

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended October 31, 2008

or

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

For the Transition Period from _____ to _____.

Commission file number 000-25225

CRACKER BARREL OLD COUNTRY STORE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Tennessee
(State or Other Jurisdiction
of Incorporation or Organization)

62-1749513
(IRS Employer
Identification No.)

305 Hartmann Drive, P. O. Box 787
Lebanon, Tennessee 37088-0787
(Address of Principal Executive Offices)
(Zip Code)

615-444-5533
(Registrant's Telephone Number, Including Area Code)

CBRL GROUP, INC.

(Former name, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting
company

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

Yes No

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

22,393,604 Shares of Common Stock
Outstanding as of November 28, 2008

CRACKER BARREL OLD COUNTRY STORE, INC.

FORM 10-Q

For the Quarter Ended October 31, 2008

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	October 31, 2008	August 1, 2008*
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,174	\$ 11,978
Property held for sale	2,311	3,248
Accounts receivable	11,518	13,484
Income taxes receivable	1,739	6,919
Inventories	185,622	155,954
Prepaid expenses and other current assets	14,763	10,981
Deferred income taxes	18,290	18,075
Total current assets	<u>245,417</u>	<u>220,639</u>
Property and equipment	1,591,739	1,571,816
Less: Accumulated depreciation and amortization of capital leases	538,997	526,576
Property and equipment – net	<u>1,052,742</u>	<u>1,045,240</u>
Other assets	43,729	47,824
Total assets	<u>\$ 1,341,888</u>	<u>\$ 1,313,703</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 84,977	\$ 93,112
Current maturities of long-term debt and other long-term obligations	8,810	8,714
Accrued interest expense	12,615	12,485
Other current liabilities	147,293	150,408
Total current liabilities	<u>253,695</u>	<u>264,719</u>
Long-term debt	809,298	779,061
Capital lease obligations	73	77
Interest rate swap liability	41,438	39,618
Other long-term obligations	81,708	83,147
Deferred income taxes	53,536	54,330
Commitments and contingencies (Note 17)		
Shareholders' equity:		
Preferred stock – 100,000,000 shares of \$.01 par value authorized; no shares issued	--	--
Common stock – 400,000,000 shares of \$.01 par value authorized; at October 31, 2008, 22,375,604 shares issued and outstanding and at August 1, 2008, 22,325,341 shares issued and outstanding	224	223
Additional paid-in capital	3,335	731
Accumulated other comprehensive loss	(29,214)	(27,653)
Retained earnings	127,795	119,450
Total shareholders' equity	<u>102,140</u>	<u>92,751</u>
Total liabilities and shareholders' equity	<u>\$ 1,341,888</u>	<u>\$ 1,313,703</u>

See notes to unaudited condensed consolidated financial statements.

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

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

	Quarter Ended	
	October 31, 2008	November 2, 2007
Total revenue	\$ 573,932	\$ 581,165
Cost of goods sold	181,357	180,228
Gross profit	392,575	400,937
Labor and other related expenses	222,433	225,668
Impairment and store closing charges	--	809
Other store operating expenses	105,966	105,220
Store operating income	64,176	69,240
General and administrative expenses	31,618	33,218
Operating income	32,558	36,022
Interest expense	14,033	14,909
Interest income	--	57
Income before income taxes	18,525	21,170
Provision for income taxes	5,693	7,187
Income from continuing operations	12,832	13,983
Loss from discontinued operations, net of tax	--	(94)
Net income	<u>\$ 12,832</u>	<u>\$ 13,889</u>
Basic net income per share:		
Income from continuing operations	<u>\$ 0.57</u>	<u>\$ 0.59</u>
Loss from discontinued operations, net of tax	<u>\$ --</u>	<u>\$ --</u>
Net income per share	<u>\$ 0.57</u>	<u>\$ 0.59</u>
Diluted net income per share:		
Income from continuing operations	<u>\$ 0.57</u>	<u>\$ 0.57</u>
Loss from discontinued operations, net of tax	<u>\$ --</u>	<u>\$ --</u>
Net income per share	<u>\$ 0.57</u>	<u>\$ 0.57</u>
Weighted average shares:		
Basic	<u>22,349,967</u>	<u>23,705,600</u>
Diluted	<u>22,666,326</u>	<u>24,444,932</u>
Dividends declared per share	<u>\$ 0.20</u>	<u>\$ 0.18</u>

See notes to unaudited condensed consolidated financial statements.

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

	Quarter Ended	
	October 31, 2008	November 2, 2007
Cash flows from operating activities:		
Net income	\$ 12,832	\$ 13,889
Loss from discontinued operations, net of tax	--	94
Adjustments to reconcile net income to net cash used in operating activities of continuing operations:		
Depreciation and amortization	14,186	13,660
Loss on disposition of property and equipment	862	535
Impairment	--	532
Share-based compensation	1,728	2,314
Excess tax benefit from share-based compensation	(7)	(91)
Changes in assets and liabilities:		
Accounts receivable	1,973	(247)
Income taxes receivable	5,180	--
Inventories	(29,668)	(19,278)
Prepaid expenses and other current assets	(3,782)	(2,794)
Accounts payable	(8,135)	(11,020)
Accrued interest expense	130	384
Other current liabilities	(3,545)	(3,113)
Deferred income taxes	(750)	(957)
Other long-term assets and liabilities	2,290	3,098
Net cash used in operating activities of continuing operations	<u>(6,706)</u>	<u>(2,994)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(22,003)	(24,385)
Proceeds from insurance recoveries of property and equipment	28	60
Proceeds from sale of property and equipment	728	65
Net cash used in investing activities of continuing operations	<u>(21,247)</u>	<u>(24,260)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	288,200	298,600
Principal payments under long-term debt and other long-term obligations	(257,871)	(272,009)
Proceeds from exercise of share-based compensation awards	870	1,926
Excess tax benefit from share-based compensation	7	91
Dividends on common stock	(4,057)	(3,310)
Net cash provided by financing activities of continuing operations	<u>27,149</u>	<u>25,298</u>
Cash flows from discontinued operations:		
Net cash used in operating activities of discontinued operations	--	(145)
Net cash used in discontinued operations	--	(145)
Net decrease in cash and cash equivalents	(804)	(2,101)
Cash and cash equivalents, beginning of period	11,978	14,248
Cash and cash equivalents, end of period	<u>\$ 11,174</u>	<u>\$ 12,147</u>
Supplemental disclosures of cash flow information:		
Cash paid during the three months for:		
Interest, net of amounts capitalized	<u>\$ 13,231</u>	<u>\$ 13,978</u>
Income taxes	<u>\$ 93</u>	<u>\$ 1,960</u>
Supplemental schedule of non-cash financing activity:		
Change in fair value of interest rate swap	<u>\$ (1,820)</u>	<u>\$ (15,481)</u>
Change in deferred tax asset for interest rate swap	<u>\$ 259</u>	<u>\$ 4,989</u>

See notes to unaudited condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except percentages, share and per share data)

(Unaudited)

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheets as of October 31, 2008 and August 1, 2008 and the related condensed consolidated statements of income and cash flows for the quarters ended October 31, 2008 and November 2, 2007, have been prepared by Cracker Barrel Old Country Store, Inc. (the "Company") in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") without audit. The Company is principally engaged in the operation and development of the Cracker Barrel Old Country Store® ("Cracker Barrel") restaurant and retail concept. In the opinion of management, all adjustments (consisting of normal and recurring items) necessary for a fair presentation of such condensed consolidated financial statements have been made. The results of operations for any interim period are not necessarily indicative of results for a full year.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended August 1, 2008 (the "2008 Form 10-K"). Effective December 8, 2008, the Company changed its name from "CBRL Group, Inc." to "Cracker Barrel Old Country Store, Inc."

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

2. Summary of Significant Accounting Policies

The significant accounting policies of the Company are included in the 2008 Form 10-K. During the quarter ended October 31, 2008, there were no significant changes to those accounting policies.

3. Recent Accounting Pronouncements

Fair Value

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 was effective for fiscal years beginning after November 15, 2007 for financial assets and liabilities, as well as any other asset and liabilities that are carried at fair value on a recurring basis in the financial statements. Effective August 2, 2008, the first day of 2009, the Company adopted SFAS No. 157 on a prospective basis for financial assets and liabilities and nonfinancial assets and liabilities that are carried at fair value on a recurring basis in the financial statements. The adoption of SFAS No. 157 resulted in a \$5,809 decrease in the Company's interest rate swap liability related to non-performance risk with the offset reflected in accumulated other comprehensive loss, net of the deferred tax asset, on the Company's condensed consolidated balance sheet. See Note 4 for additional information on the Company's fair value measurements.

In February 2008, the FASB issued FASB Staff Position No. 157-2, "Effective Date of FASB Statement No. 157" ("FSP No. 157-2"), which deferred for one year the effective date of SFAS No. 157 as it applies to certain nonfinancial assets and liabilities. The deferral provided by FSP No. 157-2 applies to such

items as nonfinancial long-lived asset groups measured at fair value for an impairment assessment. The Company elected the deferral for nonfinancial assets and liabilities under FSP No. 157-2. The Company is currently evaluating the impact of its adoption and cannot yet determine the impact of its adoption in the first quarter of 2010.

Income Tax Benefits of Dividends on Share-Based Payment Awards

The Emerging Issues Task Force (“EITF”) reached a consensus on EITF 06-11, “Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards” (“EITF 06-11”) in June 2007. The EITF consensus indicates that the tax benefit received on dividends associated with share-based awards that are charged to retained earnings should be recorded in additional paid-in capital and included in the pool of excess tax benefits available to absorb potential future tax deficiencies on share-based award payments. The consensus was effective for the tax benefits of dividends declared in fiscal years beginning after December 15, 2007. The Company adopted EITF 06-11 on August 2, 2008, the first day of 2009. The adoption of EITF 06-11 did not have a significant impact on the Company’s consolidated financial statements.

Derivative Disclosures

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

GAAP Hierarchy

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles” (“SFAS No. 162”). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP. SFAS No. 162 was effective on November 15, 2008. The Company does not expect that the adoption of SFAS No. 162 in the second quarter of 2009 will have a significant impact on the Company’s consolidated financial statements.

4. Fair Value Measurements

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

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

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

- Level 3 – unobservable and significant to the fair value measurement of the asset or liability.

The Company's assets and liabilities measured at fair value on a recurring basis subject to the disclosure requirements of SFAS No. 157 at October 31, 2008 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of October 31, 2008
Cash equivalents*	\$ 64	\$ --	\$ --	\$ 64
Deferred compensation plan assets**	23,103	--	--	23,103
Total assets at fair value	\$ 23,167	\$ --	\$ --	\$ 23,167
Interest rate swap liability	\$ --	\$ 41,438	\$ --	\$ 41,438
Total liabilities at fair value	\$ --	\$ 41,438	\$ --	\$ 41,438

*Consists of money market fund investments.

**Represents plan assets established under a Rabbi Trust for the Company's non-qualified savings plan and is included in the condensed consolidated balance sheet as other assets.

5. Property Held for Sale

Property held for sale consists of real estate properties that the Company expects to sell within one year. The assets are reported at the lower of carrying amount or fair value less costs to sell. At October 31, 2008 and August 1, 2008, property held for sale was \$2,311 and \$3,248, respectively, and consisted of closed stores.

6. Inventories

Inventories were comprised of the following at:

	October 31, 2008	August 1, 2008
Retail	\$ 149,345	\$ 124,572
Restaurant	21,370	17,439
Supplies	14,907	13,943
Total	\$ 185,622	\$ 155,954

7. Debt

Long-term debt consisted of the following at:

	October 31, 2008	August 1, 2008
Term Loan B payable \$1,792 per quarter with the remainder due on April 27, 2013	\$ 631,664	\$ 633,456
Delayed-Draw Term Loan Facility payable \$383 per quarter with the remainder due on April 27, 2013	150,720	151,103
Revolving Credit Facility payable on or before April 27, 2011	35,200	3,200
Note payable	507	--
	818,091	787,759
Current maturities	(8,793)	(8,698)
Long-term debt	<u>\$ 809,298</u>	<u>\$ 779,061</u>

The Company has a credit facility (the "Credit Facility") that consists of term loans (aggregate outstanding at October 31, 2008 was \$782,384) with a scheduled maturity date of April 27, 2013 and a \$250,000 revolving credit facility expiring April 27, 2011 (the "Revolving Credit Facility"). At October 31, 2008, the Company had \$185,738 available under the Revolving Credit Facility.

The Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio as specified in the agreement and maintenance of minimum interest coverage ratios. As of October 31, 2008, the Company was in compliance with all debt covenants.

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

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

8. Derivative Instruments and Hedging Activities

The Company accounts for its interest rate swap in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The estimated fair value of this interest rate swap liability was \$41,438 (see Notes 3 and 4) and \$39,618 at October 31, 2008 and August 1, 2008, respectively. The

offset to the interest rate swap liability is in accumulated other comprehensive loss, net of the deferred tax asset. Cash flows related to the interest rate swap, which consist of interest payments, are included in operating activities.

9. Shareholders' Equity

During the quarter ended October 31, 2008, the Company received proceeds of \$870 from the exercise of share-based compensation awards and the corresponding issuance of 50,263 shares of its common stock. During the quarter ended October 31, 2008, the Company did not make any share repurchases.

During the quarter ended October 31, 2008, the Company paid a dividend of \$0.18 per common share. The Company also declared a dividend of \$0.20 per common share on September 18, 2008 that was paid on November 5, 2008 and is recorded in other current liabilities in the accompanying condensed consolidated balance sheet. Additionally, the Company declared a dividend of \$0.20 per common share on November 25, 2008 to be paid on February 5, 2009 to shareholders of record on January 16, 2009.

During the quarter ended October 31, 2008, the unrealized loss, net of tax, on the Company's interest rate swap increased by \$1,561 to \$29,214 and is recognized in accumulated other comprehensive loss (see Notes 3, 4, 8 and 10).

During the quarter ended October 31, 2008, total share-based compensation expense was \$1,728 and the excess tax benefit from share-based compensation was \$7. During the quarter ended November 2, 2007, total share-based compensation expense was \$2,314 and the excess tax benefit from share-based compensation was \$91.

10. Comprehensive Income

Comprehensive income consisted of the following at:

	October 31, 2008	November 2, 2007
Net income	\$ 12,832	\$ 13,889
Other comprehensive loss:		
Change in fair value of interest rate swap, net of tax benefit of \$259 and \$4,989, respectively	(1,561)	(10,492)
Total comprehensive income	<u>\$ 11,271</u>	<u>\$ 3,397</u>

11. Seasonality

Historically, the net income of the Company has been lower in the first three quarters of each year and highest in the fourth quarter, which includes much of the summer vacation and travel season. Management attributes these variations to the decrease in interstate tourist traffic and propensity to dine out less during the regular school year and winter months and the increase in interstate tourist traffic and propensity to dine out more during the summer months. The Company's retail sales historically have been highest in the Company's second quarter, which includes the Christmas holiday shopping season. The Company also expects to open additional new locations throughout the year. Therefore, the results of operations for the quarter ended October 31, 2008 cannot be considered indicative of the operating results for the entire 2009 year.

12. Segment Information

Cracker Barrel units represent a single, integrated operation with two related and substantially integrated product lines. The operating expenses of the restaurant and retail product lines of a Cracker Barrel

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

	Quarter Ended	
	October 31, 2008	November 2, 2007
Revenue		
Restaurant	\$ 455,967	\$ 462,753
Retail	117,965	118,412
Total revenue	<u>\$ 573,932</u>	<u>\$ 581,165</u>

13. Impairment of Long-lived Assets

In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company evaluates long-lived assets and certain identifiable intangibles to be held and used in the business for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Whether impairment exists is determined by comparing undiscounted future operating cash flows that are expected to result from an asset to the carrying values of an asset on a store-by-store basis. In addition, the recoverability test considers the likelihood of possible outcomes that existed at the balance sheet date, including the assessment of the likelihood of the future sale of the asset. If impairment exists, the amount of impairment is measured as the sum of the estimated discounted future operating cash flows of the asset and the expected proceeds upon sale of the asset less its carrying value. Assets held for sale, if any, are reported at the lower of carrying value or fair value less costs to sell (see Note 5).

The Company recorded no impairment charges in the quarter ended October 31, 2008. During the quarter ended November 2, 2007, the Company closed two stores, which resulted in impairment charges of \$532 and store closing charges of \$277 (see "Impairment of long-lived assets" in Note 2 to the Consolidated Financial Statements contained in the 2008 Form 10-K for additional information). These impairments were recorded based upon the lower of unit carrying amount or fair value less costs to sell.

14. Share-Based Compensation

The Company accounts for share-based compensation in accordance with SFAS No. 123 (Revised 2004), "Share-Based Payment," which requires the measurement and recognition of compensation cost at fair value for all share-based payments. Share-based compensation is recorded in general and administrative expenses. Share-based compensation expense totaled approximately \$1,027 and \$701 for stock options and nonvested stock, respectively, for the first quarter of 2009. Share-based compensation expense totaled approximately \$1,165 and \$1,149 for stock options and nonvested stock, respectively, for the first quarter of 2008.

During the first quarter of 2009, there were no forfeitures of equity awards and, therefore, no reversals. During the first quarter of 2008, the Company reversed approximately \$295 of share-based compensation expense for nonvested stock grants that were forfeited.

On October 30, 2008, the Company entered into an employment agreement (the "Agreement"), with Michael A. Woodhouse, the Company's current Chairman, President and Chief Executive Officer. The Agreement replaced Mr. Woodhouse's prior employment agreement dated as of August 1, 2005. Unless extended or earlier terminated, the Agreement will terminate on October 31, 2011. In the event of a change in control, the term of the Agreement is extended through October 31, 2012. In connection with entering into the Agreement, Mr. Woodhouse was awarded 150,000 shares of the Company's common stock, which vest and

become distributable at the rate of 25,000 shares per achievement of six strategic goals; one that must be achieved on or before the end of 2009, a second that must be achieved on or before the end of 2010 and the remaining four that must be achieved on or before the end of 2011.

15. Discontinued Operations

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

In the first quarter of 2008, the Company has reported in discontinued operations certain expenses related to the divestiture of Logan's, which consist of the following:

	<u>Quarter Ended</u> <u>November 2,</u> <u>2007</u>
Loss before tax benefit from discontinued operations	\$ (145)
Tax benefit	51
Loss from discontinued operations, net of tax	<u>\$ (94)</u>

No expenses related to the divestiture of Logan's were incurred in the first quarter of 2009.

16. Net Income Per Share and Weighted Average Shares

Basic consolidated net income per share is computed by dividing consolidated net income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted consolidated net income per share reflects the potential dilution that could occur if securities, options or other contracts to issue common stock were exercised or converted into common stock and is based upon the weighted average number of common and common equivalent shares outstanding during the reporting period. Common equivalent shares related to stock options and nonvested stock and stock awards issued by the Company are calculated using the treasury stock method. The Company's outstanding stock options and nonvested stock and stock awards represent the only dilutive effects on diluted consolidated net income per share.

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

	<u>Quarter Ended</u>	
	<u>October 31,</u> <u>2008</u>	<u>November 2,</u> <u>2007</u>
Income from continuing operations per share numerator	<u>\$ 12,832</u>	<u>\$ 13,983</u>
Loss from discontinued operations, net of tax, per share numerator	<u>\$ --</u>	<u>\$ (94)</u>
Income from continuing operations, loss from discontinued operations, net of tax, and net income per share denominator:		
Weighted average shares outstanding	22,349,967	23,705,600
Add potential dilution:		
Stock options and nonvested stock and stock awards	<u>316,359</u>	<u>739,332</u>
Diluted weighted average shares	<u>22,666,326</u>	<u>24,444,932</u>

17. Commitments and Contingencies

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

The Company is contingently liable pursuant to standby letters of credit as credit guarantees related to insurers. At October 31, 2008, the Company had \$29,062 of standby letters of credit related to securing reserved claims under workers' compensation insurance. All standby letters of credit are renewable annually and reduce the Company's availability under its Revolving Credit Facility (see Note 7 for further information on the Company's Revolving Credit Facility).

The Company is secondarily liable for lease payments under the terms of an operating lease that has been assigned to a third party. At October 31, 2008, the lease has a remaining life of approximately 4.9 years with annual lease payments of approximately \$361 for a total guarantee of \$1,773. The Company's performance is required only if the assignee fails to perform its obligations as lessee. At this time, the Company has no reason to believe that the assignee will not perform and, therefore, no provision has been made in the accompanying condensed consolidated balance sheet for amounts to be paid in case of non-performance by the assignee.

Upon the sale of Logan's, the Company reaffirmed its guarantee of the lease payments for two Logan's restaurants. At October 31, 2008, the operating leases have remaining lives of 3.2 and 11.4 years with annual payments of approximately \$94 and \$98, respectively, for a total guarantee of \$1,561. The Company's performance is required only if Logan's fails to perform its obligations as lessee. At this time, the Company has no reason to believe Logan's will not perform, and therefore, no provision has been made in the condensed consolidated financial statements for amounts to be paid as a result of non-performance by Logan's.

The Company enters into certain indemnification requirements in favor of third parties in the ordinary course of business. The Company believes that the probability of incurring an actual liability under such indemnification agreements is sufficiently remote so that no liability has been recorded. In connection with the divestiture of Logan's and Logan's sale-leaseback transaction (see Note 3 to the Company's Consolidated Financial Statements included in the 2008 Form 10-K), the Company entered into various agreements to indemnify third parties against certain tax obligations, for any breaches of representations and warranties in the applicable transaction documents and for certain costs and expenses that may arise out of specified real estate matters, including potential relocation and legal costs. With the exception of certain tax indemnifications, the Company believes that the probability of being required to make any indemnification payments to Logan's is remote. Therefore, at October 31, 2008, the Company has recorded a liability of \$387 in the condensed consolidated balance sheet for these potential tax indemnifications, but no provision has been recorded for potential non-tax indemnifications.

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

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

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

We believe the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. Factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those contained in Part I, Item 1A of the 2008 Form 10-K, which is incorporated herein by this reference, as well as other factors discussed throughout this report, including, without limitation, the factors described under "Critical Accounting Estimates" on pages 22-26 of this Form 10-Q or, from time to time, in our filings with the Securities and Exchange Commission ("SEC"), press releases and other communications.

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

Overview

This overview summarizes the MD&A, which includes the following sections:

- Results of Operations – an analysis of our condensed consolidated statements of income for the periods presented.
- Liquidity and Capital Resources – an analysis of our primary sources of liquidity and capital expenditures.
- Critical Accounting Estimates – a discussion of accounting policies that require critical judgments and estimates.

Results of Operations

Total revenue decreased 1.2% in the first quarter of 2009 as compared to the first quarter of 2008. Operating income margin was 5.7% of total revenue in the first quarter of 2009 compared to 6.2% in the first quarter of 2008. Income from continuing operations for the first quarter of 2009 decreased 8.2% as compared to the first quarter of 2008 while diluted income from continuing operations per share was the same as the prior year. The decrease in income from continuing operations reflected the following:

- lower restaurant traffic and lower retail sales,
- higher food costs and retail costs of goods sold,
- higher utilities expense,
- higher store management wages and
- higher incentive compensation accruals.

These decreases were partially offset by the following:

- non-recurrence of manager meeting expense,
- lower advertising expense,
- lower group health costs,
- lower store hourly labor costs,
- lower workers' compensation expense,
- higher menu pricing,
- the non-recurrence of impairment and store-closing costs,
- lower income taxes and
- lower interest expense.

Diluted income from continuing operations per share of \$0.57 was the same as the prior year primarily due to the benefit of share repurchases in the second quarter of 2008, which lowered diluted weighted average shares and offset the decrease in income from continuing operations.

The following table highlights operating results by percentage relationships to total revenue for the quarter ended October 31, 2008 as compared to the same period in the prior year:

	Quarter Ended	
	October 31, 2008,	November 2, 2007
Total revenue	100.0%	100.0%
Cost of goods sold	<u>31.6</u>	<u>31.0</u>
Gross profit	68.4	69.0
Labor and other related expenses	38.7	38.8
Impairment and store closing charges	--	0.2
Other store operating expenses	<u>18.5</u>	<u>18.1</u>
Store operating income	11.2	11.9
General and administrative expenses	<u>5.5</u>	<u>5.7</u>
Operating income	5.7	6.2
Interest expense	2.5	2.6
Interest income	--	--
Income before income taxes	<u>3.2</u>	<u>3.6</u>
Provision for income taxes	<u>1.0</u>	<u>1.2</u>
Income from continuing operations	<u>2.2</u>	<u>2.4</u>
Loss from discontinued operations, net of taxes	<u>--</u>	<u>--</u>
Net income	<u>2.2%</u>	<u>2.4%</u>

The following table highlights the components of total revenue by percentage relationships to total revenue for the quarter ended October 31, 2008 as compared to the same period in the prior year:

	Quarter Ended	
	October 31, 2008	November 2, 2007
Revenue:		
Restaurant	79.4%	79.6%
Retail	<u>20.6</u>	<u>20.4</u>
Total revenue	<u>100.0%</u>	<u>100.0%</u>

The following table sets forth the number of units in operation at the beginning and the end of the quarters ended October 31, 2008 and November 2, 2007, respectively:

	Quarter Ended	
	October 31, 2008	November 2, 2007
Open at beginning of period	577	562
Opened during period	4	6
Closed during period	--	(2)
Open at end of period	<u>581</u>	<u>566</u>

During the quarter ended November 2, 2007, we replaced an existing unit with a new unit in a nearby community. Replacements are not counted as either units opened or closed.

Average unit volumes include sales of all stores. The following table highlights average unit volumes for the quarter ended October 31, 2008 as compared to the same period in the prior year:

	Quarter Ended	
	October 31, 2008	November 2, 2007
Net revenue:		
Restaurant	\$ 788.8	\$ 821.6
Retail	204.0	210.2
Total net revenue	<u>\$ 992.8</u>	<u>\$ 1,031.8</u>

Total Revenue

Total revenue for the first quarter of 2009 decreased 1.2% compared to last year's first quarter. For the quarter, our comparable store restaurant sales decreased 3.2% and comparable store retail sales decreased 2.3% resulting in a combined comparable store sales (total revenue) decrease of 3.0%. The comparable store restaurant sales decrease consisted of a 3.3% average check increase for the quarter (including a 3.2% average menu price increase) and a 6.5% guest traffic decrease. The comparable store retail sales decrease was due to the decline in guest traffic. We continue to experience the effects of pressures on consumer discretionary income in our guest traffic and retail sales. Sales from newly opened stores partially offset the decrease in comparable store restaurant and retail sales.

Cost of Goods Sold

Cost of goods sold as a percentage of total revenue for the first quarter of 2009 increased to 31.6% from 31.0% last year. This increase was due to higher restaurant product costs, primarily reflecting commodity inflation, higher retail freight costs, which were primarily related to fuel cost increases, lower initial mark-ups of retail merchandise versus prior year and product packaging design costs incurred in the first quarter of 2009 partially offset by higher menu pricing and lower food waste. The increase in commodity inflation from a year ago was due to increases in oils, produce, eggs and grain products.

Labor and Other Related Expenses

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. Labor and other related expenses as a percentage of total revenue decreased to 38.7% in the first quarter this year from 38.8% last year. The decrease was due to lower group health costs, store hourly labor costs and workers' compensation expense and higher menu pricing partially offset by higher management costs and the

effect of lower guest traffic. The decrease in group health costs was due to lower medical claims. The decrease in store hourly labor costs was due to menu pricing being higher than wage inflation and better productivity partially offset by the effect of lower guest traffic. The decrease in workers' compensation expense was due to the impact of lower interest rates and revised actuarial estimates which resulted in a decrease in the workers' compensation reserve as compared to the prior year. The increase in management costs was due to wage inflation and higher staffing levels.

Impairment and Store Closing Charges

We did not incur any impairment or store closing charges in the first quarter of 2009. During the first quarter of 2008, we closed two stores, which resulted in impairment charges of \$532 and store closing charges of \$277 (see "Impairment of long-lived assets" in Note 2 to the Consolidated Financial Statements contained in the 2008 Form 10-K for additional information).

Other Store Operating Expenses

Other store operating expenses include all unit-level operating costs, the major components of which are utilities, operating supplies, repairs and maintenance, depreciation and amortization, advertising, rent, credit card fees and non-labor-related pre-opening expenses. Other store operating expenses as a percentage of total revenue increased to 18.5% in the first quarter of 2009 from 18.1% in the first quarter of last year. The increase was due to higher utilities expense and lower guest traffic partially offset by lower advertising expense and higher menu pricing. The decrease in advertising expense was due to the non-recurrence of costs incurred in the first quarter of 2008 for our television advertising test.

General and Administrative Expenses

General and administrative expenses as a percentage of total revenue decreased to 5.5% in the first quarter of 2009 as compared to 5.7% in the first quarter of last year. The decrease was due to the non-recurrence of expenses associated with the manager meeting which was held in the first quarter of 2008. This decrease was partially offset by higher incentive compensation accruals. Incentive compensation expense was higher in the first quarter of 2009 versus the first quarter of 2008 as a result of the decision of our Compensation Committee to benchmark incentive compensation performance against the 50th percentile rather than the 75th percentile of our peer group of companies. This benchmarking change was intended to offer better comparisons within our peer group as well as provide greater confidence (and therefore, greater incentive) to our executives that the performance targets established are realistic and can be achieved. As a result, there is greater likelihood that incentive compensation will be earned in 2009.

Interest Expense

Interest expense as a percentage of total revenue decreased to 2.5% in the first quarter of 2009 as compared to 2.6% in the first quarter of last year. The decrease was due to lower average interest rates partially offset by higher average debt outstanding.

Provision for Income Taxes

The provision for income taxes as a percent of pre-tax income was 30.7% in the first quarter of 2009 as compared to 33.9% in the first quarter of 2008 and 30.2% for the full year of 2008. The decrease in the effective tax rate from the first quarter of 2008 to the first quarter of 2009 reflected higher employer tax credits on an absolute dollar basis as well as higher employer tax credits as a percent of pre-tax income due to the decrease in income from continuing operations. The increase in the effective tax rate from the full year of 2008 to the first quarter of 2009 reflected non-recurrence of reserve adjustments resulting from the expiration of certain statutes

of limitations, which do not occur in the first two quarters of any year, partially offset by higher employer tax credits as a percent of pre-tax income.

Liquidity and Capital Resources

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

Cash Generated from (Used in) Operations

Our operating activities from continuing operations used net cash of \$6,706 for the quarter ended October 31, 2008, which represented an increase from the \$2,994 net cash used during the same period a year ago. This increase was due to higher retail inventories partially offset by the timing of payments for income taxes and accounts payable.

Borrowing Capacity

At October 31, 2008, we had \$35,200 of outstanding borrowings under the Revolving Credit Facility and \$29,062 of standby letters of credit related to securing reserved claims under workers' compensation insurance which reduce our availability under the Revolving Credit Facility. At October 31, 2008, we had \$185,738 in borrowing capacity under our Revolving Credit Facility.

The Revolving Credit Facility is part of our \$1,250,000 credit facility (the "Credit Facility"), which also includes a Term Loan B facility and Delayed-Draw Term Loan facility, each of which has a scheduled maturity date of April 27, 2013. At October 31, 2008, our Term Loan B balance was \$631,664 and our Delayed-Draw Term balance was \$150,720. See Note 7 to our Condensed Consolidated Financial Statements for further information on our long-term debt.

The Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio as specified in the agreement and maintenance of minimum interest coverage ratios. As of October 31, 2008, the Company was in compliance with all debt covenants.

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

On July 31, 2008, our Board of Directors approved share repurchases of up to \$65,000 of our common stock. The principal criteria for share repurchases are that they be accretive to expected net income per share, are within the limits imposed by our Credit Facility and that they be made only from free cash flow (operating cash flow less capital expenditures and dividends) rather than borrowings. During the quarter ended October 31, 2008, we did not make any share repurchases. Additionally, in order to conserve cash, we have suspended our share repurchase plans.

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

During the first quarter of 2009, we paid a dividend of \$0.18 per common share. During the quarter, we also declared a dividend of \$0.20 per common share that was paid on November 5, 2008. Additionally, we declared a dividend of \$0.20 per common share on November 25, 2008 to be paid on February 5, 2009 to shareholders of record on January 16, 2009.

During the first quarter of 2009, we received proceeds of \$870 from the exercise of share-based compensation awards and the corresponding issuance of 50,263 shares of our common stock.

Working Capital

We had negative working capital of \$8,278 at October 31, 2008 versus negative working capital of \$44,080 at August 1, 2008. The change in working capital compared with August 1, 2008 reflected higher retail inventory and timing of payments for accounts payable, both of which were financed by borrowings under our Revolving Credit Facility. In the restaurant industry, substantially all sales are either for cash or third-party credit card. Like many other restaurant companies, we are able to, and often do, operate with negative working capital. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while restaurant inventories purchased locally generally are financed from normal trade credit. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through wire transfers. These various trade terms are aided by rapid turnover of the restaurant inventory. Employees generally are paid on weekly, bi-weekly or semi-monthly schedules in arrears of hours worked, and certain expenses such as certain taxes and some benefits are deferred for longer periods of time.

Capital Expenditures

Capital expenditures (purchase of property and equipment) were \$22,003 for the quarter ended October 31, 2008 as compared to \$24,385 during the same period a year ago. Construction of new locations accounted for most of the expenditures. We estimate that our capital expenditures for 2009 will be approximately \$73,000 to \$75,000. This estimate includes costs related to the acquisition of sites and construction of 11 new stores that have opened or will open during 2009, as well as for acquisition and construction costs for locations to be opened in 2010 and capital expenditures for maintenance programs and key initiatives. Capitalized interest was \$200 for the quarter ended October 31, 2008, as compared to \$228 for the quarter ended November 2, 2007.

We believe that cash at October 31, 2008, along with cash generated from our operating activities, and the borrowing capacity under our Revolving Credit Facility, will be sufficient to finance our continued operations, our continued expansion plans, our principal payments on our debt and our dividend payments for at least the next twelve months and thereafter for the foreseeable future.

Off-Balance Sheet Arrangements

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

Material Commitments

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

Recent Accounting Pronouncements

Fair Value

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 was effective for fiscal years beginning after November 15, 2007 for financial assets and liabilities, as well as any other asset and liabilities that are carried at fair value on a recurring basis in the financial statements. Effective August 2, 2008, the first day of 2009, we adopted SFAS No. 157 on a prospective basis for financial assets and liabilities and nonfinancial assets and liabilities that are carried at fair value on a recurring basis in the financial statements. The adoption of SFAS No. 157 resulted in a \$5,809 decrease in our interest rate swap liability related to non-performance risk with the offset reflected in accumulated other comprehensive loss, net of the deferred tax asset, on our condensed consolidated balance sheet. See Note 4 to our Condensed Consolidated Financial Statements for additional information on our fair value measurements.

In February 2008, the FASB issued FASB Staff Position No. 157-2, “Effective Date of FASB Statement No. 157” (“FSP No. 157-2”), which deferred for one year the effective date of SFAS No. 157 as it applies to certain nonfinancial assets and liabilities. The deferral provided by FSP No. 157-2 applies to such items as nonfinancial long-lived asset groups measured at fair value for an impairment assessment. We elected the deferral for nonfinancial assets and liabilities under FSP No. 157-2. We are currently evaluating the impact of its adoption and cannot yet determine the impact of its adoption in the first quarter of 2010.

Income Tax Benefits of Dividends on Share-Based Payment Awards

The Emerging Issues Task Force (“EITF”) reached a consensus on EITF 06-11, “Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards” (“EITF 06-11”) in June 2007. The EITF consensus indicates that the tax benefit received on dividends associated with share-based awards that are charged to retained earnings should be recorded in additional paid-in capital and included in the pool of excess tax benefits available to absorb potential future tax deficiencies on share-based award payments. The consensus was effective for the tax benefits of dividends declared in fiscal years beginning after December 15, 2007. We adopted EITF 06-11 on August 2, 2008, the first day of 2009. The adoption of EITF 06-11 did not have a significant impact on our consolidated financial statements.

Derivative Disclosures

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS No. 161”), which amends SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS No. 133”). SFAS No. 161 requires enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity’s financial position, results of operations, financial performance and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. We do not expect that the adoption of SFAS No. 161 in the third quarter of 2009 will have a significant impact on our consolidated financial statements.

GAAP Hierarchy

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles” (“SFAS No. 162”). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of

nongovernmental entities that are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). SFAS No. 162 was effective on November 15, 2008. We do not expect that the adoption of SFAS No. 162 in the second quarter of 2009 will have a significant impact on our consolidated financial statements.

Critical Accounting Estimates

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

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

- management believes are both most important to the portrayal of our financial condition and operating results and
- require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

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

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

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

Impairment of Long-Lived Assets and Provision for Asset Dispositions

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. Recoverability of assets is measured by comparing the carrying value to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying amount of the asset, the carrying amount is written down to the estimated fair value of an asset to be held and used or the fair value, net of estimated costs of disposal, of an asset to be disposed of, and a loss resulting from impairment is recognized by a charge to income.

In addition to the recoverability test, we consider the likelihood of possible outcomes existing at the balance sheet date, including the assessment of the likelihood of the future sale of the asset. If the asset will be classified as held and used, then the asset is written down to its estimated fair value. If the asset will be

classified as held for sale, then the asset is written down to its estimated fair value, net of estimated costs of disposal. Judgments and estimates that we make related to the expected useful lives of long-lived assets are affected by factors such as changes in economic conditions and changes in operating performance. As we assess the ongoing expected cash flows and carrying amounts of our long-lived assets, these factors could cause us to realize a material impairment charge. From time to time we have decided to exit from or dispose of certain operating units. Typically, such decisions are made based on operating performance or strategic considerations and must be made before the actual costs or proceeds of disposition are known, and management must make estimates of these outcomes. Such outcomes could include the sale of a property or leasehold, mitigating costs through a tenant or subtenant, or negotiating a buyout of a remaining lease term. In these instances management evaluates possible outcomes, frequently using outside real estate and legal advice, and records in the financial statements provisions for the effect of such outcomes. The accuracy of such provisions can vary materially from original estimates and management regularly monitors the adequacy of the provisions until final disposition occurs.

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

We recorded no impairment charges in the quarter ended October 31, 2008. During the quarter ended November 2, 2007, we closed two stores which resulted in impairment charges of \$532 and store closing charges of \$277 (see "Impairment of long-lived assets" in Note 2 to the Consolidated Financial Statements contained in our 2008 Form 10-K for additional information).

Insurance Reserves

We self-insure a significant portion of our expected health, workers' compensation and general liability insurance programs. We purchase insurance for individual workers' compensation claims that exceed either \$250, \$500 or \$1,000 depending on the state in which the claim originates. We purchase insurance for individual general liability claims that exceed \$500. We do not purchase such insurance for our primary group health program, but have limited our offered benefits to not more than \$1,000 lifetime for any employee (including dependents) in the program, and, in certain cases, to not more than \$100 in any given plan year. We record a liability for our group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience provided by our third party administrator.

We record a liability for workers' compensation and general liability for all unresolved claims and for an actuarially determined estimate of incurred but not reported claims at the anticipated cost to us based upon an actuarially determined reserve as of the end of our third quarter and adjusting it by the actuarially determined losses and actual claims payments for the subsequent quarters until the next annual actuarial study of our reserve requirements. Those reserves and these losses are determined actuarially from a range of possible outcomes within which no given estimate is more likely than any other estimate. In accordance with SFAS No. 5, "Accounting for Contingencies," we record the actuarially determined losses at the low end of that range and discount them to present value using a risk-free interest rate based on the actuarially projected timing of payments. We also monitor actual claims development, including incurrence or settlement of individual large claims during the interim period between actuarial studies as another means of estimating the adequacy of our reserves. From time to time, we perform limited scope interim updates of our actuarial studies to verify and/or modify our reserves.

Our accounting policies regarding insurance reserves include certain actuarial assumptions and management judgments regarding economic conditions, the frequency and severity of claims and claim

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

Inventory Shrinkage

Cost of goods sold includes the cost of retail merchandise sold at our stores utilizing the retail inventory accounting method. It includes an estimate of shortages that are adjusted upon physical inventory counts in subsequent periods. Consistent with prior year, we will conduct our physical inventory counts throughout the third and fourth quarters of the fiscal year based upon a cyclical inventory schedule. During the quarter ended October 31, 2008, an estimate of shrink was recorded based on the three-year average of the physical inventories' results on a store-by-store basis. We have not made any material changes in the methodology used to estimate shrinkage during the first quarter of 2009 and do not believe that there will be a material change in the future estimates or assumptions used to calculate shrinkage. However, actual shrinkage recorded may produce materially different amounts of shrinkage than we have estimated.

Tax Provision

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

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

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

Share-Based Compensation

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

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

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

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

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

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

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

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

Unredeemed Gift Cards and Certificates

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

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

Legal Proceedings

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Our management, with the participation of our principal executive and financial officers, including the Chief Executive Officer and the Interim Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon this evaluation, the Chief Executive Officer and the Interim Chief Financial Officer concluded that as of October 31, 2008, our disclosure controls and procedures were effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e).

There have been no changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended October 31, 2008 in our internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 1A. Risk Factors

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

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

- (a) Although no items were submitted to a vote of security holders during the quarter ended October 31, 2008, the annual meeting of shareholders (the “Annual Meeting”) was held on November 25, 2008.
- (b) Proxies for the Annual Meeting were solicited in accordance with Regulation 14 of the Exchange Act; there was no solicitation in opposition to management’s nominees and all of management’s nominees were elected. Each director is elected to serve for a 1-year term and until his or her successor is elected and qualified.
- (c) The following sets forth the results of voting on each matter at the Annual Meeting:

Proposal 1 – Election of Directors.

	FOR	WITHHOLD AUTHORITY
James D. Carreker	18,923,592	990,129
Robert V. Dale	18,642,819	1,270,902
Richard J. Dobkin	18,970,191	943,530
Robert C. Hilton	18,754,013	1,159,707
Charles E. Jones, Jr.	18,643,097	1,270,623
B. F. “Jack” Lowery	18,200,567	1,713,154
Martha M. Mitchell	18,776,701	1,137,019
Andrea M. Weiss	18,894,746	1,018,975
Jimmie D. White	18,771,549	1,142,172
Michael A. Woodhouse	18,735,067	1,178,654

Proposal 2 - To approve the selection of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for fiscal year 2009.

Votes cast for	19,135,775
Votes cast against	683,681
Votes cast to abstain	94,263

Proposal 3 - To approve the proposed charter amendment changing the Company’s name to “Cracker Barrel Old Country Store, Inc.”

Votes cast for	19,735,018
Votes cast against	119,787
Votes cast to abstain	58,914

Proposal 4 - To approve the proposed amendment to the Company's Amended and Restated Stock Option Plan.

Votes cast for	13,064,062
Votes cast against	1,754,054
Votes cast to abstain	356,652

Proposal 5 - To approve the proposed amendments to the Company's 2002 Omnibus Incentive Compensation Plan increasing, for tax deductibility purposes, the categories of performance criteria and the annual cash award limit.

Votes cast for	16,911,518
Votes cast against	2,607,112
Votes cast to abstain	395,089

Proposal 6 - To approve the proposed amendment to the Company's 2002 Omnibus Incentive Compensation Plan increasing the number of shares that may be awarded under the plan.

Votes cast for	6,748,132
Votes cast against	8,081,039
Votes cast to abstain	345,596

See Exhibit Index immediately following the signature page hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CRACKER BARREL OLD COUNTRY STORE, INC.

Date: 12/09/08

By: /s/N.B. Forrest Shoaf
N.B. Forrest Shoaf, Senior Vice President, General
Counsel and Interim Chief Financial Officer

Date: 12/09/08

By: /s/Patrick A. Scruggs
Patrick A. Scruggs, Vice President, Accounting and Tax
and Chief Accounting Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3(i), 4.1	Articles of Incorporation (as amended to date)
10.1	FY 2009 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated September 25, 2008 and filed with the Commission on October 1, 2008)
10.2	Executive Employment Agreement dated as of October 30, 2008 with Michael A. Woodhouse
31	Rule 13a-14(a)/15d-14(a) Certifications
32	Section 1350 Certifications

**CHARTER OF
CRACKER BARREL OLD COUNTRY STORE, INC.
(including all amendments through December 8, 2008)**

1. **Name.** The name of this corporation is Cracker Barrel Old Country Store, Inc.
 2. **Registered Office, Registered Agent and Principal Office.** The address of the registered office of this corporation is in Wilson County at 305 Hartmann Drive, Lebanon TN 37087, and the name of the corporation's registered agent at that office is James F. Blackstock. The address of the principal office of this corporation is in Wilson County at 305 Hartmann Drive, Lebanon TN 37087.
 3. **Incorporator.** The name and address of the incorporator is James F. Blackstock, 305 Hartmann Drive, Lebanon TN 37087.
 4. **For Profit.** This corporation is for profit.
 5. **Stock.**
 - (a) Capitalization. The maximum number of shares that the corporation has authority to issue is 500,000,000 shares, of which 400,000,000 shares are classified and designated common stock ("Common Stock") and 100,000,000 shares are classified and designated preferred stock ("Preferred Stock").
 - (b) Common Stock. The shares classified and designated as Common Stock have a par value of \$0.01 per share, and when issued and outstanding, shall have unlimited voting rights, and shall be entitled to receive the net assets of this corporation upon dissolution.
 - (c) Preferred Stock. With respect to shares designated and classified as Preferred Stock, the Board of Directors of the corporation, pursuant to Section 48-16-102 of the TBCA, are authorized to establish and to determine, in whole or in part, to the full extent permitted by Tennessee law and within the limits set forth in Section 48-16-101 of the TBCA, the preferences, limitations and relative rights of the Preferred Stock or any series of Preferred Stock. Unless and until otherwise specified by the Board of Directors, the shares classified and designated as Preferred Stock will have a par value of \$0.01 per share. The Board of Directors may authorize one or more series of Preferred Stock with preferences, limitations and relative rights, including, but not limited to:
 - (i) special, conditional or limited voting rights, or no right to vote, except to the extent limits or conditions are prohibited by the TBCA;
 - (ii) characteristics as redeemable or convertible;
-

(iii) distributions to the shareholders calculated in any manner, including dividends that may be cumulative, noncumulative, or partially cumulative;

(iv) preferences over any class of shares with respect to distributions, including dividends and distributions, upon dissolution of this corporation; or

(v) specification and changes in the specification of par values.

In accordance with Section 48-16-101 of the TBCA, the foregoing list of designations, preferences, limitations and relative rights is not exhaustive.

(d) **Filing Concerning Preferred Stock.** Before issuing any shares or any series of Preferred Stock pursuant to subparagraph 5(c), the corporation must deliver to the Secretary of State for filing articles of amendment, which are effective without shareholder action, that set forth: (i) the name of this corporation; (ii) the text of the amendment fixing the terms of the class or series of shares; (iii) a statement that the amendment was duly adopted by the Board of Directors; and (iv) the date it was adopted.

(e) **Share Dividends.** The Board of Directors may declare and issue a share dividend consisting of one class or series of stock of the corporation in respect to the shares of the same or another class or series of stock of the corporation.

6. No Preemptive Rights. No holder of shares of any class of stock of this corporation shall have any preemptive rights to purchase or otherwise acquire any shares of stock of any class of the corporation, or any options or rights to purchase shares of any class, or any other securities of the corporation convertible into or carrying an option to purchase shares of any class, whether now or hereafter authorized. The Board of Directors of this corporation may authorize the issuance of shares of stock of any class of the corporation, or options or rights to purchase shares of any class, or any securities convertible into or carrying an option to purchase shares of any class, without offering that issue of shares, rights, options or other securities, in whole or in part, to any shareholders of the corporation.

7. Special Shareholders' Meetings. In addition to the ability of the Board of Directors to call a special meeting as provided in the Bylaws of this corporation, the holders of at least 20% of all the votes entitled to be cast on any issue to be considered at a proposed special meeting may sign, date and deliver to the corporation's Secretary one or more written demands for a special meeting describing the purpose or purposes for which it is to be held. Upon receipt by the Secretary of such a demand or demands, the Secretary shall call a special meeting in accordance with the Bylaws of the corporation and Tennessee law.

8. Directors. The number of directors shall initially be 13. The number of directors may be changed and fixed at a different number from time to time by a majority of the entire Board of Directors. The Board of Directors may not fix a number of directors less than 5.

9. **Removal of Directors.** The shareholders of this corporation may remove a director only for cause. Any or all of the directors may be removed for cause by a vote of a majority of the entire Board of Directors.

10. **Director Liability and indemnification.**

(a) **Limitation of Liability.** A director of this corporation shall not be personally liable to the corporation or to its shareholders for monetary damages for breach of fiduciary duty as a director, but this provision shall not eliminate or limit the liability of a director of this corporation (i) for any breach of the director's duty of loyalty to the corporation or to its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) under Section 48-18-304 of the Tennessee Business Corporation Act. If the Tennessee Business Corporation Act is later amended to authorize the further elimination or limitation of the liability of directors, then in addition to the limitation on personal liability initially provided in this Charter, the liability of a director of the corporation shall be limited to the fullest extent permitted by the amended Tennessee Business Corporation Act. This Article shall not eliminate or limit the liability of a director for any act or omission occurring prior to the date when this Charter became effective, if such a limitation or elimination of liability of a director for those acts or omissions is prohibited by the Tennessee Business Corporation Act as then in effect. Any repeal or modification of this Section 10 by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of that repeal or modification.

Indemnification. This corporation shall have the power to indemnify any director, officer, employee, agent of the corporation, or any other person who is serving at the request of the corporation in any such capacity with another corporation, partnership, joint venture, trust, or other enterprise (including, without limitation, any employee benefit plan) to the fullest extent permitted by the Tennessee Business Corporation Act as it exists on the date of this Charter or as it may later be amended, and that indemnification may continue as to any person who has ceased to be a director, officer, employee, or agent and shall benefit the heirs, executors, and administrators of the affected person.

Insurance. By action of its Board of Directors, notwithstanding any interest of the directors in the action, the corporation may purchase and maintain insurance, in amounts the Board of Directors deems appropriate, to protect any director, officer, employee, or agent of the corporation or any other person who is serving at the request of the corporation in any such capacity with another corporation, partnership, joint venture, trust, or other enterprise (including, without limitation, any employee benefit plan) against any liability asserted against him or her or incurred by him or her in that capacity or arising out of that status (including, without limitation, expenses, judgments, fines, any excise taxes assessed on a person with respect to any employee benefit plan, and amounts paid in settlement) to the fullest extent permitted by the Tennessee Business Corporation Act as it exists on the date of this Charter, or as it may later be amended, and whether or not the corporation would have the power or would be required to indemnify that person under the terms of any agreement or bylaw or the Tennessee Business Corporation Act.

11. **Business Combinations.**

(a) **Application of the Act.** The provisions of Sections 48-35-201 through 48-35-209 of the TBCA, otherwise known and cited as the "Tennessee Business Combination Act," as that act may be amended from time to time, shall apply to the fullest extent provided by law to any Business Combination, as defined in the Tennessee Business Combination Act.

(b) **Corporation Not Liable for Resisting Merger, Exchange, Etc.** So long as this corporation has a class of voting stock registered or traded on a national securities exchange or registered with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, neither the corporation nor its

directors or officers shall be liable at law or equity for either having failed to approve the acquisition of shares by an Interested Shareholder, as defined in the Tennessee Business Combination Act, on or before an Interested Shareholder's share acquisition date, or for seeking to enforce or implement the Tennessee Business Combination Act or the Tennessee Control Share Acquisition Act, or for failing to adopt or recommend any charter or bylaw amendment or provision respecting the Tennessee Business Combination Act or the Tennessee Control Share Acquisition Act, or for opposing any proposed merger, exchange, tender offer or significant disposition of assets of the corporation or any subsidiary because of a good faith belief that the merger, tender offer, exchange or significant disposition of assets would adversely affect the social, legal, environmental or economic circumstances of the corporation, its employees, customers or suppliers, or the communities in which the corporation, or its subsidiaries, operate or are located. In making decisions concerning these matters, this corporation's officers and directors may also specifically consider any other relevant factors, including, but not limited to, (i) the financial and managerial resources and future prospects of the other party, and (ii) the amount and form of the consideration being offered in relation to the then current market price for the corporation's outstanding shares of capital stock, in relation to the then current value of the corporation in a freely negotiated transaction and in relation to the Board of Directors' estimate of the future value of the corporation (including the unrealized value of its properties and assets) as an independent concern.

12. Control Share Acquisitions.

(a) Application of the Act. The provisions of Sections 48-35-301 through 48-35-312 of the TBCA, otherwise known and cited as the "Tennessee Control Share Acquisition Act," as that act may be amended from time to time, shall apply to and govern, to the fullest extent provided by law, any Control Share Acquisition of this corporation's shares, as those terms are defined in the Tennessee Control Share Acquisition Act.

(b) Redemption. Pursuant to Section 48-35-308 of the Tennessee Control Share Acquisition Act, this corporation, at its option, may redeem from the acquiring person all, but not less than all, control shares acquired in a Control Share Acquisition, at any time during the period ending 60 days after the last acquisition of control shares by that person, for the fair value of those shares, if (i) no control acquisition statement has been filed, or (2) a control acquisition statement has been filed and the shares are not accorded voting rights by the shareholders of this corporation pursuant to Section 48-35-307. For purposes of this subparagraph, fair value shall be determined as of the effective date of the vote of the shareholders denying voting rights to the acquiring person, if a control acquisition statement is filed, or if no control acquisition statement is filed, as of the date of the last acquisition of control shares by the acquiring person in a Control Share Acquisition.

(c) Appraisal Right. Pursuant to Section 48-35-309 of the Tennessee Control Share Acquisition Act, if control shares acquired in a Control Share Acquisition are accorded voting rights and the acquiring person has acquired control shares that confer upon that person a majority or more of all voting power entitled to vote generally with respect to the election of directors, all this corporation's shareholders of record, other than the acquiring person, who have not voted in favor of granting those voting rights to the acquiring person shall be entitled to an appraisal of the fair market value of their shares in accordance with Chapter 23 of the Tennessee Business Corporation Act.

13. Charter Amendments. This Charter may be amended or revised in accordance with the TBCA, however, any reduction in the maximum number of shares the corporation may issue under Section 5(a), and any amendment, alteration, addition or repeal of Sections 5(c), 6, 7, 8, 9, 10, 11, 12 and this Section 13 may only be taken by the

affirmative vote of the holders of at least 75% of the outstanding shares of the capital stock of this corporation entitled to vote on those matters, considered for the purposes of this section as one class.

14. Bylaws Amendments. The Bylaws of this corporation may be amended or revised in accordance with the TBCA, however, any amendment, alteration, addition or repeal of Bylaws Section 1.02, Article 8 and Article 11 may only be taken by the affirmative vote of the holders of at least 75% of the outstanding shares of capital stock of this corporation entitled to vote on those matters, considered for the purposes of this section as one class.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), effective as of October 30, 2008 ("Effective Date"), is made and entered into by and between **CBRL GROUP, INC.** (the "Company") and **MICHAEL A. WOODHOUSE** ("Executive").

WITNESSETH:

WHEREAS, Executive currently is serving as the Chairman, President and Chief Executive Officer of the Company pursuant to an employment agreement dated as of August 1, 2005 (the "Prior Employment Agreement"); and

WHEREAS, the Prior Employment Agreement currently expires on August 31, 2009; and

WHEREAS, the Company's Board of Directors (the "Board") recognizes that the Executive's contribution to the growth and success of the Company during prior years has been substantial and 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 future of the Company; and

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

WHEREAS, in order to effect the foregoing purposes and to terminate the Prior Employment Agreement as of the Effective Date, the Company and the Executive wish to enter into this employment agreement on the terms and conditions set forth below;

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

1. EMPLOYMENT.

Subject to the terms and conditions of this Agreement, the Company hereby employs Executive as its Chief Executive Officer. During the term of this Agreement, subject to Section 3.1, Executive also shall serve as either the Company's Chairman or President.

2. DURATION OF AGREEMENT.

2.1 Term. This employment shall begin as of the Effective Date, and shall continue until it terminates pursuant to this Agreement. Unless extended pursuant to Section 2.2.1 or Section 2.2.2, or earlier terminated pursuant to Sections 5, 6, 7, 8, 9 or 10, this Agreement will

automatically terminate on October 31, 2011. The specified period during which this Agreement is in effect is the "Term."

2.2 Extensions of Term.

2.2.1 By Agreement. The Term 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 2.1, or any subsequent expiration date established pursuant to this Section 2.2.1 or Section 2.2.2.

2.2.2 Extension Because of Change in Control. In the event of a Change in Control (as hereinafter defined) of the Company prior to October 31, 2011, the Term shall automatically be extended through October 31, 2012, at which time this Agreement shall automatically terminate, and, following such Change in Control, Executive shall be entitled to exercise the rights and receive the benefits of this Agreement that are described in Section 10. For purposes of this Agreement, a "Change in Control" of the Company shall mean a change in control of a nature that would be required to be reported in response to Item 5.01 of Current Report on Form 8-K promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if during the Term: (a) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than thirty-five percent (35%) of the combined voting power of the Company's then outstanding voting securities unless that acquisition was approved or ratified by a vote of at least 2/3 of the members of the Board in office immediately prior to the acquisition; or (b) all or substantially all of the assets of the Company are sold, exchanged or otherwise transferred (other than to secure debt owed by the Company); or (c) the Company's shareholders approve a plan of liquidation or dissolution; or (d) individuals who at the beginning of the Term constitute members of the Board of Company cease for any reason other than at the request or with the concurrence of the Executive to constitute a majority thereof 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 a majority of the directors then still in office who were directors at the beginning of the Term.

3. POSITION AND DUTIES.

3.1 Position. Subject to the remaining conditions of this Section 3.1, Executive shall serve as the Company's Chairman of the Board and Chief Executive Officer. Executive shall report to the Board and perform such duties and responsibilities as may be prescribed from time-to-time by the Board, which shall be consistent with the responsibilities of similarly situated executives of comparable companies in similar lines of business. So long as Executive is serving as either Chairman of the Board or Chief Executive Officer, the Company shall nominate Executive for election as a member of the Board at each meeting of the Company's shareholders

at which the election of Executive is subject to a vote by the Company's shareholders and to recommend that the shareholders of the Company vote to elect Executive as a member of the Board. From time to time, Executive also may be designated as President of the Company and to such other offices within the Company or its subsidiaries as may be necessary or appropriate for the convenience of the businesses of the Company and its subsidiaries; provided, however, during the Term, he shall hold the title of either Chairman of the Board or Chief Executive Officer.

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

3.3 No Interference With Duties. Executive shall not (i) engage in any activities, or render services to or become associated with any other business that in the reasonable judgment of the Board violates Article 13 of this Agreement; or (ii) devote time to other activities which would inhibit or otherwise interfere with the proper performance of his duties, provided, however, that it shall not be a violation of this Agreement for Executive to (i) devote reasonable periods of time to charitable and community activities and industry or professional activities, or (ii) manage personal business interests and investments, so long as such activities do not interfere with the performance of Executive's responsibilities under this Agreement. Executive may, with the prior approval of the Board (or applicable committee), serve on the boards of directors (or other governing body) of other for profit corporations or entities, consistent with this Agreement and the Company's policies.

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

4. COMPENSATION AND BENEFITS.

4.1 Base Salary. Subject to the terms and conditions set forth in this Agreement, the Company shall pay Executive, and Executive shall accept, an annual salary ("Base Salary") in the amount of One Million and No/100 Dollars (\$1,000,000). The Base Salary shall be paid in accordance with the Company's normal payroll practices and may be increased from time to time at the sole discretion of the Board.

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

Agreement. Without limiting the foregoing, the following provisions shall apply with respect to Executive:

- 4.2.1 Incentive Bonus. Executive shall be entitled to an annual bonus, the amount of which shall be determined by the Compensation and Stock Option Committee of the Board (the "Committee"). The amount of and performance criteria with respect to any such bonus in any year shall be determined not later than the date or time prescribed by Treas. Reg. § 1.162-27(e) ("Section 162(m)") in accordance with a formula to be agreed upon by the Company and Executive and approved by the Committee that reflects the financial and other performance of the Company and the Executive's contributions thereto. Throughout the Term, the Executive's annual target (subject to such performance and other criteria as may be established by the Committee) bonus shall be no less than one hundred twenty-five percent (125%) of the Base Salary.
- 4.2.2 Long Term Incentive Plan. The Company's 2009 Long-Term Incentive Plan (the "LTI"), a two-year plan covering fiscal years 2009 and 2010 has been previously established; however any options to purchase shares of the Company's common stock that are granted to the Executive during calendar year 2009 under the LTI shall vest ratably in two annual installments. With respect to any long term incentive plan established by the Company that covers fiscal year 2011, the Executive's target percentage under such a plan shall be 250% unless it is reduced as part of an across-the-board decrease in target bonuses affecting other Peer Executives and any options granted under such plan shall vest one year from the date of grant.
- 4.2.3 Welfare Benefit Plans. During the Term, Executive and Executive's eligible dependents shall be eligible for participation in, and shall receive all benefits under, the welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription, dental, disability, executive life, group life, accidental death and travel accident insurance plans and programs) ("Welfare Plans") to the extent applicable generally to Peer Executives. Also, throughout the Term, in addition to participating in the other insurance programs provided to Peer Executives, the Company, for the benefit of the Executive, shall pay the premiums to maintain in force during the Term a policy of term life insurance covering the Executive, with such carrier as is reasonably acceptable to Company and Executive, in the face amount of \$2.5 million.
- 4.2.4 Vacation. Executive shall be entitled to an annual paid vacation commensurate with the Company's established vacation policy for Peer Executives. The timing of paid vacations shall be scheduled in a reasonable manner by the Executive.
- 4.2.5 Business Expenses. Executive shall be reimbursed for all reasonable business expenses incurred in carrying out the work hereunder. Executive shall follow the Company's expense procedures that generally apply to other Peer Executives in

accordance with the policies, practices and procedures of the Company to the extent applicable generally to such Peer Executives.

4.2.6 Perquisites. Executive shall be entitled to receive such executive perquisites, fringe and other benefits as are provided to the senior most executives and their families under any of the Company's plans and/or programs in effect from time to time and such other benefits as are customarily available to Peer Executives.

4.3 Restricted Stock.

4.3.1 Shares. Subject to all of the conditions (including, without limitation, satisfaction of the performance goals referred to in Section 4.3.2, the time of vesting and right to receive) and restrictions set forth in this Section 4.3.1, Company hereby grants to Executive an award of 150,000 shares (the "Restricted Shares") of the Company's \$0.01 par value common stock (the "Shares"). Subject to satisfaction of the performance goals referred to in Section 4.3.2, the Restricted Shares shall become vested in, and shall be distributable to, the Executive on such dates as are set forth in the award notice evidencing the award of Restricted Shares (any such date being hereinafter referred to as a "Vesting Date," with all such dates being collectively referred to as the "Vesting Dates"). Subject to Section 4.3.2, as soon as practicable following a Vesting Date, the Company shall promptly cause its transfer agent to issue a certificate to the Executive (or shall notify the Executive of a book-entry issuance per the Direct Registration Program ("DRP") to or for the account of the Executive) evidencing the Restricted Shares that become distributable to the Executive as of the Vesting Date. The Company's obligation to cause the issuance of any Restricted Shares to the Executive shall be subject to any applicable federal, state, or local tax withholding requirements. If, prior to a Vesting Date, the Executive's employment is terminated for any reason other than death or disability, all rights of the Executive in any Restricted Shares awarded under this Section 4.3.1 that, as of the date of such termination, have not vested and become distributable to the Executive shall thereupon immediately terminate and become forfeited and a stock certificate or DRP notice to or for the account of the Executive for all the Restricted Shares that have vested and become distributable to Executive as of the date of termination shall (if not previously issued) thereupon be issued. Executive shall not have any rights as a shareholder with respect to any Restricted Shares until the issuance of a stock certificate or DRP notice evidencing the Restricted Shares. The number of Restricted Shares awarded the Executive under this Section 4.3.1 shall be proportionately adjusted to reflect any stock dividend, stock split or share combination of the Shares or any recapitalization of the Company occurring prior to a Vesting Date. Except as provided in the preceding sentence, no adjustment shall be made on the issuance of a stock certificate or DRP notice to the Executive as to any dividends or other rights for which the record date occurred prior to a Vesting Date. The right of the Executive to receive the Restricted Shares shall not be assignable or transferable otherwise than by will or the laws of descent and distribution. If in the opinion of its counsel, the issuance of any Restricted Shares shall not be lawful for any reason, including the inability of the Company to obtain

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

- 4.3.2 Vesting and receipt of the Restricted Shares is subject to Executive achieving performance criteria (each a "Performance Goal" and collectively the "Performance Goals") established by the Board's Compensation Committee (the "Committee")) as of each of the respective Vesting Dates. The Performance Goals are being established by the Committee contemporaneously with entering into this Agreement and within the time period specified in Section 162(m). The Committee also shall certify in writing whether any Performance Goal is achieved prior to the distribution of that portion of the Restricted Shares distributable upon achievement of the Performance Goal in question.

5. **TERMINATION FOR CAUSE.**

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

- (a) Any act by Executive involving fraud and any breach by Executive of applicable regulations of competent authorities in relation to trading or dealing with stocks, securities, investments and the like or any willful or grossly negligent act by Executive resulting in an investigation by the Securities and Exchange Commission which, in each case, a majority of the Board determines in its sole

and absolute discretion materially adversely affects the Company or Executive's ability to perform his duties under this Agreement;

- (b) Attendance at work in a state of intoxication or otherwise being found in possession at his place of work of any prohibited drug or substance, possession of which would amount to a criminal offense;
- (c) Executive's personal dishonesty or willful misconduct in connection with his duties to the Company;
- (d) Breach of fiduciary duty to the Company involving personal profit by the Executive;
- (e) Conviction of the Executive for any felony or crime involving moral turpitude;
- (f) Material intentional breach by the Executive of any provision of this Agreement or of any Company policy adopted by the Board;
- (g) The continued failure of Executive to perform substantially Executive's duties with the Company (other than any such failure resulting from incapacity due to Disability, and specifically excluding any failure by Executive, after good faith, reasonable and demonstrable efforts, to meet performance expectations for any reason), after a written demand for substantial performance is delivered to Executive by a majority of the Board that specifically identifies the manner in which such Board believes that Executive has not substantially performed Executive's duties.

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

6. TERMINATION UPON DEATH.

Notwithstanding anything herein to the contrary, this Agreement shall terminate immediately upon Executive's death, and the Company shall have no further liability to Executive or his beneficiaries under this Agreement, other than for payment of Accrued Obligations (as defined in Paragraph 9(a)(1)), the timely payment or provision of Other Benefits (as defined in Paragraph 9(d)), including without limitation benefits under such plans, programs, practices and policies relating to death benefits, if any, as are applicable to Executive on the date of his 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; provided, however, that the Restricted Shares granted under Section 4.3.1 of this Agreement shall immediately vest and become distributable upon the death of the Executive.

7. DISABILITY.

If the Company determines in good faith that the Disability of Executive has occurred during the Term (pursuant to the definition of Disability set forth below), it may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such written notice by Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. If Executive's employment is terminated by reason of his Disability, this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations (as defined in Paragraph 9(a)(1)), the timely payment or provision of Other Benefits (as defined in Paragraph 9(d)), including without limitation benefits under such plans, programs, practices and policies relating to disability benefits, if any, as are applicable to Executive on the Disability Effective Date. The rights of the Executive with respect to stock options and restricted stock, and all other benefit plans, shall be determined in accordance with the specific terms, conditions and provisions of the applicable agreements and plans; provided, however, that the Restricted Shares granted under Section 4.3.1 of this Agreement shall immediately vest and become distributable upon the Disability Effective Date.

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

8. EXECUTIVE'S TERMINATION OF EMPLOYMENT.

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

- (a) Other than his removal for Cause pursuant to Section 5 and subject to the proviso below, without the written consent of Executive, the assignment to Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the Effective Date, or any other action by the

Company which results in a demonstrable diminution in such position, authority, duties or responsibilities (including without limitation a shift of material responsibility from the Chief Executive Officer position to the Chairman position if Executive does not serve in both capacities), *provided, however*, it is expressly understood and agreed that so long as Executive is serving as either the Chairman of the Board or the Chief Executive Officer, the designation of another person as either Chairman of the Board or Chief Executive Officer (but not both) shall not be "Good Reason" and also excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive;

- (b) A reduction by the Company in Executive's Base Salary as in effect on the Effective Date or as the same may be increased from time to time;
- (c) A reduction by the Company in Executive's annual target bonus (expressed as a percentage of Base Salary) unless such reduction is a part of an across-the-board decrease in target bonuses affecting all other Peer Executives; provided, however that in any event, the Company may not reduce Executive's annual target bonus (expressed as a percentage of Base Salary) below one hundred twenty-five percent (125%) of the Base Salary;
- (d) The failure by the Company to continue in effect any "pension plan or arrangement" or any "compensation plan or arrangement" in which Executive participates or the elimination of Executive's participation in any such plan (except for across-the-board plan changes or terminations similarly affecting other Peer Executives);
- (e) The Company's requiring Executive, without his consent, to be based at any office or location more than fifty (50) miles from the Company's current headquarters in Lebanon, Tennessee;
- (f) The material breach by the Company of any provision of this Agreement; or
- (g) The failure of any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

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

If Executive terminates his employment for Good Reason, upon the execution and effectiveness of the Release attached hereto as an addendum and made a part hereof (the "Release"), he shall be entitled to the same benefits he would be entitled to under Paragraph 9 as if terminated without Cause or Paragraph 10 as if terminated after a Change in Control, but not both, as applicable. If Executive terminates his employment without Good Reason, this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations (as defined in Paragraph 9(a)(1)) and the timely payment or provision of Other Benefits (as defined in Paragraph 9(d)).

9. TERMINATION WITHOUT CAUSE.

If Executive's employment is terminated by the Company without Cause prior to the expiration of the Term (it being understood by the parties that termination by death, Disability or expiration of this Agreement shall not constitute termination without Cause), then Executive shall be entitled to the following benefits upon the execution and effectiveness of the Release; provided, however, that Executive shall not be entitled to payments under this Paragraph 9 if he is entitled to payments under Paragraph 10:

- (a) The Company shall pay to Executive commencing after the later of the date of termination or the execution and effectiveness of the Release, the aggregate of the following amounts:
 - (1) in a lump sum in cash within 30 days, the sum of (i) Executive's Base Salary through the date of termination to the extent not theretofore paid, (ii) a pro-rata portion of amounts payable under any then existing incentive or bonus plan applicable to Executive (including, without limitation, any incentive bonus referred to in Paragraph 4.2.1) for that portion of the fiscal year in which the termination of employment occurs through the date of termination; (iii) any accrued expenses and vacation pay to the extent not theretofore paid, and (iv) unless Executive has elected a different payout date in a prior deferral election, any compensation previously deferred by Executive (together with any accrued interest or earnings thereon) to the extent not theretofore paid (the sum of the amounts described in subparagraphs (i), (ii), (iii) and (iv) shall be referred to in this Agreement as the "Accrued Obligations");
 - (2) in installments ratably over twenty-four (24) months in accordance with the Company's normal payroll cycle and procedures, the amount equal to three (3) times Executive's annual Base Salary in effect as of the date of termination; and
 - (3) With respect to Paragraph 9(a)(2), the Company may, at any time and in its sole discretion, make a lump sum payment of all amounts, or all remaining amounts, due to Executive; and

- (b) The Restricted Shares granted under Section 4.3.1 of this Agreement shall vest and become distributable in accordance with that Section. In addition, all stock options held by the Executive that are vested prior to the effective date of the termination shall be exercisable in accordance with their terms. With respect to any stock options held by the Executive that, by their terms do not immediately vest and become exercisable upon a termination of employment without Cause, the Executive shall receive, within 30 days after the termination, a lump sum cash distribution equal to: (a) the number of Shares that is subject to options held by the Executive which are not vested on the date of termination of employment; multiplied by (b) the difference between: (i) the closing price of a Share 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 price(s) of the non-vested options; and
- (c) The Executive's participation in the life, medical and disability insurance programs in effect on the date of termination of employment shall continue until the later of (i) twenty-four (24) months after Executive's date of termination, or (ii) the expiration of the Term (as in effect at the time of termination); provided, however, that notwithstanding the foregoing, the Company shall not be obligated to provide such benefits if Executive becomes employed by another employer and is covered or permitted to be covered by that employer's benefit plans without regard to the extent of such coverage; and
- (d) To the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other accrued amounts or accrued benefits required to be paid or provided or which Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company (such other amounts and benefits shall be referred to in this Agreement as the "Other Benefits").

10. CHANGE IN CONTROL.

- (a) Except as otherwise provided herein, if, at any time during the Term in effect after a Change in Control (as it may have been extended by Sections 2.2.2): (i) Executive is involuntarily terminated by the Company for reasons other than Cause or (ii) Executive shall voluntarily terminate his employment with the Company for Good Reason as defined in Paragraph 8, Executive shall be entitled to receive the benefits described in this Paragraph 10.
- (b) Subject to the execution and effectiveness of the Release and further subject to the limitation imposed by sub-section (c) of this Section 10, upon a termination described in Section 10(a), Executive shall be entitled to receive the following payments and benefits:

- (1) The Company shall pay to Executive, in a lump sum in cash within 30 days after the later of the date of termination or the execution and effectiveness of the Release, the aggregate of the following amounts:
 - (i) the Accrued Obligations (as defined in Paragraph 9(a)(1)); and
 - (ii) the amount equal to 2.99 times the sum of (x) Executive's average annual Base Salary for the five fiscal years prior to the termination, and (y) Executive's Applicable Annual Bonus (as defined below). For purposes of this Agreement, "Applicable Annual Bonus" means the greater of Executive's actual annual incentive bonus from the Company earned in the fiscal year immediately preceding the fiscal year in which Executive's termination date falls or Executive's target annual incentive bonus (e.g., 125% of Base Salary) for the year in which Executive's termination date falls; and
 - (2) The Restricted Shares granted under Section 4.3.1 of this Agreement shall vest and become distributable in accordance with that Section. In addition, all stock options held by the Executive that are vested (including, without limitation, those vested by reason of any Change in Control occurring prior to the Executive's termination) prior to the effective date of the termination shall be exercisable in accordance with their terms. With respect to any stock options held by the Executive that, by their terms do not immediately vest and become exercisable upon a termination of employment without Cause or for Good Reason, the Executive shall receive, within 30 days after the termination, a lump sum cash distribution equal to: (a) the number of Shares that is subject to options held by the Executive which are not vested on the date of termination of employment; multiplied by (b) the difference between: (i) the closing price of a Share 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 price(s) of the non-vested options; and
 - (3) The Executive's participation in the life, medical and disability insurance programs in effect on the date of termination of employment shall continue until the later of (i) thirty-six (36) months after Executive's date of termination, or (ii) the expiration of the Term (as in effect at the time of termination); provided, however, that notwithstanding the foregoing, the Company shall not be obligated to provide such benefits if Executive becomes employed by another employer and is covered or permitted to be covered by that employer's benefit plans without regard to the extent of such coverage; and
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(4) To the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any Other Benefits (as defined in Paragraph 9(d)).

(c) Section 280G Limitation.

- (1) If any payment or benefit Executive would receive pursuant to this Section 10 (collectively, the "Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties payable with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive's benefits under this Agreement shall be delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax.
- (2) The accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control shall perform any calculation necessary to determine the amount, if any, payable to Executive pursuant to this Section 10, as limited by sub-section (c). If the accounting firm so engaged by the Company is also serving as accountant or auditor for the individual, entity or group that will control the Company following a Change in Control, the Company shall appoint a nationally recognized accounting firm other than the accounting firm engaged by the Company for general audit purposes to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.
- (3) The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within thirty (30) calendar days after the date on which such accounting firm has been engaged to make such determinations or such other time as requested by the Company or Executive. Any good faith determinations of the accounting firm made hereunder shall be final, binding, and conclusive upon the Company and Executive.

11. COSTS OF ENFORCEMENT.

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

12. PUBLICITY; NO DISPARAGING STATEMENT.

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

13. BUSINESS PROTECTION PROVISIONS.

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

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

(a) “Competitive Position” shall mean any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between the Executive and any person or Entity engaged wholly or in material part in the restaurant or retail business that is the same or similar to that in which the Company or any of its affiliates (collectively the “CBRL Entities”) is engaged whereby Executive is required to or does perform services on behalf of or for the benefit of such person or Entity which are substantially similar to the services in which Executive participated or that he directed or oversaw while employed by the Company. Without limiting the generality of the foregoing, the following companies and concepts would be included within those that would be deemed the same or similar to CBRL Entities and/ or the businesses in which the CBRL Entities are engaged: 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.

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

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

(d) “Restricted Period” shall mean two (2) years following termination of Executive’s employment hereunder; provided, however that the Restricted Period shall be extended for a period of time equal to any period(s) of time within the two (2) year period following termination of

Executive's employment hereunder that Executive is determined by a final non-appealable judgment from a court of competent jurisdiction to have engaged in any conduct that violates this Article 13 or any sections thereof, the purpose of this provision being to secure for the benefit of the Company the entire Restricted Period being bargained for by the Company for the restrictions upon the Executive's activities.

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

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

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

13.3 Nondisclosure; Ownership of Proprietary Property.

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

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

(c) All Work Product shall be owned exclusively by the CBRL Entities. To the greatest extent possible, any Work Product shall be deemed to be "work made for hire" (as defined in the Copyright Act, 17 U.S.C.A. § 101 et seq., as amended), and Executive hereby

unconditionally and irrevocably transfers and assigns to applicable CBRL Entity all right, title and interest Executive currently has or may have by operation of law or otherwise in or to any Work Product, including, without limitation, all patents, copyrights, trademarks (and the goodwill associated therewith), trade secrets, service marks (and the goodwill associated therewith) and other intellectual property rights. Executive agrees to execute and deliver to the applicable CBRL Entity any transfers, assignments, documents or other instruments which the Company may deem necessary or appropriate, from time to time, to protect the rights granted herein or to vest complete title and ownership of any and all Work Product, and all associated intellectual property and other rights therein, exclusively in the applicable CBRL Entity.

13.4 Non-Interference With Executives.

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

13.5 Non-competition.

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

13.6 Remedies.

Executive understands and acknowledges that his violation of this Article 13 or any section thereof would cause irreparable harm to Company and Company would be entitled to an injunction by any court of competent jurisdiction enjoining and restraining Executive from any employment, service, or other act prohibited by this Agreement. The parties agree that nothing in this Agreement shall be construed as prohibiting Company from pursuing any remedies available to it for any breach or threatened breach of this Article 13 or any section thereof, including, without limitation,

the recovery of damages from Executive or any person or entity acting in concert with Executive. Company shall receive injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived by Executive. If any part of this Article 13 or any section thereof is found to be unreasonable, then it may be amended by appropriate order of a court of competent jurisdiction to the extent deemed reasonable. Furthermore and in recognition that certain severance payments are being agreed to in reliance upon Executive's compliance with this Article 13 after termination of his employment, in the event Executive breaches any of such business protection provisions or other provisions of this Agreement, any unpaid amounts (*e.g.*, those provided under Paragraphs 8 or 9(a)(2)) shall be forfeited and Company shall not be obligated to make any further payments or provide any further benefits to Executive following any such breach. Additionally, if Executive breaches any of such business protection provisions or other provisions of this Agreement or such provisions are declared unenforceable by a court of competent jurisdiction, any lump sum payment made pursuant to Section 10(a)(1)(ii) shall be refunded by the Executive on a pro-rata basis based upon the number of months during the Restricted Period during which he violated the provisions of this section or, in the event such provisions are declared unenforceable, the number of months during the Restricted Period that the Company did not receive their benefit as a result of the actions of the Executive.

14. RETURN OF MATERIALS.

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

15. GENERAL PROVISIONS.

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

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

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

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

15.5 No Effect On Other Arrangements. It is expressly understood and agreed that the payments made in accordance with this Agreement are in addition to any other benefits or compensation to which Executive may be entitled or for which he may be eligible, whether funded or unfunded, by reason of his employment with the Company. Notwithstanding the foregoing, the provisions in Sections 5 through 10 regarding benefits that the Executive will receive upon his employment being terminated supersede and are expressly in lieu of any other severance program or policy that may be offered by the Company, except with regard to any rights the Executive may have pursuant to COBRA.

15.6 Continuation of Compensation. If Executive becomes entitled to payments under Sections 8, 9 or 10 but dies before receipt thereof, the Company agrees to pay to the Executive's spouse or his estate, as the case may be, pursuant to such designation as Executive shall deliver to the Company in a form reasonably satisfactory to the Company, any amounts to which Executive, at the time of his death, was so entitled.

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

15.8 Notices.

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

If to Company to: CBRL Group, Inc.
Attn: General Counsel's Office
P.O. Box 787
305 Hartmann Drive
Lebanon, TN 37088-0787
Facsimile: (615) 443-9818

If to Executive to:
417 Bethlehem Road
Lebanon, TN 37087

Michael A. Woodhouse

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

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

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

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

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

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

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

15.15 Mediation. Except as provided in subsection (c) of this Section 15.15, the following provisions shall apply to disputes between Company and Executive: (i) arising out of or related to this Agreement (including any claim that any part of this agreement is invalid, illegal or otherwise void or voidable), or (ii) the employment relationship that exists between Company and Executive:

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

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

(c) The provisions of this Section 15.15 shall not apply to any dispute relating to the ability of the Company to terminate Executive's employment pursuant to Section 5 or Section 9 of this Agreement nor shall they apply to any action by the Company seeking to enforce its rights arising out of or related to the provisions of Article 13 of this Agreement.

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

IN WITNESS WHEREOF, the parties hereto have executed, or caused their duly authorized representative to execute, this Agreement as of this 30th day of October, 2008.

CBRL GROUP, INC.

By: /s/ James D. Carreker
James D. Carreker, Chairman
Compensation Committee

"EXECUTIVE"

/s/ Michael A. Woodhouse
Michael A. Woodhouse

RELEASE

THIS RELEASE ("Release") is made and entered into by and between Michael A. Woodhouse ("Employee") and CBRL GROUP, INC. and its successor or assigns ("Company").

WHEREAS, Employee and Company have agreed that Employee's employment with CBRL Group, Inc. shall terminate on _____;

WHEREAS, Employee and the Company have previously entered into that certain Employment Agreement, dated October __, 2008 ("Agreement"), and this Release is incorporated therein by reference;

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

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

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

1. Claims Released Under This Agreement In exchange for receiving the severance benefits described in Paragraphs 8, 9 or 10 of the Agreement and except as provided in Paragraph 2 below, Employee hereby voluntarily and irrevocably waives, releases, dismisses with prejudice, and withdraws all claims, complaints, suits or demands of any kind whatsoever (whether known or unknown) which Employee ever had, may have, or now has against Company and other current or former subsidiaries or affiliates of the Company and their past, present and future officers, directors, employees, agents, insurers and attorneys (collectively, the "Releasees"), arising out of or relating to (directly or indirectly) Employee's employment or the termination of his employment with the Company, including but not limited to:

(a) claims for violations of Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Fair Labor Standards Act, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Equal Pay Act, the Family and Medical Leave Act, 42 U.S.C. § 1981, the National Labor Relations Act, the Labor Management Relations Act, Executive Order 11246, Executive Order 11141, the Rehabilitation Act of 1973, or the Employee Retirement Income Security Act;

- (b) claims for violations of any other federal or state statute or regulation or local ordinance;
- (c) claims for lost or unpaid wages, compensation, or benefits, defamation, intentional or negligent infliction of emotional distress, assault, battery, wrongful or constructive discharge, negligent hiring, retention or supervision, misrepresentation, conversion, tortious interference, breach of contract, or breach of fiduciary duty;
- (d) claims to benefits under any bonus, severance, workforce reduction, early retirement, outplacement, or any other similar type plan sponsored by the Company; or
- (e) any other claims under state law arising in tort or contract.

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

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

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

5. Voluntary Execution. Employee warrants, represents and agrees that he has been encouraged in writing to seek advice from anyone of his choosing regarding this Release, including his attorney and accountant or tax advisor prior to his signing it; that this Release represents written notice to do so; that he has been given the opportunity and sufficient time to seek such advice; and that he fully understands the meaning and contents of this Release. He further represents and warrants that he was not coerced, threatened or otherwise forced to sign this Release, and that his signature appearing hereinafter is voluntary and genuine.

EMPLOYEE UNDERSTANDS THAT HE MAY TAKE UP TO TWENTY-ONE (21) DAYS TO CONSIDER WHETHER OR NOT HE DESIRES TO ENTER INTO THIS RELEASE.

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

Acknowledged and Agreed To:

“COMPANY”

CBRL GROUP, INC.

By: _____

Its: _____

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

“EMPLOYEE”

Date

Michael A. Woodhouse

I, Michael A. Woodhouse, certify that:

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

Date: December 9, 2008

/s/Michael A. Woodhouse

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

I, N.B. Forrest Shoaf, certify that:

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

Date: December 9, 2008

/s/N.B. Forrest Shoaf

N.B. Forrest Shoaf, Senior Vice President, Secretary and
General Counsel and Interim Chief Financial Officer

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended October 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Woodhouse, Chairman, President and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: December 9, 2008

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

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended October 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, N.B. Forrest Shoaf, Senior Vice President, Secretary and General Counsel and Interim Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: December 9, 2008

By: /s/N.B. Forrest Shoaf
N.B. Forrest Shoaf,
Senior Vice President, Secretary and General
Counsel and Interim Chief Financial Officer