has substantial defenses in these actions and intends to continue to defend each of them vigorously. Nevertheless, the Company offered a total of $3,500 to resolve one of the cases, but those offers were not accepted by the plaintiffs' attorneys. As a result, the Company recorded an accrual of this amount in the fourth quarter of fiscal 2001 in accordance with SFAS No. 5. Except for that accrual there currently is no provision for any potential liability with respect to these lawsuits in the Consolidated Financial Statements. If there were to be an unfavorable outcome in any of these cases, the Company's results of operations, financial position and liquidity could be materially and adversely affected.

In addition to the litigation described in the proceeding paragraph, the Company and its subsidiaries are party to other legal proceedings incidental to their business. In the opinion of management, based upon information currently available, the ultimate liability with respect to these other actions will not materially affect the Company's Consolidated Financial Statements.

## CONSOLIDATED BALANCE SHEET

(In thousands except share data)

| Assets | August 2, 2002 | August 3, 2001 |
|---|---|---|
| Current Assets: | | |
| Cash and cash equivalents | $ 15,074 | $ 11,807 |
| Receivables | 8,161 | 10,201 |
| Inventories | 124,693 | 116,590 |
| Prepaid expenses | 11,928 | 10,019 |
| Deferred income taxes | 11,632 | 6,573 |
| Total current assets | 171,488 | 155,190 |
| Property and Equipment: | | |
| Land | 261,857 | 261,988 |
| Buildings and improvements | 603,381 | 590,557 |
| Buildings under capital leases | 3,289 | 3,289 |
| Restaurant and other equipment | 321,544 | 309,070 |
| Leasehold improvements | 122,869 | 87,137 |
| Construction in progress | 16,106 | 8,511 |
| Total | 1,329,046 | 1,260,552 |
| Less: Accumulated depreciation and amortization of capital leases | 344,229 | 305,524 |
| Property and equipment - net | 984,817 | 955,028 |
| Goodwill - net | 92,882 | 92,882 |
| Other Assets | 14,550 | 9,772 |
| Total | $1,263,737 | $1,212,872 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable | $ 85,461 | $ 64,939 |
| Current maturities of long-term debt and other long-term obligations | 87 | 200 |
| Taxes withheld and accrued | 28,681 | 29,834 |
| Income taxes payable | 18,519 | 21,665 |
| Accrued employee compensation | 49,061 | 40,421 |
| Accrued employee benefits | 33,421 | 25,550 |
| Other accrued expenses | 17,845 | 14,640 |
| Total current liabilities | 233,075 | 197,249 |
| Long-term Debt | 194,476 | 125,000 |
| Other Long-term Obligations | 10,702 | 8,829 |
| Deferred Income Taxes | 42,490 | 35,686 |
| Commitments and Contingencies (Note 9) | | |
| 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; 2002 - 50,272,459 shares issued and outstanding; 2001 - 55,026,846 shares issued and outstanding | 503 | 550 |
| Additional paid-in capital | -- | 149,073 |
| Retained earnings | 782,491 | 696,485 |
| Total shareholders' equity | 782,994 | 846,108 |
| Total | $1,263,737 | $1,212,872 |

See notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME

(In thousands except share data)
Fiscal years ended

| | August 2, 2002 | August 3, 2001 | July 28, 2000 |
|---|---|---|---|
| Net sales: | | | |
| Restaurant | $1,645,696 | $1,543,815 | $1,378,753 |
| Retail | 420,057 | 419,104 | 393,293 |
| Total net sales | 2,065,753 | 1,962,919 | 1,772,046 |
| Franchise fees and royalties | 1,139 | 773 | 666 |
| Total revenue | 2,066,892 | 1,963,692 | 1,772,712 |
| Cost of goods sold | 677,738 | 664,332 | 614,472 |
| Gross profit | 1,389,154 | 1,299,360 | 1,158,240 |
| Labor & other related expenses | 777,617 | 732,419 | 645,976 |
| Other store operating expenses | 347,085 | 353,334 | 294,012 |
| Store operating income | 264,452 | 213,607 | 218,252 |
| General and administrative | 115,152 | 102,541 | 95,289 |
| Amortization of goodwill | -- | 14,370 | 3,994 |
| Operating income | 149,300 | 96,696 | 118,969 |
| Interest expense | 6,769 | 12,316 | 24,616 |
| Interest income | -- | 84 | 352 |
| Income before income taxes | 142,531 | 84,464 | 94,705 |
| Provision for income taxes | 50,742 | 35,283 | 35,707 |
| Net income | $ 91,789 | $ 49,181 | $ 58,998 |
| Net income per share - basic | $1.69 | $.88 | $1.02 |
| Net income per share - diluted | $1.64 | $.87 | $1.02 |
| Basic weighted average shares outstanding | 54,198,845 | 56,128,956 | 57,959,646 |
| Diluted weighted average shares Outstanding | 56,090,940 | 56,799,124 | 58,041,290 |

See notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands except per share data)

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
|---|---|---|---|---|---|
| Balances at July 30, 1999 | $ 626 | $283,724 | $590,128 | $(83,471) | $791,007 |
| Cash dividends - $.010 per share | -- | -- | (637) | -- | (637) |
| Exercise of stock options | 1 | 529 | -- | -- | 530 |
| Tax benefit realized upon exercise of stock options | -- | 176 | -- | -- | 176 |
| Purchases of treasury stock | -- | -- | -- | (21,104) | (21,104) |
| Net income | -- | -- | 58,998 | -- | 58,998 |
| Balances at July 28, 2000 | 627 | 284,429 | 648,489 | (104,575) | 828,970 |
| Cash dividends - $.020 per share | -- | -- | (1,185) | -- | (1,185) |
| Exercise of stock options | 3 | 5,152 | -- | -- | 5,155 |
| Tax benefit realized upon exercise of stock options | -- | 431 | -- | -- | 431 |
| Purchases and retirement of common and treasury stock | (80) | (140,939) | -- | 104,575 | (36,444) |
| Net income | -- | -- | 49,181 | -- | 49,181 |
| Balances at August 3, 2001 | 550 | 149,073 | 696,485 | -- | 846,108 |
| Cash dividends - $.020 per share | -- | -- | (1,163) | -- | (1,163) |
| Exercise of stock options | 29 | 53,074 | -- | -- | 53,103 |
| Tax benefit realized upon exercise of stock options | -- | 9,991 | -- | -- | 9,991 |
| Purchases and retirement of common stock | (76) | (212,138) | (4,620) | -- | (216,834) |
| Net income | -- | -- | 91,789 | -- | 91,789 |
| Balances at August 2, 2002 | $ 503 | $ -- | $782,491 | $ -- | $782,994 |

See notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

| | (In thousands) Fiscal years ended | | |
|---|---|---|---|
| | August 2, 2002 | August 3, 2001 | July 28, 2000 |
| Cash flows from operating activities: | | | |
| Net income | $ 91,789 | $ 49,181 | $58,998 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 62,759 | 64,902 | 65,218 |
| (Gain)loss on disposition of property and equipment | (781) | 671 | 664 |
| Impairment loss | -- | 24,431 | 3,887 |
| Accretion on zero-coupon contingently convertible senior notes | 1,720 | -- | -- |
| Tax benefit realized upon exercise of stock options | 9,991 | 431 | 176 |
| Changes in assets and liabilities: | | | |
| Receivables | 2,040 | 1,369 | (2,635) |
| Inventories | (8,103) | (9,213) | (6,922) |
| Prepaid expenses | (1,909) | (3,103) | 1,125 |
| Other assets | (5,666) | (1,473) | (427) |
| Accounts payable | 20,522 | 2,562 | (4,909) |
| Taxes withheld and accrued | (1,153) | 1,456 | 4,801 |
| Income taxes payable | (3,146) | 8,230 | 11,224 |
| Accrued employee compensation | 8,640 | 3,241 | 14,548 |
| Accrued employee benefits | 7,871 | 2,221 | 5,688 |
| Other accrued expenses | 3,205 | 892 | 773 |
| Other long-term obligations | 1,900 | 7,257 | 1,094 |
| Deferred income taxes | 1,745 | (5,293) | 6,944 |
| Net cash provided by operating activities | 191,424 | 147,762 | 160,247 |
| Cash flows from investing activities: | | | |
| Purchase of property and equipment | (96,692) | (91,439) | (138,032) |
| Proceeds from sale of property and equipment | 5,813 | 141,283 | 17,333 |
| Net cash (used in) provided by investing activities | (90,879) | 49,844 | (120,699) |

| | | | |
|---|---|---|---|
| Cash flows from financing activities: | | | |
| Proceeds from issuance of long-term debt | 591,756 | 355,600 | 444,500 |
| Proceeds from exercise of stock options | 53,103 | 5,155 | 530 |
| Principal payments under long-term debt and other long-term obligations | (524,140) | (522,790) | (467,234) |
| Purchases and retirement of common stock | (216,834) | (36,444) | (21,104) |
| Dividends on common stock | (1,163) | (1,185) | (637) |
| Net cash used in financing activities | (97,278) | (199,664) | (43,945) |
| Net increase (decrease) in cash and cash equivalents | 3,267 | (2,058) | (4,397) |
| Cash and cash equivalents, beginning of year | 11,807 | 13,865 | 18,262 |
| Cash and cash equivalents, end of year | $ 15,074 | $ 11,807 | $ 13,865 |

| | | | |
|---|---|---|---|
| Supplemental disclosures of cash flow information: | | | |
| Cash paid during the year for: | | | |
| Interest | $ 4,839 | $ 12,739 | $ 26,500 |
| Income taxes | 43,340 | 32,642 | 19,333 |

See notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands except share and per share data)

## 1. DESCRIPTION OF THE BUSINESS

CBRL Group, Inc. and its affiliates (the "Company") are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store(R) ("Cracker Barrel") restaurant and retail concept and the Logan's Roadhouse(R) ("Logan's") restaurant concept. Logan's has two area development agreements and accompanying franchise agreements covering development of its concept in all or part of five states. The Company exited its Carmine Giardini's Gourmet Market(TM) ("Carmine's") concept at the end of fiscal 2001. (See Note 2.) CBRL Group, Inc. Common Stock is traded on The Nasdaq Stock Market (National Market) under the symbol CBRL.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal year - The Company's fiscal year ends on the Friday nearest July 31st and each quarter consists of thirteen weeks unless noted otherwise. The Company's fiscal year ended August 3, 2001 consisted of 53 weeks and the fourth quarter of fiscal 2001 consisted of 14 weeks.

Principles of consolidation - The Consolidated Financial Statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All significant intercompany transactions and balances have been eliminated.

Cash and cash equivalents - The Company's policy is to consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories - Inventories are stated at the lower of cost or market. Cost of restaurant inventory is determined by the first-in, first-out (FIFO) method. Approximately 81% of retail inventories are valued using the retail inventory method and the remaining 19% are valued using an average cost method. Valuation provisions are included for retail inventory obsolescence, returns and amortization of certain items.

Start-up costs - Start-up costs of a new store are expensed when incurred.

Property and equipment - Property and equipment are stated at cost. For financial reporting purposes, depreciation and amortization on these assets are computed by use of the straight-line and double-declining balance methods over the estimated useful lives of the respective assets, as follows:

| | Years |
|---|---|
| Buildings and improvements | 30-45 |
| Buildings under capital leases | 15-25 |
| Restaurant and other equipment | 3-10 |
| Leasehold improvements | 1-35 |

Depreciation expense was $61,883, $60,657 and $60,910 for fiscal years 2002, 2001 and 2000, respectively. Accelerated depreciation methods are generally used for income tax purposes.

Capitalized interest was $364, $851 and $1,511 for fiscal years 2002, 2001 and 2000, respectively.

Gain or loss is recognized upon disposal of property and equipment, and the asset and related accumulated depreciation and amortization amounts are removed from the accounts.

Maintenance and repairs, including the replacement of minor items, are charged to expense, and major additions to property and equipment are capitalized.

Impairment of long-lived assets - The Company evaluates for possible impairment of long-lived assets and certain identifiable intangibles to be held and used in the business whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment is determined by comparing estimated undiscounted future operating cash flows to the carrying amounts of assets on a location by location basis. If an impairment exists, the amount of impairment is measured as the sum of the estimated discounted future operating cash flows of such asset and the expected proceeds upon sale of the asset less its carrying amount. Assets held for sale are reported at the lower of carrying amount or fair value less costs to sell. During fiscal 2001, the Company's other store operating expense included impairment losses of $14,003 and the Company's amortization of goodwill included $10,428 in accordance with SFAS No. 121, "Accounting for the Impairment of Certain Long-Lived Assets and for Long-Lived Assets to be Disposed Of". These impairment losses consisted of $10,428 for the write-off of goodwill related to the acquisition of Carmine's and $14,003 for the write-down of fixed assets of all three Carmine's units, four Cracker Barrel units and three Logan's restaurants. During fiscal 2000, the Company's other store operating expense included impairment losses of $3,887 related to impairment of long-lived assets in accordance with SFAS No. 121. These impairment losses consisted of certain

Cracker Barrel properties no longer expected to be used for future development and for Cracker Barrel's test retail-only mall store.

Advertising - The Company expenses the costs of producing advertising the first time the advertising takes place. Net advertising expense was $37,423, $38,886 and $37,225 for the fiscal years 2002, 2001 and 2000, respectively.

Insurance - The Company self-insures a significant portion of expected losses under its workers compensation, general liability and health insurance programs. The Company has purchased insurance for individual claims that exceed $250 for workers' compensation and general liability insurance prior to fiscal 2003, but has now increased this amount to $500. The Company has decided not to purchase such insurance for its primary group health program. The Company records a liability for workers' compensation and general liability for all unresolved claims and for an estimate of incurred but not reported claims at the anticipated cost to the Company based upon an actuarially determined reserve as of the end of the Company's third fiscal quarter and adjusting it by the actuarially determined losses and actual claims payments for the fourth fiscal quarter. 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", the Company records the losses at the low end of that range and discounts them to present value using a risk-free interest rate based on actuarially projected timing of payments. The Company records a liability for its group health program for all unpaid claims based primarily upon a loss development analysis derived from actual group health claims payment experience provided by the Company's third party administrator. The Company's accounting policies regarding insurance reserves include certain actuarial assumptions or management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. Unanticipated changes in these factors may produce materially different amounts of expense that would be reported under these programs.

Goodwill - Goodwill represents the excess of the cost over the net tangible and identifiable intangible assets of acquired businesses. Prior to August 4, 2001, goodwill was stated at cost and was amortized, on a straight-line basis, over the estimated future periods to be benefited (20-30 years). Prior to August 4, 2001, on an annual basis the Company reviewed the recoverability of goodwill based primarily upon an analysis of undiscounted cash flows from the acquired businesses. Accumulated amortization was $8,291, $8,291 and $6,370 at August 2, 2002, August 3, 2001 and July 28, 2000, respectively. See Impairment of long-lived assets above regarding the write-off of Carmine's goodwill. Effective August 4, 2001, the Company elected early adoption of SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 eliminates the amortization for goodwill and other intangible assets with indefinite lives. Intangible assets with lives restricted by contractual, legal, or other means will continue to be amortized over their useful lives. Goodwill and other intangible assets not subject to amortization are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. SFAS No. 142 requires a two-step process for testing impairment. First, the fair value of each reporting unit is compared to its carrying value to determine whether an indication of impairment exists. This valuation may reflect, among other things, such external factors as capital market valuation for public companies comparable to the operating unit. If an impairment is indicated, then the implied fair value of the reporting unit's goodwill is determined by allocating the unit's fair value to its assets and liabilities (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination. The amount of impairment for goodwill and other intangible assets is measured as the excess of its carrying value over its implied fair value. The Company conducted the initial test of the carrying value of its goodwill, as required by SFAS No. 142, during the second quarter of fiscal 2002, which ended February 1, 2002, and concluded that there was no current indication of impairment to goodwill. In subsequent fiscal years, the Company will also conduct its annual assessment of the carrying value of its goodwill, as required by SFAS No. 142, during its second quarter.

In accordance with SFAS No. 142, the Company discontinued amortization of goodwill effective August 4, 2001. The pro forma effects of the adoption of SFAS No. 142 on net income and basic and diluted net income per share is as follows:

| | Fiscal Years Ended | | |
|---|---|---|---|
| | August 2, 2002 | August 3, 2001 | July 28, 2000 |
| Net income, as reported | $91,789 | $49,181 | $58,998 |
| Intangible amortization, net of $0 tax | -- | 3,994 | 3,994 |
| Net income, pro forma | $91,789 | $53,175 | $62,992 |
| Basic net income per share: | | | |
| Net income, as reported | $1.69 | $.88 | $1.02 |
| Intangible amortization, net of $0 tax | --- | .07 | .07 |
| Net income, pro forma | $1.69 | $.95 | $1.09 |
| Diluted net income per share: | | | |
| Net income, as reported | $1.64 | $.87 | $1.02 |
| Intangible amortization, net of $0 tax | --- | .07 | .07 |
| Net income, pro forma | $1.64 | $.94 | $1.09 |

Unearned income - Unredeemed gift certificates represent the Company's only liability related to unearned income. These liability balances were $12,985, $9,065 and $7,123 at August 2, 2002, August 3, 2001 and July 28, 2000, respectively.

Income taxes - Employer tax credits for FICA taxes paid on employee tip income are accounted for by the flow-through method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. (See Note 7.)

Net income per share - Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted 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. The Company's zero-coupon contingently convertible senior notes ("Note") had no effect on diluted shares in fiscal 2002, since the contingency, relating to the price of the Company's common stock, had not been met. Each $1 Note (face value at maturity) will be convertible into 10.8584 shares of the Company's common stock, with an initial conversion price of $37.69 per share accreting at 3% per annum, compounded semi-annually, if certain conversion contingencies are met. Those contingencies are met if the closing price of the Company's common stock exceeds a specified price (initially, 120% of the accreted conversion price, and declining .08474% per quarter thereafter to approximately 110% of the accreted conversion price on the last day of the quarter ending January 30, 2032) for a specified period of time (20 of the last 30 trading days) in any quarter beginning after August 2, 2002, or otherwise upon the occurrence of certain events. Outstanding stock options issued by the Company represent the only dilutive effect reflected in diluted weighted average shares.

Comprehensive income - Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income for fiscal 2002, 2001 and 2000 is equal to net income as reported.

Stock-based compensation - SFAS No. 123, "Accounting for Stock-Based Compensation," encourages, but does not require, companies to adopt the fair value method of accounting for stock-based employee compensation. The Company has chosen to continue to account for stock-based employee compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. (See Note 6.)

Segment Reporting - The Company accounts for its segment in accordance with SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information." SFAS No. 131 requires that a public company report annual and interim financial and descriptive information about its reportable operating segments. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. SFAS No. 131 allows aggregation of similar operating segments into a single operating segment if the businesses are considered similar under the criteria established by SFAS No. 131. The Company primarily operates restaurants under the Cracker Barrel Old Country Store(R) and Logan's Roadhouse(R) brands. These two brands have similar investment criteria, customer demographics and economic and operating characteristics. Therefore, the Company has one reportable operating segment. (See Note 8.)

Derivative instruments and hedging activities - The Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its subsequent amendments, SFAS Nos. 137 and 138, in the first quarter 2001. These statements specify how to report and display derivative instruments and hedging activities. The adoption of these statements did not have a material effect on the Company's Consolidated Financial Statements. Upon adoption of these statements on July 29, 2000, during fiscal 2001 and fiscal 2002 and at August 2, 2002, the Company had no derivative financial instruments that required hedge accounting.

The Company is exposed to market risk, such as changes in interest rates and commodity prices. To manage the volatility relating to these exposures, the Company nets the exposures on a consolidated basis to take advantage of natural offsets. For the residual portion, the Company may enter into various derivative financial instruments pursuant to the Company's policies in areas such as counterparty exposure and hedging practices. The Company would review these derivative financial instruments on a specific exposure basis to support hedge accounting. The changes in fair value of these hedging instruments would be offset in part or in whole by the corresponding changes in the fair value or cash flows of the underlying exposures being hedged. The Company does not hold or use derivative financial instruments for trading purposes. The Company's historical practice has been not to enter into derivative financial instruments.

The Company's policy has been to manage interest cost using a mix of fixed and variable rate debt. The Company has accomplished this objective through the use of interest rate swaps, sale-leaseback transactions and/or zero-coupon contingently convertible debt. In an interest rate swap, the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional amount. In a sale-leaseback transaction, the Company finances its operating facilities by selling them to a third party and then leasing them back under a long-term operating lease at fixed terms. The Company's zero-coupon convertible debt is fixed-rate, long-term debt. (See Notes 4,9 and 11.)

Many of the food products purchased by the Company are affected by commodity pricing and are, therefore, subject to price volatility caused by weather, production problems, delivery difficulties and other factors which are outside the control of the Company and which are generally unpredictable. Changes in commodity prices would affect the Company and its competitors generally and often simultaneously. In many cases, the Company believes it will be able to pass through any increased commodity costs by adjusting its menu pricing. From time to time, competitive circumstances may limit menu price flexibility, and in those circumstances, increases in commodity prices can result in lower margins for the Company. Some of the Company's purchase contracts are used to hedge commodity prices and may contain features that could be classified as derivative financial instruments under SFAS Nos. 133, 137 and 138. However, these features that could be classified as derivative financial instruments are exempt from hedge accounting based on the normal purchases exemption.

Revenue recognition - The Company early adopted the Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," and its subsequent amendments SAB Nos. 101A and 101B in the first quarter of fiscal 2001. SAB No. 101 summarizes certain of the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. The adoption of SAB No. 101 did not have a material effect on the Company's Consolidated Financial Statements.

Use of estimates - Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities to prepare these Consolidated Financial Statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Recent accounting pronouncements not yet adopted - In July 2001, The Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires entities to record obligations associated with the retirement of a tangible long-lived asset as a liability upon incurring those obligations, with the amount of the liability initially measured at fair value. Upon initially recognizing a liability for an Asset Retirement Obligation ("ARO"), an entity must capitalize the cost by recognizing an increase in the carrying amount of the related long-lived asset. Over time, the entity amortizes the liability to its present value each period, and the entity depreciates the capitalized cost over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. Upon adoption, an entity will use a cumulative-effect approach to recognize transition amounts for existing ARO liabilities, asset retirement costs, and accumulated depreciation. All transition amounts are to be measured using current information known as of the adoption date, including current assumptions and current interest rates. SFAS No. 143 will be effective for financial statements for fiscal years beginning after June 15, 2002 and earlier application is encouraged. The Company does not expect the adoption of this statement to have a material impact on its results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30 "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 retains the fundamental provisions of SFAS No. 121 but eliminates the requirement to allocate goodwill to long-lived assets to be tested for impairment. This statement also requires discontinued operations to be carried at the lower of cost or fair value less costs to sell and broadens the presentation of discontinued operations to include a component of an entity rather than a segment of a business. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The Company does not expect the adoption of this statement to have a material impact on its results of operations or financial position.

In May 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, 64, Amendment of FASB Statement No. 13, and Technical Corrections". This statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, FASB Statement No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". This statement also rescinds FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers". This statement amends FASB Statement No. 13,"Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The provisions of this statement related to the rescission of Statement 4 shall be applied in fiscal years beginning after May 15, 2002. The provisions of this statement related to Statement 13 shall be effective for transactions occurring after May 15, 2002. All other provisions of this statement shall be effective for financial statements issued on or after May 15, 2002. The Company does not expect the adoption of this standard to have a material impact on its results of operations or financial position.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". This statement nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS No. 146 addresses significant issues regarding the recognition, measurement, and reporting of costs that are associated with exit and disposal activities, including restructuring activities that are currently accounted for pursuant to the guidance in EITF No. 94-3. The scope of SFAS No. 146 also includes (1) costs related to terminating a contract that is not a capital lease and (2) termination benefits that employees who are involuntarily terminated receive under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 is effective January 1, 2003. The Company does not expect the adoption of this standard to have a material effect on the Company's Consolidated Financial Statements or its financial position.

3. Inventories

Inventories were composed of the following at:

| | August 2, 2002 | August 3, 2001 |
|---|---|---|
| Retail | $ 93,066 | $ 87,445 |
| Restaurant | 16,799 | 15,853 |
| Supplies | 14,828 | 13,292 |
| Total | $124,693 | $116,590 |

4. Debt

Long-term debt consisted of the following at:

| | August 2, 2002 | August 3, 2001 |
|---|---|---|
| Term Loan payable on or before December 1, 2001 (5.31% at August 3, 2001) | $ -- | $ 50,000 |
| Revolving Credit Facility payable on or before December 31, 2003 (rates ranging from 3.06% to 4.75% at August 2, 2002 and 5.10% to 6.75% at August 3, 2001) | 20,000 | 75,000 |
| 3.0% Zero-Coupon Contingently Convertible Senior Notes payable on or before April 2, 2032 | 174,476 | -- |
| Long-term debt | $194,476 | $125,000 |

On September 12, 2001, the Company amended its bank credit facility, thereby converting its $50,000 Term Loan into a $50,000 Revolving Credit Loan due December 31, 2003, as such, the $50,000 Term Loan is classified as long-term at August 3, 2001.

The financial covenants related to the Revolving Credit Facility require that the Company maintain an interest coverage ratio (as defined in the Revolving Credit Facility, as amended) of 2.5 to 1.0, a lease adjusted funded debt to total capitalization ratio (as defined in the Revolving Credit Facility, as amended) not to exceed 0.4 to 1.0 and a lease adjusted funded debt to EBITDAR (earnings before interest expense, income taxes, depreciation and amortization and rent expense) ratio (as defined in the Revolving Credit Facility, as amended) not to exceed 2.5 to 1.0. At August 2, 2002 and August 3, 2001, the Company was in compliance with all covenants. All significant subsidiaries of the Company have fully and unconditionally guaranteed on a joint and several basis the obligations under the facility.

In April 2002, the Company issued $422,050 face value at maturity of zero-coupon convertible senior notes ("Notes"), maturing on April 3, 2032, and received proceeds totaling $172,756 prior to debt issuance costs of $4,639. The Notes are callable at the Company's option on or after April 3, 2007. Holders of the Notes may require the Company to purchase ("put") all or a portion of their Notes on April 3, 2005, April 3, 2007 and every 5 years thereafter until April 3, 2027, at a purchase price equal to the accreted value of the Notes, which includes accrued and unpaid cash interest, if any, under the contingent interest features of the Notes. The debt issuance costs are being amortized over three years to the first put date. Each $1 Note (face value at maturity) will be convertible into 10.8584 shares of the Company's common stock, with an initial conversion price of $37.69 per share accreting at 3% per annum, compounded semi-annually, if certain conversion contingencies are met. Those contingencies are met if the closing price of the Company's common stock exceeds a specified price (initially, 120% of the accreted conversion price, and declining .08474% per quarter thereafter to approximately 110% of the accreted conversion price on the last day of the quarter ending January 30, 2032) for a specified period of time (20 of the last 30 trading days) in any quarter beginning after August 2, 2002, or otherwise upon the occurrence of certain events. These potentially dilutive shares are not included in diluted shares in fiscal 2002 since the specified stock price contingency had not been reached. The Notes have an initial yield to maturity of 3.0%, which is being accreted over the life of the Notes using the effective interest method. The Company may pay cash contingent interest for the six-month period commencing April 4, 2007, and for any six-month period thereafter if the average market price of the Notes for a five-trading day measurement period preceding the applicable six-month period equals 120% or more of the sum of the issue price and accrued original issue discount for the Notes. The amount of contingent interest payable per $1 (face value at maturity) shall equal 0.125% of the average LYON Market Price for the Five-Day Period with respect to such Contingent Interest Period based on the capitalized terms as defined in the Notes. All subsidiaries of the Company have fully and unconditionally guaranteed on a joint and several basis the obligations under the Notes. Each guarantor directly or indirectly is a wholly-owned affiliate of the parent company, CBRL Group, Inc., which has no independent assets or operations. The Notes and the underlying common stock were registered in the Company's fourth fiscal quarter of fiscal 2002 with the Securities and Exchange Commission to enable holders of the Notes to resell their Notes and the shares of common stock issuable upon conversion of their Notes.

The aggregate maturities of long-term debt subsequent to August 2, 2002 are as follows:

| Fiscal year | |
|---|---|
| 2003 | -- |
| 2004 | $20,000 |
| 2005 | -- |
| 2006 | -- |
| 2007 and thereafter | $174,476 |
| Total | $194,476 |

5. Common Stock

During fiscal 1999 the Board of Directors granted a certain executive officer upon his employment a total of 25,000 restricted shares which were to vest over five years. In fiscal 1999 another officer was granted 4,100 restricted shares which were to vest over three years. In fiscal 2000 two executive officers were granted a total of 39,000 restricted shares which vest over five years. In fiscal 2002 one executive officer was granted 48,000 restricted shares which vest over three years. The executive officer hired in fiscal 1999 left the Company in fiscal 2000 and forfeited 20,000 restricted shares. The other officer granted 4,100 restricted shares in fiscal 1999 left the company in fiscal 2001 and forfeited 4,100 restricted shares. The Company's compensation expense, net of forfeitures, for these restricted shares was $616, $69 and $70 in fiscal 2002, 2001 and 2000, respectively.

During the second quarter of fiscal 2001 ended January 26, 2001, the Board of Directors authorized the retirement of the Company's treasury stock and authorized the retirement of all future repurchases of the Company's Common Stock. As a result of this retirement, the Company's Treasury Stock at cost was reclassified to reduce Common Stock and Additional Paid-in Capital at January 26, 2001. In the fourth quarter of fiscal 2002, the Company reduced Retained Earnings by $4,620, since Additional Paid-In Capital already was reduced to zero due to the retirement of shares repurchased. These retired shares will remain as authorized, but unissued, shares.

6. Stock Option Plans

The Company's employee stock option plans are administered by the Compensation and Stock Option Committee (the "Committee"). Members of the Committee are appointed by the Board of Directors. The Committee is authorized to determine, at time periods within its discretion and subject to the direction of the Board, which key employees shall be granted options, the number of shares covered by the options granted to each, and within applicable limits, the terms and provisions relating to the exercise of such options.

On May 25, 2000, the Board of Directors approved a new stock option plan for employees who are not officers or directors of the Company. The new plan is known as the CBRL Group, Inc. 2000 Non-Executive Stock Option Plan ("Employee Plan"). The Committee is currently authorized by the Board of Directors to grant options to purchase an aggregate of 4,750,000 shares of the Company's common stock under the Employee Plan. The option price per share under the Employee Plan must be at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day preceding the day the option is granted. Options granted to date under the Employee Plan become exercisable each year on a cumulative basis at a rate of 33% of the total shares covered by the option beginning one year from the date of grant, to expire ten years from the date of grant and to be non-transferable. At August 2, 2002, there were 1,547,754 shares of unissued common stock reserved for issuance under the Employee Plan.

As of August 2, 2002, the Committee is authorized by the Company's shareholders to grant options to purchase an aggregate of 17,525,702 shares of the Company's common stock under the Company's Amended and Restated Stock Option Plan ("the Plan"). At August 2, 2002, there were 1,617,144 shares of unissued common stock reserved for issuance under the Plan. The option price per share under the Plan must be at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day preceding the day the option is granted. Options granted to date under the Plan generally have been exercisable each year on a cumulative basis at a rate of 33% of the total number of shares covered by the option beginning one year from the date of grant, expire ten years from the date of grant and are non-transferable. During fiscal 2000, a long-term incentive award was granted to certain officers, which included stock options. The options granted under this award vest at the end of five years after the grant (subject to earlier vesting upon accomplishments of specified Company performance goals), expire six months after vesting and are non-transferable.

In fiscal 1989, the Board of Directors adopted the 1989 Non-employee Plan ("Directors Plan") for non-employee directors. The stock options were granted with an exercise price equal to the fair market value of the Company's common stock as of the date of grant and expire one year from the retirement of the director from the board. An aggregate of 1,518,750 shares of the Company's common stock were authorized by the Company's shareholders under this plan. Due to the overall plan limit, no shares have been granted under this plan since fiscal 1994.

A summary of the status of the Company's stock option plans for fiscal 2002, 2001 and 2000, and changes during those years follows:

| (Shares in thousands) | 2002 | | 2001 | | 2000 | |
|---|---|---|---|---|---|---|
| Fixed Options | Shares | Weighted-Average Price | Shares | Weighted-Average Price | Shares | Weighted-Average Price |
| Outstanding at beginning of year | 10,504 | $19.77 | 9,630 | $20.89 | 7,714 | $23.94 |
| Granted | 2,506 | 20.13 | 2,481 | 14.76 | 3,253 | 13.85 |
| Exercised | (2,869) | 18.67 | (357) | 14.23 | (67) | 7.04 |
| Forfeited or canceled | (637) | 19.33 | (1,250) | 20.03 | (1,270) | 22.12 |
| Outstanding at end of year | 9,504 | 20.23 | 10,504 | 19.77 | 9,630 | 20.89 |
| Options exercisable at year-end | 5,148 | 22.58 | 5,919 | 23.16 | 5,075 | 23.56 |
| Weighted-average fair value per share of options granted during the year | $ 9.46 | | $ 7.16 | | $ 6.65 | |

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in fiscal 2002, 2001 and 2000: dividend yield of 0.1%, 0.1% and 0.2%, respectively; expected volatility of 43, 43 and 40 percent, respectively; risk-free interest rate ranges of 4.0% to 4.9%, 4.8% to 5.9% and 6.0% to 6.7%; and expected lives of six years. Expected volatility has been measured based on an average of past fluctuations in the share price of the Company's common stock.

The following table summarizes information about fixed stock options outstanding at August 2, 2002:

(Shares in thousands)

| | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number Outstanding at 8/02/02 | Weighted-Average Remaining Contractual Life | Weighted-Average Exercise Price | Number Exercisable at 8/02/02 | Weighted-Average Exercise Price |
| $ 5.09 - 10.00 | 71 | 4.73 | $ 8.58 | 57 | $ 8.31 |
| 10.01 - 20.00 | 3,830 | 6.77 | 14.80 | 1,854 | 15.37 |
| 20.01 - 30.00 | 4,735 | 6.22 | 22.82 | 2,373 | 25.50 |
| 30.01 - 31.75 | 868 | 6.15 | 31.01 | 864 | 31.01 |
| $ 5.09 - 31.75 | 9,504 | 6.42 | $20.23 | 5,148 | $22.58 |

Had the fair value of options granted under these plans beginning in fiscal 1996 been recognized as compensation expense on a straight-line basis over the vesting period of the grant, the Company's net income and net income per share would have been reduced to the pro forma amounts indicated below:

| | 2002 | 2001 | 2000 |
|---|---|---|---|
| Net income: | | | |
| As reported | $91,789 | $49,181 | $58,998 |
| Pro forma | 79,080 | 36,082 | 46,792 |
| Net income per share: | | | |
| As reported - diluted | 1.64 | .87 | 1.02 |

| | | | |
|---|---|---|---|
| Pro forma - diluted | 1.41 | .64 | .81 |

The Company recognizes a tax deduction upon exercise of non-qualified stock options in an amount equal to the difference between the option price and the fair market value of the common stock. These tax benefits are credited to Additional Paid-In Capital.

7. Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's net deferred tax liability consisted of the following at:

| | August 2, 2002 | August 3, 2001 |
|---|---|---|
| Deferred tax assets: | | |
| Financial accruals without economic performance | $19,315 | $14,304 |
| Other | 5,567 | 4,923 |
| Deferred tax assets | 24,882 | 19,227 |
| Deferred tax liabilities: | | |
| Excess tax depreciation over book | 42,591 | 36,332 |
| Other | 13,149 | 12,008 |
| Deferred tax liabilities | 55,740 | 48,340 |
| Net deferred tax liability | $30,858 | $29,113 |

The Company provided no valuation allowance against deferred tax assets recorded as of August 2, 2002 and August 3, 2001, as the "more-likely-than-not" valuation method determined all deferred assets to be fully realizable in future taxable periods.

The components of the provision for income taxes for each of the three fiscal years were as follows:

| | 2002 | 2001 | 2000 |
|---|---|---|---|
| Current: | | | |
| Federal | $45,955 | $34,959 | $24,933 |
| State | 3,042 | 5,617 | 4,216 |
| Deferred | 1,745 | (5,293) | 6,558 |
| Total income tax provision | $50,742 | $35,283 | $35,707 |

A reconciliation of the provision for income taxes as reported and the amount computed by multiplying the income before the provision for income taxes by the U.S. federal statutory rate of 35% was as follows:

| | 2002 | 2001 | 2000 |
|---|---|---|---|
| Provision computed at federal statutory income tax rate | $49,886 | $29,562 | $33,147 |
| State and local income taxes, net of federal benefit | 4,635 | 4,169 | 3,208 |
| Amortization of goodwill and acquisition costs | 4 | 5,034 | 1,398 |
| Employer tax credits for FICA taxes paid on employee tip income | (3,875) | (3,420) | (2,889) |
| Other-net | 92 | (62) | 843 |
| Total income tax provision | $50,742 | $35,283 | $35,707 |

The Internal Revenue Service has examined the Company's federal income tax returns for the fiscal years ended August 1, 1997 through August 3, 2001. On August 1, 2002 the Company reached a settlement with the Internal Revenue Service for these tax periods. Adjustments related primarily to temporary or timing differences. The settlement had no material effect on the Company's Consolidated Financial Statements. The Internal Revenue Service is examining the Company's federal payroll tax filings for the calendar years ended December 31, 1997 through December 31, 2001 primarily relating to FICA taxes on employee-reported tip income. The Company does not expect the conclusion of the examination of its federal payroll tax filings to have a material impact on its results of operations or financial position.

8. Segment Information

The Company operates restaurants under the Cracker Barrel Old Country Store and Logan's Roadhouse brands. These two brands have similar investment criteria and economic and operating characteristics. The Company also has operated units under the Carmine Giardini Gourmet Market brand which were a combination gourmet market and full-service Italian restaurant under one roof. This operating segment was not material to the Company. The Company exited the Carmine's concept at the end of fiscal 2001. (See Note 2.) Therefore, the Company believes it has one reportable operating segment. The following data is presented in accordance with SFAS No. 131 for all periods presented.

| | Fiscal Years Ended | | |
|---|---|---|---|
| Sales in Company-Owned Stores | August 2, 2002 | August 3, 2001 | July 28, 2000 |
| Cracker Barrel - restaurant | $1,405,669 | $1,324,903 | $1,196,680 |
| Cracker Barrel - retail | 420,057 | 407,887 | 382,932 |
| Cracker Barrel - total | $1,825,726 | $1,732,790 | $1,579,612 |
| Carmine Giardini's | -- | 15,587 | 14,137 |
| Logan's Roadhouse | 240,027 | 214,542 | 178,297 |
| Total Net Sales | $2,065,753 | $1,962,919 | $1,772,046 |

9. Commitments and Contingencies

The Company's Cracker Barrel Old Country Store, Inc. subsidiary ("Cracker Barrel") is involved in certain lawsuits, four of which are filed by the same plaintiffs' attorneys, among others, and are not ordinary routine litigation incidental to its business: Serena McDermott and Jennifer Gentry v. Cracker Barrel Old Country Store, Inc., 4:99 -CV-0001-HLM, a collective action under the federal Fair Labor Standards Act ("FLSA"), was served on Cracker Barrel on May 3, 1999; Kelvis Rhodes, Maria Stokes et al. v. Cracker Barrel Old Country Store, Inc., 4:99-CV-217-HLM, an action under Title VII of the Civil Rights Act of 1964 and Section 1981 of the Civil Rights Act of 1866, was served on Cracker Barrel on September 15, 1999; Flounice Stanley, Calvin Slack et al. v. Cracker Barrel Old Country Store, Inc., 4:01-CV-326-HLM, a collective action under the FLSA, was served on Cracker Barrel on April 12, 2002; and the National Association for the Advancement of Colored People ("NAACP"), Betty Thomas et al. v. Cracker Barrel Old Country Store, Inc., 4:01-CV-325-HLM, an action under Title II of the Civil Rights Act of 1964 and Section 1981 of the Civil Rights Act of 1866, was served on Cracker Barrel on April 12, 2002. All of these cases are filed, and are pending, in the United States District Court for the Northern District of Georgia, Rome Division.

The McDermott case alleges that certain tipped hourly employees were required to perform excessive non-serving duties without being paid the minimum wage or overtime compensation for that work and that certain hourly employees were required to wait "off the clock," without pay for the wait. The McDermott case seeks recovery of unpaid wages and overtime wages related to those claims. On March 17, 2000, the Court granted the plaintiffs' motion in the McDermott case to send notice to a provisional class of plaintiffs, defined as all persons employed as servers and all second-shift hourly employees at Cracker Barrel Old Country Store restaurants since January 4, 1996, and 10,838 potential plaintiffs filed "opt-in" forms to the McDermott case. The Court could subsequently amend the definition of the collective group, and if amended, the scope of the collective action could either be reduced or increased or, if appropriate, the Court could dismiss the collective aspects of the case entirely. In that last situation, each opt-in plaintiff would have to decide whether or not to pursue an independent action. Extensive discovery with respect to the merits of individual claims, scheduled through December 2002, is being conducted in the McDermott case. Motions with respect to class certification and other issues are expected to be made in early 2003.

The Rhodes case seeks certification as a company-wide class action, a declaratory judgment to redress an alleged systemic pattern and practice of racial discrimination in employment opportunities, an order to effect certain hiring and promotion goals and back pay and other related monetary damages. In May 2002, the Rhodes plaintiffs filed a motion for class certification proposing a class of all current and former employees and applicants for employment who might have suffered discrimination in hiring, promotion, job assignment and cross-training. The briefing process on class certification has been completed, and this matter awaits ruling by the Court. No collective group has been finally certified in the McDermott case, and no class has yet been certified in the Rhodes case. Liquidated damages equal to the actual damages are sought in the McDermott and the Stanley cases.

The Stanley case is a purported collective action filed by current and former employees asserting three claims based upon alleged violations of the FLSA: (1) that Personal Achievement Responsibility (PAR) IV level employees are routinely required to perform quasi-managerial duties or duties related to training without receiving minimum wage or overtime compensation for that work, (2) that employees classified as trainers routinely work off the clock to prepare for training sessions at home or on store premises and to conduct pre-training activities, and (3) that store opener employees were mis-classified as salaried exempt and are due overtime compensation. Plaintiffs seek unpaid compensation and back pay, liquidated damages, prejudgment interest, attorneys' fees and costs, and unspecified injunctive relief. No express amount of monetary damages is claimed in the Stanley case and no substantial discovery has taken place in that case.

The NAACP/Thomas case is an alleged race discrimination class action filed by the NAACP and customers of Cracker Barrel alleging that Cracker Barrel has a pattern and practice of race-based discriminatory treatment of African-American customers and white customers when accompanied by African-American customers, and seeking certification of a class action. Plaintiffs and their counsel have denied that they seek to recover compensatory damages, instead claiming to seek only nominal, actual and punitive damages. Plaintiffs also seek unspecified declaratory and injunctive relief and have demanded an award of punitive and nominal damages in the amount of $100,000, plus reasonable attorneys' fees and costs. On August 16, 2002, the Magistrate Judge entered a Report and Recommendation that the District Court grant defendant's Rule 23(c) Motion and, as a matter of law, deny plaintiffs' Request for Class Certification. The plaintiffs filed an objection to the Magistrate Judge's Report and Recommendation, and Cracker Barrel filed a response to that objection. On October 1, 2002, the District Court issued its ruling, based on the law and the facts, granting defendant's Rule 23 (c) Motion for Denial of Class Certification, adopting the Magistrate Judge's Report and Recommendation and overruling the plaintiffs' objections to the Report and Recommendation. The failure of plaintiffs to comply with the Court's time deadline was stated as an alternative ground for accepting the Magistrate Judge's Report and Recommendation.

In August 2002, Cracker Barrel received a letter from the Department of Justice ("DOJ") informing Cracker Barrel that it was the subject of a DOJ investigation pursuant to Title II of the Civil Rights Act of 1964. On August 20, 2002, DOJ sent a request for information to Cracker Barrel seeking basic information about locations of restaurants and broad based data about customer complaints and company policies. The DOJ is empowered to investigate matters under Title II of the Civil Rights Act of 1964, and Cracker Barrel is in the process of gathering information to provide to the DOJ. Pursuant to Title II, DOJ remedies are limited to injunctive or preventive relief. Remedies for public accommodation claims typically relate to implementation or revision of policies and procedures for responding to, and methods for monitoring, customer complaints. If the Company and DOJ were not able to agree informally to resolve any concerns raised, then the DOJ could seek to intervene in the pending action. It is not possible at this time to provide an opinion as to how likely it is that the DOJ will have any concerns or will pursue them in court, or as to any other likely outcome of the investigation.

Cracker Barrel believes it has substantial defenses to the claims made in each of these cases, and it is defending each of these cases vigorously. Because discovery has not been completed to date, neither the likelihood of an unfavorable outcome nor the amount of ultimate liability, if any, with respect to these cases or the investigation can be determined at this time. The Company has established a reserve of $3,500 with respect to the McDermott case based on offers of judgment to those plaintiffs. None of those offers of judgement was accepted. With the exception of that reserve, no provision for any potential liability has been made in the consolidated financial statements of the Company with respect to these lawsuits or the DOJ investigation. In the event of an unfavorable result in any of these cases or in the DOJ investigation, the Company's results of operations and financial condition could be materially and adversely affected.

In addition to the litigation and investigation described in the preceding paragraphs, the Company is a party to other legal proceedings incidental to its business. In the opinion of management, based upon information currently available, the ultimate liability with respect to these other actions will not materially affect the Company's Consolidated Financial Statements.

The Company maintains insurance coverage for various aspects of its business and operations. The Company has elected, however, to retain all or a portion of losses that occur through the use of various deductibles, limits and retentions under its insurance programs. This situation may subject the Company to some future liability for which it is only partially insured, or completely uninsured. The Company intends to mitigate any such future liability by continuing to exercise prudent business judgment in negotiating the terms and conditions of its contracts. See Note 2 for a further discussion of insurance and insurance reserves.

As of August 2, 2002, the Company operated 114 Cracker Barrel stores and 37 Logan's Roadhouse restaurants from leased facilities and also leased certain land and advertising billboards. (See Note 11.) These leases have been classified as either capital or operating leases. The interest rates for capital leases vary from 10% to 17%. Amortization of capital leases is included with depreciation expense. A majority of the Company's lease agreements provide for renewal options and some of these options contain escalation clauses. Additionally, certain store leases provide for contingent lease payments based upon sales volume in excess of specified minimum levels.

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the minimum lease payments as of August 2, 2002:

| Fiscal year | |
|---|---|
| 2003 | $ 147 |
| 2004 | 147 |
| 2005 | 147 |
| 2006 | 147 |
| 2007 | 64 |
| Later years | 41 |
| Total minimum lease payments | 693 |
| Less amount representing interest | 155 |
| Present value of minimum lease payments | 538 |
| Less current portion | 87 |
| Long-term portion of capital lease obligations | $ 451 |

The following is a schedule by years of the future minimum rental payments required under noncancelable operating leases, excluding leases for advertising billboards, as of August 2, 2002:

| Fiscal year | |
|---|---|
| 2003 | $ 25,629 |
| 2004 | 25,665 |
| 2005 | 25,535 |
| 2006 | 25,484 |
| 2007 | 25,447 |
| Later years | 310,300 |
| Total | $438,060 |

The following is a schedule by years of the future minimum rental payments required under noncancelable operating leases for advertising billboards as of August 2, 2002:

| Fiscal year | |
|---|---|
| 2003 | $18,243 |
| 2004 | 9,424 |
| 2005 | 3,416 |
| Total | $31,083 |

Rent expense under operating leases, excluding leases for advertising billboards, for each of the three fiscal years was:

| | Minimum | Contingent | Total |
|---|---|---|---|
| 2002 | $26,158 | $776 | $26,934 |
| 2001 | 25,264 | 592 | 25,856 |
| 2000 | 7,877 | 689 | 8,566 |

Rent expense under operating leases for billboards for each of the three fiscal years was:

| | Minimum | Contingent | Total |
|---|---|---|---|
| 2002 | $21,442 | -- | $21,442 |

| | | | |
|---|---|---|---|
| 2001 | 19,565 | -- | 19,565 |
| 2000 | 18,056 | -- | 18,056 |

## 10. Employee Savings Plans

The Company sponsors a qualified defined contribution retirement plan ("Plan I") covering salaried and hourly employees who have completed one year of service and have attained the age of twenty-one. Plan I allows eligible employees to defer receipt of up to 16% of their compensation, as defined in the plan, and contribute such amounts to various investment funds at the employee's discretion. Such contributions, including the Company matching contribution described below, may not be invested in the Company's common stock. The Company matches 25% of employee contributions for each participant up to 6% of the employee's compensation. Employee contributions vest immediately while Company contributions vest 20% annually beginning on the participant's first anniversary of employment. In fiscal 2002, 2001, and 2000, the Company contributed approximately $1,609, $1,545, and $1,397, respectively.

The Company sponsors a non-qualified defined contribution retirement plan ("Plan II") covering highly compensated employees, as defined in the plan. Plan II allows eligible employees to defer receipt of up to 50% of their base compensation and 100% of their eligible bonuses, as defined in the plan, and contribute such amounts to various investment funds at the employee's discretion. Such contributions, including the Company matching contribution described below, may not be invested in the Company's common stock. The Company matches 25% of employee contributions for each participant up to a total of 6% of the employee's compensation when combined with the employee's Plan I match. Employee contributions vest immediately while Company contributions vest 20% annually beginning on the participant's first anniversary of employment. In fiscal 2002, 2001, and 2000, the Company contributed approximately $203, $116, and $69, respectively. At the inception of Plan II, the Company established a Rabbi Trust to fund Plan II obligations. The market value of the trust assets is included in other assets and the liability to Plan II participants is included in accrued employee compensation.

## 11. Sale-Leaseback

On July 31, 2000, the Company, through its Cracker Barrel Old Country Store, Inc. subsidiary, completed a sale-leaseback transaction involving 65 of its owned Cracker Barrel Old Country Store units. Under the transaction, the land, buildings and building improvements at the locations were sold for net consideration of $138,325 and have been leased back for an initial term of 21 years. Equipment was not included. The leases include specified renewal options for up to 20 additional years and have certain financial covenants related to fixed charge coverage for the leased units. Net rent expense during the initial term will be $14,963 annually, and the assets sold and leased back previously had depreciation expense of approximately $2,707 annually. The gain on the sale will be amortized over the initial lease term of 21 years. Net proceeds from the sale were used to reduce outstanding borrowing under the Company's revolving credit facility.

## 12. Quarterly Financial Data (Unaudited)

Quarterly financial data for fiscal 2002 and 2001 are summarized as follows:

| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter* |
|---|---|---|---|---|
| **2002** | | | | |
| Total revenue | $495,213 | $522,502 | $505,050 | $544,127 |
| Gross profit | 332,013 | 340,770 | 343,788 | 372,583 |
| Income before income taxes | 30,603 | 32,916 | 31,724 | 47,288 |
| Net income | 19,647 | 21,132 | 20,557 | 30,453 |
| Net income per share - diluted | .35 | .37 | .36 | .56 |
| **2001** | | | | |
| Total revenue | $467,255 | $484,267 | $468,101 | $544,069 |
| Gross profit | 311,183 | 309,728 | 312,433 | 366,016 |
| Income before income taxes | 27,008 | 24,013 | 23,281 | 10,162 |
| Net income | 16,934 | 15,056 | 14,597 | 2,594 |
| Net income per share - diluted | .30 | .26 | .26 | .05 |

*The Company recorded charges of $33,063 before taxes during the quarter ended August 3, 2001 principally as a result of exiting its Carmine Giardini's Gourmet Market(TM) business and the closing of four Cracker Barrel Old Country Store(R) units and three Logan's Roadhouse(R) units, as well as an accrual for a settlement proposal for a certain collective action under the Fair Labor Standards Act. The Company's fourth fiscal quarter of fiscal 2001 consisted of 14 weeks. (See Notes 2 and 9 to the Company's Consolidated Financial Statements.)

# INDEPENDENT AUDITORS' REPORT

To the Shareholders of CBRL Group, Inc.:

We have audited the accompanying consolidated balance sheets of CBRL Group, Inc. and subsidiaries (the "Company") as of August 2, 2002 and August 3, 2001, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three fiscal years in the period ended August 2, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at August 2, 2002 and August 3, 2001, and the results of its operations and its cash flows for each of the three fiscal years in the period ended August 2, 2002, in conformity with accounting principles generally accepted in the United States of America.

\s\Deloitte & Touche LLP

Nashville, Tennessee
September 12, 2002

EXHIBIT 21

Subsidiaries of the Registrant

The following is a list of the significant subsidiaries of the Registrant as of August 2, 2002, all of which are wholly-owned:

| Parent | State of Incorporation |
|---|---|
| CBRL Group, Inc. | Tennessee |

| Subsidiaries | |
|---|---|
| Cracker Barrel Old Country Store, Inc. | Tennessee |
| Logan's Roadhouse, Inc. | Tennessee |
| CBOCS General Partnership | Michigan |
| CBOCS Michigan, Inc. | Michigan |
| CBOCS West, Inc. | Nevada |
| Rocking Chair, Inc. | Nevada |

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567, 33-45482, 333-01465, 333-63442, 333-71384 and 333-81063 of CBRL Group, Inc. on Form S-8 and Registration Statement Nos. 33-59582, 333-90996-02 and 333-90996-13 on Form S-3 of our report dated September 12, 2002, appearing in and incorporated by reference in the Annual Report on Form 10-K of CBRL Group, Inc. for the year ended August 2, 2002.

DELOITTE & TOUCHE LLP

Nashville, Tennessee
October 25, 2002

WRITTEN STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER REGARDING PERIODIC REPORT CONTAINING FINANCIAL STATEMENTS

1. Michael A. Woodhouse, chief executive officer and Lawrence E. White, chief financial officer, each certify that:

(a) The Annual Report on Form 10-K ("periodic report") of CBRL Group, Inc. (the "issuer"), for the fiscal year ended August 2, 2002, as filed with the Securities and Exchange Commission on the date of this certificate, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(b) the information contained in that periodic report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

2. This statement is provided pursuant to the requirements of Section 906 of the Sarbanes - Oxley Act of 2002, codified as Section 1350 of Chapter 63 of Title 18 USC.

Date: October 25, 2002

/s/Michael A. Woodhouse

Michael A. Woodhouse,
Chief Executive Officer

/s/Lawrence E. White

Lawrence E. White
Chief Financial Officer