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

FORM 10-Q

(Mark One)

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended April 29, 2011

or

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period from ________ to _______.

Commission file number 000-25225

CRACKER BARREL OLD COUNTRY STORE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Tennessee	62-1749513
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
305 Hartmann Drive, P.O. Box 787 Lebanon, Tennessee (Address of Principal Executive Offices)	37088-0787 (Zip code)

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

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

Yes x No o

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

Yes x No o

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

Large accelerated filer x Accelerated filer o

Non-accelerated filer o Smaller reporting company o

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

Yes o No x

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

22,975,567 Shares of Common Stock
Outstanding as of May 27, 2011

CRACKER BARREL OLD COUNTRY STORE, INC.

FORM 10-Q

For the Quarter Ended April 29, 2011

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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)

	April 29, 2011	July 30, 2010*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 62,486	$ 47,700
Accounts receivable	11,917	13,530
Inventories	131,995	144,079
Prepaid expenses and other current assets	10,782	8,609
Deferred income taxes	17,448	22,341
Total current assets	234,628	236,259
Property and equipment	1,662,843	1,621,545
Less: Accumulated depreciation and amortization of capital leases	653,345	617,442
Property and equipment – net	1,009,498	1,004,103
Other assets	55,409	51,705
Total assets	$ 1,299,535	$ 1,292,067
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 82,254	$ 116,218
Current maturities of long-term debt and other long-term obligations	6,766	6,765
Income taxes payable	2,550	7,624
Deferred revenue	35,301	27,544
Accrued interest expense	10,274	10,535
Other accrued expenses	123,211	140,862
Total current liabilities	260,356	309,548
Long-term debt	568,525	573,744
Interest rate swap liability	51,311	66,281
Other long-term obligations	103,570	93,822
Deferred income taxes	55,878	57,055
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Preferred stock – 100,000,000 shares of $.01 par value authorized; no shares issued	--	--
Common stock – 400,000,000 shares of $.01 par value authorized; 22,951,501 shares issued and outstanding at April 29, 2011, and 22,732,781 shares issued and outstanding at July 30, 2010	230	228
Additional paid-in capital	10,334	6,200
Accumulated other comprehensive loss	(36,944)	(48,849)
Retained earnings	286,275	234,038
Total shareholders' equity	259,895	191,617
Total liabilities and shareholders' equity	$ 1,299,535	$ 1,292,067

See notes to unaudited condensed consolidated financial statements.

* This condensed consolidated balance sheet has been derived from the audited consolidated balance sheet as of July 30, 2010, as filed in the Company's Annual Report on Form 10-K for the fiscal year ended July 30, 2010.

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

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Total revenue	$ 582,525	$ 578,233	$ 1,821,493	$ 1,792,032
Cost of goods sold	179,774	173,041	578,917	562,410
Gross profit	402,751	405,192	1,242,576	1,229,622
Labor and other related expenses	227,437	226,047	675,223	679,401
Other store operating expenses	112,112	109,302	336,235	320,269
Store operating income	63,202	69,843	231,118	229,952
General and administrative expenses	33,955	38,012	103,899	108,488
Impairment and store dispositions, net	(1,958)	--	(1,874)	2,263
Operating income	31,205	31,831	129,093	119,201
Interest expense	11,619	12,186	35,163	37,249
Income before income taxes	19,586	19,645	93,930	81,952
Provision for income taxes	4,432	5,217	26,265	24,107
Net income	$ 15,154	$ 14,428	$ 67,665	$ 57,845
Net income per share:				
Basic	$ 0.66	$ 0.62	$ 2.94	$ 2.52
Diluted	$ 0.64	$ 0.61	$ 2.85	$ 2.47
Weighted average shares:				
Basic	23,048,279	23,198,505	23,039,388	22,934,732
Diluted	23,602,333	23,802,998	23,705,155	23,445,554
Dividends declared per share	$ 0.22	$ 0.20	$ 0.66	$ 0.60

See notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended	
	April 29, 2011	April 30, 2010
Cash flows from operating activities:		
Net income	$ 67,665	$ 57,845
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	46,537	45,629
(Gain) loss on disposition of property and equipment	(2,062)	2,943
Impairment	2,175	2,263
Share-based compensation	7,335	10,088
Excess tax benefit from share-based compensation	(2,338)	(4,841)
Changes in assets and liabilities:		
Inventories	12,084	16,969
Other current assets	(560)	4,324
Accounts payable	(33,964)	(13,930)
Accrued employee compensation	(13,430)	5,222
Other current liabilities	(89)	1,675
Other long-term assets and liabilities	5,825	8,568
Net cash provided by operating activities	89,178	136,755
Cash flows from investing activities:		
Purchase of property and equipment	(59,410)	(40,218)
Proceeds from sale of property and equipment	8,124	229
Proceeds from insurance recoveries of property and equipment	126	224
Net cash used in investing activities	(51,160)	(39,765)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	112,000	339,600
Principal payments under long-term debt and other long-term obligations	(117,233)	(384,687)
Proceeds from exercise of share-based compensation awards	20,107	35,565
Excess tax benefit from share-based compensation	2,338	4,841
Purchases and retirement of common stock	(25,644)	(7,799)
Deferred financing costs	--	(2,908)
Dividends on common stock	(14,800)	(13,820)
Net cash used in financing activities	(23,232)	(29,208)
Net increase in cash and cash equivalents	14,786	67,782
Cash and cash equivalents, beginning of period	47,700	11,609
Cash and cash equivalents, end of period	$ 62,486	$ 79,391
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, excluding interest rate swap payments, net of amounts capitalized	$ 10,377	$ 11,262
Interest rate swaps	$ 22,878	$ 22,741
Income taxes	$ 27,726	$ 17,577
Supplemental schedule of non-cash financing activity:		
Change in fair value of interest rate swaps	$ 14,970	$ (510)
Change in deferred tax asset for interest rate swaps	$ (3,065)	$ 1,742

See notes to unaudited condensed consolidated financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

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

1. Condensed Consolidated Financial Statements

Cracker Barrel Old Country Store, Inc. (the “Company”) is principally engaged in the operation and development of the Cracker Barrel Old Country StoreÒ (“Cracker Barrel”) restaurant and retail concept.

Basis of Presentation

The condensed consolidated balance sheets at April 29, 2011 and July 30, 2010 and the related condensed consolidated statements of income and cash flows for the quarters and/or nine-month periods ended April 29, 2011 and April 30, 2010, have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) without audit. In the opinion of management, all adjustments (consisting of normal and recurring items) 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 July 30, 2010 (the “2010 Form 10-K”). The accounting policies used in preparing these condensed consolidated financial statements are the same as described in the 2010 Form 10-K except for the addition of two accounting policies for share-based compensation and derivative instruments that are discussed below. References in these Notes to Condensed Consolidated Financial Statements to a year are to the Company’s fiscal year unless otherwise noted.

Share-Based Compensation

If a share-based compensation award is modified after the grant date, incremental compensation expense is recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Incremental compensation expense for vested awards is recognized immediately. For unvested awards, the sum of the incremental compensation expense and the remaining unrecognized compensation expense for the original award on the modification date is recognized over the modified service period (See Note 11).

Derivative Instruments

Companies may elect whether or not to offset related assets and liabilities and report the net amount on their financial statements if the right of setoff exists. Under a master netting agreement, the Company has the legal right to offset the amounts owed to the Company against amounts owed by the Company under a derivative instrument that exists between the Company and a counterparty. The Company reports the fair value of these derivative instruments on a net basis in the condensed consolidated balance sheet.

Reclassifications

The Company has reclassified certain prior period amounts in its condensed consolidated statement of income in order to conform to the current period presentation in which impairment and store dispositions are not included in store operating income. The Company believes that the current period presentation of store operating income more appropriately reflects the results of its ongoing store operations. These reclassifications had no effect on operating income or net income.

The following table presents the effect of these reclassifications on store operating income for the quarter and nine-month period ended April 30, 2010:

	Quarter Ended April 30, 2010	Nine Months Ended April 30, 2010
Store operating income as previously reported	$ 69,843	$ 227,689
Impairment and store dispositions, net	--	2,263
Store operating income as currently reported	$ 69,843	$ 229,952

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

The Company’s assets and liabilities measured at fair value on a recurring basis at April 29, 2011 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 April 29, 2011
Cash equivalents*	$ 43,668	$ --	$ --	$ 43,668
Deferred compensation plan assets**	30,530	--	--	30,530
Total assets at fair value	$ 74,198	$ --	$ --	$ 74,198
Interest rate swap liability (Note 5)	$ --	$ 51,311	$ --	$ 51,311
Total liabilities at fair value	$ --	$ 51,311	$ --	$ 51,311

The Company’s assets and liabilities measured at fair value on a recurring basis at July 30, 2010 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 July 30, 2010
Cash equivalents*	$ 35,250	$ --	$ --	$ 35,250
Deferred compensation plan assets**	25,935	--	--	25,935
Total assets at fair value	$ 61,185	$ --	$ --	$ 61,185
Interest rate swap liability (Note 5)	$ --	$ 66,281	$ --	$ 66,281
Total liabilities at fair value	$ --	$ 66,281	$ --	$ 66,281

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

The Company's money market fund investments and deferred compensation plan assets are measured at fair value using quoted market prices. The fair value of the Company's interest rate swap liability is determined based on the present value of expected future cash flows. Since the Company's interest rate swap values are based on the LIBOR forward curve, which is observable at commonly quoted intervals for the full term of the swaps, they are considered a Level 2 input. Nonperformance risk is reflected in determining the fair value of the interest rate swaps by using the Company's credit spread less the risk-free interest rate, both of which are observable at commonly quoted intervals for the term of the swaps. Thus, the adjustment for nonperformance risk is also considered a Level 2 input.

The fair values of the Company's accounts receivable and accounts payable approximate their carrying amounts because of their short duration. The fair value of the Company's variable-rate term loans, based on quoted market prices, totaled approximately $575,859 and $566,510 at April 29, 2011 and July 30, 2010, respectively. See Note 4 for additional information on the Company's debt.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During the quarter ended April 29, 2011, one leased Cracker Barrel store was determined to be impaired. Fair value of the leased store was determined by using a cash flow model. Assumptions used in the cash flow model included projected annual revenue growth rates and projected cash flows, which can be affected by economic conditions and management's expectations. The Company has determined that the majority of the inputs used to value its long-lived assets held and used are unobservable inputs, and thus, are considered Level 3 inputs. Based on its analysis, the Company reduced the leased store's carrying value to zero, resulting in an impairment charge of $2,175 (see Note 10).

During 2010, one leased store also was determined to be fully impaired using the same methodology and Level 3 inputs as described above (see Note 10). Additionally, during 2010, the Company closed one owned store and recorded an impairment charge of $409 for the amount by which the store's carrying value exceeded its fair value of $270. Fair value was determined based upon market comparables, which are considered Level 2 inputs. This closed store was sold during the quarter ended April 29, 2011.

3. Inventories

Inventories were comprised of the following at:

	April 29, 2011	July 30, 2010
Retail	$ 98,619	$ 113,674
Restaurant	19,910	17,586
Supplies	13,466	12,819
Total	$ 131,995	$ 144,079

4. Debt

Long-term debt consisted of the following at:

	April 29, 2011	July 30, 2010
Term loans payable on or before April 27, 2013	$ 344,377	$ 347,559
Term loans payable on or before April 27, 2016	230,623	232,585
Note payable	271	346
	575,271	580,490
Current maturities	(6,746)	(6,746)
Long-term debt	$ 568,525	$ 573,744

The Company's credit facilities (the "Credit Facilities") consist of term loans (aggregate outstanding at April 29, 2011 was $575,000) and a revolving credit facility (the "Revolving Credit Facility"), under which the Company has a borrowing capacity of $165,000 until January 27, 2013. At April 29, 2011, the Company's term loans were swapped at a weighted average interest rate of 7.47% (see Note 5).

At April 29, 2011, the Company did not have any outstanding borrowings under the Revolving Credit Facility. At April 29, 2011, the Company had outstanding $29,981 of standby letters of credit, which reduce the Company's availability under the Revolving Credit Facility (see Note 13). At April 29, 2011, the Company had $135,019 available under the Revolving Credit Facility.

The Credit Facilities contain customary financial covenants, which are specified in the agreement and include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. At April 29, 2011, the Company was in compliance with all debt covenants.

The Credit Facilities also impose 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 Facilities) during the immediately preceding fiscal year; and (2) in any event, increase its regular quarterly cash dividend in any quarter by an amount not to exceed the greater of $.01 or 10% of the amount of the dividend paid in the prior fiscal quarter.

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

5. Derivative Instruments and Hedging Activities

The Company uses derivative instruments, specifically interest rate swaps, to mitigate its interest rate risk. The Company does not hold or use derivative instruments for trading purposes. The Company also does not have any derivatives not designated as hedging instruments and has not designated any non-derivatives as hedging instruments.

The Company has interest rate risk relative to its outstanding borrowings under its Credit Facilities (see Note 4). Loans under the Credit Facilities bear interest, at the Company's election, either at the prime rate or LIBOR plus a percentage point spread based on certain specified financial ratios. The Company's policy has been to manage interest cost using a mix of fixed and variable rate debt (see Note 4). To manage this risk in a cost efficient manner, the Company has entered into two interest rate swaps.

On May 4, 2006, the Company entered into an interest rate swap (the "2006 swap") in which it agreed to exchange with a counterparty, at specified intervals effective August 3, 2006, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The swapped portion of the outstanding debt or notional amount of the interest rate swap over its remaining life is as follows:

From May 4, 2010 to May 2, 2011	$	575,000
From May 3, 2011 to May 2, 2012		550,000
From May 3, 2012 to May 3, 2013		525,000

The 2006 swap was accounted for as a cash flow hedge. The rate on the portion of the Company's outstanding debt covered by the 2006 swap is fixed at a rate of 5.57% plus the Company's credit spread over the initial 7-year life of the 2006 swap. The Company's weighted average credit spread at April 29, 2011 was 1.90%.

On August 10, 2010, the Company entered into a second interest rate swap (the "2010 swap") in which it agreed to exchange with a counterparty, effective May 3, 2013, the difference between fixed and variable interest amounts calculated by reference to the notional principal amount of $200,000. This interest rate swap also was accounted for as a cash flow hedge. The rate on the portion of the Company's outstanding debt covered by the 2010 swap will be fixed at a rate of 2.73% plus the Company's credit spread over the 2-year life of the 2010 swap.

At April 29, 2011 and July 30, 2010, the estimated fair values of the Company's derivative instruments were as follows:

	Balance Sheet Location	April 29, 2011	July 30, 2010
Interest rate swaps (See Note 2)	Interest rate swap liability	$ 51,311	$ 66,281

When the Company is engaged in more than one outstanding derivative transaction with the same counterparty and also has a legally enforceable master netting agreement with that counterparty, its credit risk exposure is based on the net exposure under the master netting agreement. If, on a net basis, the Company owes the counterparty, the Company regards its credit exposure to the counterparty as being zero.

The estimated fair value of the Company's interest rate swap liability incorporates the Company's own non-performance risk (see Note 2). The adjustment related to non-performance risk at April 29, 2011 and July 30, 2010 resulted in reductions of $1,407 and $3,915, respectively, in the fair values of the interest rate swap liability. The offset to the interest rate swap liability is recorded in accumulated other comprehensive loss ("AOCL"), net of the deferred tax asset, and will be reclassified into earnings over the term of the underlying debt. As of April 29, 2011, the estimated pre-tax portion of AOCL that is expected to be reclassified into earnings over the next twelve months is $28,968. Cash flows related to the interest rate swaps are included in interest expense and in operating activities.

The following table summarizes the pre-tax effects of the Company's derivative instruments on AOCL for the nine-month period ended April 29, 2011 and the year ended July 30, 2010:

	Amount of Loss Recognized in AOCL on Derivatives (Effective Portion)	
	Nine Months Ended April 29, 2011	Year Ended July 30, 2010
Cash flow hedges:		
Interest rate swaps	$ 14,970	$ (5,049)

The following table summarizes the pre-tax effects of the Company's derivative instruments on income for the quarters and nine-month periods ended April 29, 2011 and April 30, 2010:

	Location of Loss Reclassified from AOCL into Income (Effective Portion)	Amount of Loss Reclassified from AOCL into Income (Effective Portion)			
		Quarter Ended		Nine Months Ended	
		April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Cash flow hedges:					
Interest rate swaps	Interest expense	$ 7,765	$ 8,111	$ 22,878	$ 22,741

No ineffectiveness has been recorded in the nine-month periods ended April 29, 2011 and April 30, 2010.

6. <u>Shareholders' Equity</u>

During the nine-month period ended April 29, 2011, the Company received proceeds of $20,107 from the exercise of share-based compensation awards and the corresponding issuance of 718,720 shares of its common stock. During the nine-month period ended April 29, 2011, the Company repurchased 500,000 shares of its common stock in the open market at an aggregate cost of $25,644.

During the nine-month period ended April 29, 2011, the Company paid dividends of $0.64 per common share. In addition, during the third quarter of 2011, the Company declared a regular dividend of $0.22 per common share that was paid on May 5, 2011 and is recorded in other accrued expenses in the accompanying condensed consolidated balance sheet. On May 26, 2011, the Company's Board of Directors declared a regular dividend of $0.22 per share payable on August 5, 2011 to shareholders of record on July 15, 2011.

During the nine-month period ended April 29, 2011, the unrealized loss, net of tax, on the Company's interest rate swaps decreased by $11,905 to $36,944 and is recorded in AOCL (see Notes 2, 5 and 7).

During the nine-month period ended April 29, 2011, total share-based compensation expense was $7,335. During the nine-month period ended April 29, 2011, the excess tax benefit realized upon exercise of share-based compensation awards was $2,338.

7. Comprehensive Income

Comprehensive income consisted of the following at:

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Net income	$ 15,154	$ 14,428	$ 67,665	$ 57,845
Other comprehensive income:				
Changes in fair value of interest rate swaps, net of tax	2,329	1,771	11,905	1,232
Total comprehensive income	$ 17,483	$ 16,199	$ 79,570	$ 59,077

For the quarters ended April 29, 2011 and April 30, 2010, the changes in fair value of the Company's interest rate swaps are net of tax provisions of $1,987 and $738, respectively. For the nine-month periods ended April 29, 2011 and April 30, 2010, the changes in fair value of the Company's interest rate swaps are net of a tax provision of $3,065 and a tax benefit of $1,742, respectively.

8. Seasonality

Historically, the net income of the Company has been lower in the first and third quarters and higher in the second and fourth quarters. Management attributes these variations to the Christmas holiday shopping season and the summer vacation and travel season. The Company's retail sales, which are made substantially to the Company's restaurant customers, historically have been highest in the Company's second quarter, which includes the Christmas holiday shopping season. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby contributing to higher profits in the Company's fourth quarter. The Company also generally opens additional new locations throughout the year. Therefore, the results of operations for any interim period cannot be considered indicative of the operating results for an entire year.

9. Segment Reporting

Cracker Barrel units represent a single, integrated operation with two related and substantially integrated product lines. The operating expenses of the restaurant and retail product line of a Cracker Barrel unit are shared and are indistinguishable in many respects. Accordingly, the Company manages its business on the basis of one reportable operating segment. All of the Company's operations are located within the United States. Total revenue was comprised of the following at:

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Revenue:				
Restaurant	$ 476,361	$ 473,293	$ 1,436,790	$ 1,414,078
Retail	106,164	104,940	384,703	377,954
Total revenue	$ 582,525	$ 578,233	$ 1,821,493	$ 1,792,032

10. Impairment and Store Dispositions, Net

Impairment and store dispositions, net consisted of the following at:

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Impairment	$ 2,175	$ --	$ 2,175	$ 2,263
Gains on disposition of stores	(4,133)	--	(4,133)	--
Store closing costs	--	--	84	--
Total	$ (1,958)	$ --	$ (1,874)	$ 2,263

The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying value of the asset, the carrying value is written down, for an asset to be held and used, to the estimated fair value or, for an asset to be disposed of, to the fair value, net of estimated costs of disposal. Any loss resulting from impairment is recognized by a charge to income. During the quarter ended April 29, 2011, the Company determined that a leased store was impaired resulting in an impairment charge of $2,175. See Note 2 for information related to the determination of the fair value for this leased store. In the prior year, the Company also recognized an impairment charge of $2,263 on a leased store. Each of these leased stores was impaired because of declining operating performance and resulting negative cash flow projections.

During the quarter ended April 29, 2011, the Company’s gain on disposition of stores included gains resulting from the sale of two closed stores and a condemnation award. The Company received net proceeds of $1,054 from the sale of the closed stores, which resulted in a gain of $485. The condemnation award consisted of net proceeds of $6,576, which resulted in a gain of $3,648. On May 2, 2011, the Company closed the store on which the condemnation award was received.

During the nine-month period ended April 29, 2011, the Company incurred store closing charges of $84 related to a store the Company closed in the last week of 2010.

11. Share-Based Compensation

On September 23, 2010, the Company granted stock options to certain executives that were subject to defeasance in the event that the 2010 Omnibus Incentive Compensation Plan (“2010 Omnibus Plan”) was approved by the shareholders at the Company’s Annual Shareholder meeting held on December 1, 2010. Pursuant to the approval of the 2010 Omnibus Plan, the stock options were defeased and replaced with grants of performance-based stock units (“PBSUs”). Subject to the respective executive’s continued employment, the PBSUs will vest at the end of the performance period, which consists of the Company’s 2011, 2012 and 2013 years. The stock option awards would have vested at a cumulative rate of 33% per year beginning on the first anniversary of the grant date.

The number of PBSUs that will ultimately be earned and will, therefore, vest is based on total shareholder return, which is defined as increases in the Company's stock price plus dividends paid during the performance period. The target number of shares that will be earned by and awarded to the seven executives in the event that there is no change in total shareholder return is 62,300. The maximum number of shares that may be awarded to the seven executives is 150% of the target number of shares, or 93,450. The probability of the actual shares expected to be earned is considered in the grant date valuation; therefore, the expense will not be adjusted to reflect the actual units earned. The vesting of the PBSUs is also subject to the achievement of a minimum level of operating income during the performance period. If this performance goal is not met, no PBSUs will be awarded and no compensation expense will be recorded.

The fair value of the PBSUs was determined using the Monte-Carlo simulation model, which simulates a range of possible future stock prices and estimates the probabilities of the potential payouts. This model incorporates several key assumptions that are similar to those used to value stock options. Those inputs include expected volatility, risk-free rate of return and expected dividend yield. Additionally, the Monte-Carlo simulation model uses the 60-consecutive calendar days beginning average price from July 1, 2010 to August 31, 2010.

The defeasance of the stock options and the replacement grant of the PBSUs were accounted for as a modification and resulted in incremental compensation expense of $1,221. Incremental compensation expense is defined as the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. The sum of the incremental compensation expense and the remaining unrecognized compensation expense for the original stock option award at the modification date will be recorded over the modified service period (See Note 1).

During the second quarter of 2011, based on the Company's determination that a performance goal would not be achieved with respect to a portion of one executive's nonvested stock grants, the Company reversed approximately $314 of share-based compensation expense. The Company did not have any similar reversals in the prior year.

Share-based compensation expense is recorded in general and administrative expenses. For the quarter and nine-month period ended April 29, 2011, share-based compensation expense totaled $482 and $1,669, respectively, for stock options and $1,626 and $4,997 respectively, for nonvested stock. For the quarter and nine-month period ended April 29, 2011, share-based compensation expense for PBSUs totaled $308 and $669, respectively. For the quarter and nine-month period ended April 30, 2010, share-based compensation expense totaled $727 and $2,438, respectively, for stock options and $3,536 and $7,650, respectively, for nonvested stock.

12. Net Income Per Share and Weighted Average Shares

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

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

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Net income per share numerator	$ 15,154	$ 14,428	$ 67,665	$ 57,845
Net income per share denominator:				
Weighted average shares	23,048,279	23,198,505	23,039,388	22,934,732
Add potential dilution:				
Stock options and nonvested stock and stock awards	554,054	604,493	665,767	510,822
Diluted weighted average shares	23,602,333	23,802,998	23,705,155	23,445,554

13. Commitments and Contingencies

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

The Company is contingently liable pursuant to standby letters of credit as credit guarantees related to insurers. At April 29, 2011, the Company had $29,981 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 4 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 April 29, 2011, the lease has a remaining life of approximately 2.4 years with annual lease payments of approximately $361 for a total guarantee of $872. 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 Roadhouse, Inc. ("Logan's") in 2007, the Company reaffirmed its guarantee on the lease payments for two Logan's restaurants. At April 29, 2011, the operating leases have remaining lives of 0.7 and 8.9 years with annual payments of approximately $94 and $108, respectively, for a total guarantee of $1,071. The Company's performance is required only if Logan's fails to perform its obligations as lessee. At this time, the Company has no reason to believe Logan's will not perform, and therefore, no provision has been made in the condensed consolidated balance sheet for amounts to be paid as a result of non-performance by Logan's.

The Company enters into certain indemnification agreements in favor of third parties in the ordinary course of business. The Company believes that the probability of incurring an actual liability under such indemnification agreements is sufficiently remote so that no liability has been recorded. In connection with the divestiture of Logan's (see Note 15 to the Company's Consolidated Financial Statements included in the 2010 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. The Company believes that the probability of being required to make any indemnification payments to Logan's is remote, and therefore, no provision has been recorded in the condensed balance sheet for potential 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 StoreÒ (“Cracker Barrel”) restaurant and retail concept. At April 29, 2011, we operated 601 Cracker Barrel stores in 42 states. All dollar amounts reported or discussed in this Management’s Discussion and Analysis of Financial Condition and Results of Operations (“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) financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended July 30, 2010 (the “2010 Form 10-K”). Except for specific historical information, many of the matters discussed in this report may express or imply projections of items such as revenues or expenditures, estimated capital expenditures, compliance with debt covenants, plans and objectives for future operations, inventory shrinkage, growth or initiatives, expected future economic performance, or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results which we expect will or may occur in the future, are forward-looking statements that involve risks, uncertainties and other factors which may cause our actual results and performance to differ materially from those expressed or implied by those statements. All forward-looking information is provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these risks, uncertainties and other factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “trends,” “assumptions,” “target,” “guidance,” “outlook,” “opportunity,” “future,” “plans,” “goals,” “objectives,” “expectations,” “near-term,” “long-term,” “projection,” “may,” “will,” “would,” “could,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “potential,” “regular,” “should,” “projects,” “forecasts” or “continue” (or the negative or other derivatives of each of these terms) or similar terminology.

We believe the assumptions underlying any forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. Factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those contained in Part I, Item 1A of the 2010 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 24-29 of this Form 10-Q or, from time to time, in our filings with the Securities and Exchange Commission (“SEC”), press releases and other communications.

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

Results of Operations

The following table highlights operating results by percentage relationships to total revenue for the quarter and nine-month period ended April 29, 2011 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	30.9	29.9	31.8	31.4
Gross profit	69.1	70.1	68.2	68.6
Labor and other related expenses	39.0	39.1	37.1	37.9
Other store operating expenses	19.3	18.9	18.4	17.9
Store operating income	10.8	12.1	12.7	12.8
General and administrative expenses	5.8	6.6	5.7	6.0
Impairment and store dispositions, net	(0.4)	--	(0.1)	0.1
Operating income	5.4	5.5	7.1	6.7
Interest expense	2.0	2.1	1.9	2.1
Income before income taxes	3.4	3.4	5.2	4.6
Provision for income taxes	0.8	0.9	1.5	1.4
Net income	2.6%	2.5%	3.7%	3.2%

The following table highlights the components of total revenue by percentage relationships to total revenue for the quarter and nine-month period ended April 29, 2011 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Revenue:				
Restaurant	81.8%	81.9%	78.9%	78.9%
Retail	18.2	18.1	21.1	21.1
Total revenue	100.0%	100.0%	100.0%	100.0%

The following table sets forth the number of stores in operation at the beginning and end of the quarters and nine-month periods ended April 29, 2011 and April 30, 2010, respectively:

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Open at beginning of period	597	593	593	588
Open during period	4	1	8	6
Open at the end of period	601	594	601	594

Average unit volumes include sales of all stores. The following table highlights average unit volumes for the quarter and nine-month periods ended April 29, 2011 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Revenue:				
Restaurant	$ 794.9	$ 797.1	$ 2,407.1	$ 2,388.3
Retail	177.2	176.7	644.5	638.3
Total revenue	$ 972.1	$ 973.8	$ 3,051.6	$ 3,026.6

Total Revenue

Total revenue for the third quarter of 2011 increased 0.7% compared to the prior year third quarter. For the quarter, comparable store restaurant sales decreased 0.3% and comparable store retail sales increased 0.1% resulting in a total combined comparable store sales decrease of 0.2%. The comparable store restaurant sales decrease consisted of a 2.6% guest traffic decrease and a 2.3% average check increase for the quarter (including a 1.9% average menu price increase). The comparable store retail sales increase resulted from a higher average retail selling price than in the prior year partially offset by a decrease in guest traffic. Sales from newly opened stores accounted for the balance of the total revenue increase in the third quarter of 2011.

Total revenue for the first nine months of 2011 increased 1.6% compared to the same period in the prior year. For the first nine months of 2011, comparable store restaurant sales increased 0.8% and comparable store retail sales increased 1.0% resulting in a combined comparable store sales increase of 0.8%. The comparable store restaurant sales increase consisted of a 2.0% average check increase for the nine months (including a 1.9% average menu price increase) and a 1.2% guest traffic decrease. We believe that the comparable store retail sales increase resulted from a more appealing retail merchandise selection and a higher average retail selling price than in the prior year partially offset by a decrease in guest traffic. Sales from newly opened stores accounted for the balance of the total revenue increase in the first nine months of 2011.

Guest traffic decreased at a greater rate in the third quarter than in the previous quarter and we presently expect lower guest traffic trends to continue into the fourth quarter.

Gross Profit

Gross profit for the third quarter of 2011 was 69.1% of total revenue compared to 70.1% of total revenue in the third quarter of the prior year. This decrease in gross profit as a percentage of total revenue resulted from lower gross profit from restaurant operations. Including inflation and specification changes, food commodity costs increased 4.7% in the quarter compared to the prior year quarter, as double-digit increases in pork, butter, coffee and lettuce prices were partially offset by declines in the price of oils and poultry. We also experienced higher food waste in the quarter compared to the prior year quarter, which decreased gross profit by 0.3% as a percentage of total revenue. These decreases in gross profit were partially offset by our menu price increase discussed above.

Gross profit for the first nine months of 2011 was 68.2% as a percentage of total revenue compared to 68.6% in the same period in the prior year. This decrease in gross profit as a percentage of total revenue resulted from lower gross profit from restaurant operations. Including inflation and specification changes, food commodity costs increased 2.5% as compared to the prior year. We also experienced higher food waste, which decreased gross profit by 0.2% as a percentage of total revenue. These decreases in gross profit were partially offset by our menu price increase discussed above.

Commodity inflation was higher in the third quarter than in the previous quarter and we presently expect commodity inflation to increase further in the fourth quarter.

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 during the third quarter of 2011 to 39.0% as compared to 39.1% in the third quarter of the prior year. This decrease resulted primarily from decreases of 0.4% and 0.1% as a percentage of total revenue, respectively, in store management compensation and store hourly labor costs partially offset by increases of 0.2%, 0.1% and 0.1%, respectively, in healthcare costs, payroll taxes and pre-opening labor. The decrease in store management compensation resulted from lower store bonus accruals, which reflected lower performance against financial objectives. The decrease in store hourly labor costs as percentage of total revenue resulted from menu price increases being higher than wage inflation. The increase in healthcare costs resulted from higher medical claims. The increase in payroll taxes resulted from increases in unemployment tax rates. The increase in pre-opening labor resulted from the increase in the number of new stores opening in 2011 as compared to the prior year.

Labor and other related expenses as a percentage of total revenue decreased to 37.1% in the first nine months of 2011 as compared to 37.9% in the same period in the prior year. This decrease resulted primarily from decreases of 0.4%, 0.3% and 0.2%, respectively, in store management compensation, healthcare costs and store hourly labor costs. The decrease in store management compensation resulted from lower store bonus accruals, which reflected lower performance against financial objectives. The decrease in healthcare costs resulted from lower medical claims and the benefit of the calendar 2010 group health plan design changes. The decrease in store hourly labor costs as a percentage of total revenue resulted from menu price increases being higher than wage inflation.

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 expense as a percentage of total revenue increased to 19.3% in the third quarter of 2011 as compared to 18.9% in the third quarter of the prior year. This increase resulted primarily (and equally) from increases in advertising, supplies and credit card fees. The increase in advertising expense resulted from the timing of billboard production costs versus the prior year. The increase in supplies expense resulted from increases in numerous supply categories. The increase in credit card fees resulted from a shift in the mix of payment methods from cash to credit and debit cards.

Other store operating expenses as a percentage of total revenue increased to 18.4% in the first nine months of 2011 as compared to 17.9% in the first nine months of 2010. This increase resulted primarily (and equally) from increases in supplies, general insurance, advertising, credit card fees and maintenance. The increase in supplies expense resulted from increases in numerous supply categories. Higher general insurance expense resulted from favorable actuarial reserve adjustments made in the prior year. The increase in advertising expense resulted from additional media testing and consumer research to better understand and improve guest traffic trends. The increase in credit card fees resulted from a shift in the mix of payment methods from cash to credit and debit cards. Higher maintenance expense resulted primarily from the timing of sign maintenance and other programs.

Impairment and Store Dispositions, Net

Impairment and store dispositions, net consisted of the following at:

	Quarter Ended		Nine Months Ended	
	April 29, 2011	April 30, 2010	April 29, 2011	April 30, 2010
Impairment	$ 2,175	$ --	$ 2,175	$ 2,263
Gains on disposition of stores	(4,133)	--	(4,133)	--
Store closing costs	--	--	84	--
Total	$ (1,958)	$ --	$ (1,874)	$ 2,263

During the third quarter of 2011, we determined that a leased store was impaired, resulting in an impairment charge of $2,175. In the second quarter of 2010, we also determined that a leased store was impaired, resulting in an impairment charge of $2,263. Each of these leased stores was impaired because of declining operating performance and resulting negative cash flow projections. See Notes 2 and 10 to the accompanying Condensed Consolidated Financial Statements for more details surrounding our impairment charges.

During the third quarter of 2011, we sold two closed stores. Additionally, one of our stores was acquired by the State of Florida for road expansion pursuant to eminent domain. These transactions resulted in a net gain of $4,133.

General and Administrative Expenses

General and administrative expenses as a percentage of total revenue were 5.8% and 5.7%, respectively, in the third quarter and first nine months of 2011 as compared to 6.6% and 6.0%, respectively, in the third quarter and first nine months of 2010. Both decreases resulted primarily from lower incentive compensation expense, including share-based compensation, which reflected lower performance against financial objectives in 2011 as compared to the prior year.

Interest Expense

Interest expense for the third quarter of 2011 was $11,619 as compared to $12,186 in the same period in the prior year. Interest expense for the first nine months of 2011 was $35,163 as compared to $37,249 in the same period in the prior year. Both decreases were primarily because of lower debt outstanding.

Provision for Income Taxes

The provision for income taxes as a percent of pre-tax income was 22.6% and 26.6%, respectively, in the third quarters of 2011 and 2010. The provision for income taxes as a percent of pre-tax income was 28.0% and 29.4%, respectively, in the first nine months of 2011 and 2010. The decrease in the effective tax rate from the first nine months of 2010 to the first nine months of 2011 resulted primarily from higher employer tax credits.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from our operations and our borrowing capacity under our $165,000 revolving credit facility (the "Revolving Credit Facility"). Cash on hand at July 30, 2010, along with our internally generated cash, our borrowings under our Revolving Credit Facility and proceeds from exercises of share-based compensation awards were sufficient to finance all of our growth, share repurchases, dividend payments, working capital needs and other cash payment obligations in the first nine months of 2011.

We believe that cash at April 29, 2011, along with cash generated from our operating activities, the borrowing capacity under our Revolving Credit Facility and proceeds from exercises of share-based compensation awards will be sufficient to finance our continuing operations, our continuing expansion plans, our principal payments on our debt, our share repurchase plans and our dividend payments for at least the next twelve months and thereafter for the foreseeable future.

Cash Generated From Operations

Our operating activities provided net cash of $89,178 for the first nine months of 2011, which represented a decrease from the $136,755 net cash provided during the same period a year ago. This decrease reflected higher annual bonus payments made this year for the prior year's performance and the timing of payments for accounts payable and estimated income taxes.

Borrowing Capacity and Debt Covenants

Our credit facilities (the "Credit Facilities") consist of term loans (aggregate outstanding at April 29, 2011 was $575,000) and the Revolving Credit Facility. Of the total outstanding under our term loan facilities at April 29, 2011, $344,377 matures on April 27, 2013 and $230,623 matures on April 27, 2016. The borrowing capacity under the Revolving Credit Facility is $165,000 until January 27, 2013. We are currently exploring alternatives to refinance the Credit Facilities before they become current on our Condensed Consolidated Balance Sheet within twelve months of their respective maturities.

At April 29, 2011, although we had no outstanding borrowings under the Revolving Credit Facility, we had $29,981 of standby letters of credit related to securing reserved claims under workers' compensation insurance which reduce our availability under the Revolving Credit Facility. At April 29, 2011, we had $135,019 in borrowing availability under our Revolving Credit Facility. See Note 4 to our accompanying Condensed Consolidated Financial Statements for further information on our long-term debt.

The Credit Facilities contain customary financial covenants, which are specified in the agreement and include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. At April 29, 2011, we were in compliance with all financial covenants and we presently expect to remain in compliance with the Credit Facilities' financial covenants for the remaining terms of the facilities.

Proceeds from Store Dispositions

During the third quarter of 2011, we received net proceeds of $1,054 from the sale of two closed stores and $6,576 as a result of a condemnation award.

Capital Expenditures

Capital expenditures (purchase of property and equipment) were $59,410 for the first nine months of 2011 as compared to $40,218 during the same period a year ago. Capital expenditures for maintenance programs and construction for new locations accounted for the majority of the expenditures. The increase in capital expenditures from the first nine months of 2010 to the first nine months of 2011 is primarily a result of an increase in the number of new locations acquired and under construction as compared to the prior year. We estimate that our capital expenditures for 2011 will be between $85,000 and $90,000. This estimate includes certain costs related to the acquisition of sites and construction of eleven new stores that will open or have opened during 2011, as well as for acquisition and construction costs for locations to be opened in future years, capital expenditures for maintenance programs and operational innovation initiatives. We intend to fund our capital expenditures with cash flows from operations and borrowings under our Revolving Credit Facility, including any refinancing of that facility, as necessary. Capitalized interest was $116 and $22, respectively, for the third quarters of 2011 and 2010 and $249 and $147, respectively, for the first nine months of 2011 and 2010.

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

Subject to a maximum amount of $65,000, we have been authorized by our Board of Directors to repurchase shares during 2011 to offset share dilution that results from the issuance of shares under our equity compensation plans. Our current criteria for share repurchases are that they be accretive to expected net income per share, are within the limits imposed by our Credit Facilities and that they be made only from free cash flow (operating cash flow less capital expenditures and dividends) rather than borrowings. During the nine months ended April 29, 2011, we repurchased 500,000 shares of our common stock in the open market at an aggregate cost of $25,644.

Our Credit Facilities impose 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 Facilities) 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 nine months of 2011, we paid dividends of $0.64 per common share. In addition, during the third quarter of 2011, we declared a regular dividend of $0.22 per common share that was paid on May 5, 2011. On May 26, 2011, our Board of Directors declared a regular dividend of $0.22 per share payable on August 5, 2011 to shareholders of record on July 15, 2011.

During the first nine months of 2011, we received proceeds of $20,107 from the exercise of share-based compensation awards and the corresponding issuance of 718,720 shares of our common stock.

Working Capital

In the restaurant industry, virtually 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. Because of our retail operations, which have a lower product turnover than the restaurant business, we carry larger inventories than many other companies in the restaurant industry. 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 or semi-monthly schedules in arrears of hours worked except for bonuses that are paid either quarterly or annually in arrears. Many other operating expenses have normal trade terms and certain taxes and some benefits are deferred for longer periods of time.

We had negative working capital of $25,728 at April 29, 2011 versus negative working capital of $73,289 at July 30, 2010. Working capital increased from July 30, 2010 primarily because of the timing of payments for accounts payable, an increase in cash and lower incentive compensation accruals partially offset by lower retail inventories. Lower incentive compensation accruals resulted from the payment of annual bonuses in the first quarter of 2011 that were earned for 2010.

Off-Balance Sheet Arrangements

Other than various operating leases, we have no material off-balance sheet arrangements. Refer to the sub-section entitled “Off-Balance Sheet Arrangements” under the section entitled “Liquidity and Capital Resources” presented in the MD&A of our 2010 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 2010. Refer to the sub-section entitled “Material Commitments” under the section entitled “Liquidity and Capital Resources” presented in the MD&A of our 2010 Form 10-K for additional information regarding our material commitments.

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 2010 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
- Retail Inventory Valuation
- Tax Provision
- Share-Based Compensation
- Unredeemed Gift Cards
- Legal Proceedings

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

Impairment of Long-Lived Assets and Provision for Asset Dispositions

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying value of the asset, the carrying value is written down, for an asset to be held and used, to the estimated fair value, or, for an asset to be disposed of, to the fair value, net of estimated costs of disposal. Any loss resulting from impairment is recognized by a charge to income. Judgments and estimates that we make related to the expected useful lives of long-lived assets are affected by factors such as changes in economic conditions and changes in operating performance. The accuracy of such provisions can vary materially from original estimates and management regularly monitors the adequacy of the provisions until final disposition occurs.

We have not made any material changes in our methodology for assessing impairments during the first nine months of 2011 and we do not believe that there is a reasonable likelihood 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. During the third quarter of 2011, we recorded an impairment charge of $2,175. For a more detailed discussion of this charge see the sub-section entitled “Impairment and Store Dispositions, Net” under the section entitled “Results of Operations” presented earlier in the MD&A.

Insurance Reserves

We self-insure a significant portion of our expected workers’ compensation, general liability and health insurance programs. We purchase insurance for individual workers’ compensation claims that exceed $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 self-insure a portion of our group health program. For our calendar 2010 and 2011 plans, benefits for any individual (employee or dependents) in the self-insured program are limited to not more than $20 in any given plan year and, in certain cases, to not more than $8 in any given year. We record a liability for the self-insured portion of our group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience.

We record a liability for workers' compensation and general liability for all unresolved claims and for an actuarially determined estimate of incurred but not reported claims at the anticipated cost to us based upon an actuarially determined reserve as of the end of our third quarter and adjust it by the actuarially determined losses and actual claims payments for the subsequent quarters until the next annual actuarial study of our reserve requirements. Those reserves and these losses are determined actuarially from a range of possible outcomes within which no given estimate is more likely than any other estimate. As such, 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. During the second and third quarters of 2011 and the second quarter of 2010, we performed such updates.

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 methodology used to establish our insurance reserves during the first nine months of 2011 and do not believe there is a reasonable likelihood that 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.

Retail Inventory Valuation

Cost of goods sold includes the cost of retail merchandise sold at our stores utilizing the retail inventory method ("RIM"). RIM is an averaging method that is widely used in the retail industry because of its practicality. Under RIM, the valuation of our retail inventories at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value of our inventories. Inherent in the RIM calculation are certain significant management judgments and estimates, including initial markons, markups, markdowns and shrinkage, which may significantly affect the gross margin calculation as well as the ending inventory valuation.

Inventory valuation provisions are included for retail inventory obsolescence and retail inventory shrinkage. Retail inventory is reviewed on a quarterly basis for obsolescence and adjusted as appropriate based on assumptions made by management and judgment regarding inventory aging and future promotional activities. Cost of goods sold includes an estimate of shrinkage that is adjusted upon physical inventory counts in subsequent periods. Annual physical inventory counts are conducted throughout the third and fourth quarters based upon a cyclical inventory schedule. During the quarters ended April 29, 2011 and April 30, 2010, we performed physical inventory counts in approximately 61% and 72%, respectively, of our stores. Actual shrinkage was recorded for those stores that were counted. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a three-year average of the physical inventories' results on a store-by-store basis.

We have not made any material changes in the methodologies, estimates or assumptions related to our merchandise inventories during the first nine months of 2011 and do not believe there is a reasonable likelihood that there will be a material change in these methodologies, estimates or assumptions in the future. However, actual obsolescence or shrinkage recorded as a result of physical inventories may produce materially different amounts 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. Our estimates are made based on current tax laws, the best available information at the time of the provision and historical experience.

We recognize (or derecognize) a tax position taken or expected to be taken in a tax return 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.

We file our income tax returns several 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 14 to our Consolidated Financial Statements contained in the 2010 Form 10-K for additional information).

Share-Based Compensation

Share-based compensation expense 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 expense 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. If a share-based compensation award is modified after the grant date, incremental compensation expense is recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Incremental compensation expense for vested awards is recognized immediately. For unvested awards, the sum of the incremental compensation expense and the remaining unrecognized compensation expense for the original award on the modification date is recognized over the modified service period. 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 when new grants are made. We update option exercise and termination assumptions annually. The expected life is a by-product of the lattice model and is updated when new grants are made.

Compensation expense is 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 at each reporting period and adjust compensation expense accordingly so that the amount of compensation expense 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 expense 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 expense is ultimately recognized and, to the extent previously recognized, compensation expense is reversed. During the second quarter of 2011, based on our determination that a performance goal for a portion of one executive's nonvested stock grants would not be achieved, we reversed approximately $314 of share-based compensation expense.

Beginning in the second quarter of 2011, we replaced certain stock option grants with performance-based stock units ("PBSUs") for our executives. Subject to the respective executive's continued employment, the PBSUs will vest at the end of the performance period, which consists of our 2011, 2012 and 2013 years. The number of PBSUs that will ultimately be earned and will, therefore, vest is based on a market condition, i.e., total shareholder return, which is defined as increases in our stock price plus dividends paid during the performance period. The target number of shares will be earned if there is no change in shareholder value during the performance period and the maximum number of shares that may be earned is 150% of target, or 93,450. The probability of the actual shares expected to be earned is considered in the grant date valuation; therefore, the expense will not be adjusted to reflect the actual units earned. The vesting of the PBSUs is also subject to the achievement of a minimum level of operating income during the performance period. If this performance goal is not met, no PBSUs will be awarded and to the extent previously recognized, compensation expense will be reversed.

The fair value of the PBSUs was determined using the Monte-Carlo simulation model, which simulates a range of possible future stock prices and estimates the probabilities of the potential payouts. This model incorporates several key assumptions that are similar to those used to value stock options, as discussed above; those inputs include expected volatility, risk-free rate of return and expected dividend yield. Additionally, the Monte-Carlo simulation model uses the 60-consecutive calendar days beginning average price from July 1, 2010 to August 31, 2010.

Other than the reversal of share-based compensation expense for the nonvested stock grant whose performance goal would not be met, we have not made any material changes in our estimates or assumptions used to determine share-based compensation expense during the first nine months of 2011. We do not believe that there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to determine share-based compensation expense. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to changes in share-based compensation expense that could be material.

Unredeemed Gift Cards

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

We have not made any material changes in the methodology used to record the deferred revenue liability for unredeemed gift cards during the first nine months of 2011 and do not believe there is a reasonable likelihood that 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 2010 Form 10-K is incorporated in this item of this Quarterly Report on Form 10-Q by this reference. There have been no material changes in our quantitative and qualitative market risks since July 30, 2010.

Item 4. Controls and Procedures

Our management, with the participation of our principal executive and financial officers, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of April 29, 2011, 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 April 29, 2011 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. **Risk Factors**

There have been no material changes in the risk factors previously disclosed in "Item 1A. Risk Factors" of our 2010 Form 10-K.

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

Unregistered Sales of Equity Securities

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

Issuer Purchases of Equity Securities

The following table sets forth information with respect to purchases of shares of the Company's common stock made during the quarter ended April 29, 2011 by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act:

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
1/29/11 – 2/25/11	51,300	49.50	51,300	Indeterminate (2)
2/26/11 – 3/25/11	248,700	$ 48.68	248,700	Indeterminate (2)
3/26/11 – 4/29/11	--	--	--	Indeterminate (2)
Total for the quarter	300,000	$ 48.82	300,000	Indeterminate (2)

(1) Average price paid per share is calculated on a settlement basis and includes commissions and fees.
(2) Subject to a maximum amount of $65,000, we have been authorized by our Board of Directors to repurchase shares during 2011 to offset share dilution that results from the issuance of shares under our equity compensation plans. See Note 7 to our Consolidated Financial Statements contained in the 2010 Form 10-K.

Item 6. **Exhibits**

See Exhibit Index immediately following the signature page hereto.

SIGNATURES

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

CRACKER BARREL OLD COUNTRY STORE, INC.

Date: 6/3/11	By: /s/Lawrence E. Hyatt Lawrence E. Hyatt, Senior Vice President and Chief Financial Officer
Date: 6/3/11	By: /s/Patrick A. Scruggs Patrick A. Scruggs, Vice President, Accounting and Tax and Chief Accounting Officer

EXHIBIT INDEX

Exhibit No.	Description
10.1	Executive Employment Agreement dated as of March 28, 2011 with Michael A. Woodhouse
31	Rule 13a-14(a)/15d-14(a) Certifications
32	Section 1350 Certifications
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), effective as of March 28th, 2011 (“Effective Date”), is made and entered into by and between **CRACKER BARREL OLD COUNTRY STORE, INC.** (the “Company”) and **MICHAEL A. WOODHOUSE** (“Executive”).

W I T N E S S E T H:

WHEREAS, Executive currently is serving as the Chairman and Chief Executive Officer of the Company pursuant to an employment agreement dated as of October 30, 2008 (the “Prior Employment Agreement”); and

WHEREAS, the Prior Employment Agreement has a term that, subject to the terms and conditions of the Prior Employment Agreement, currently expires on October 30, 2011; 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 the transition by the Executive of his role in management of the Company while encouraging 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 Chairman. During the term of this Agreement, subject to Section 3.1, Executive also shall serve as the Company's Chief Executive Officer.

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, or earlier terminated pursuant to Sections 5, 6, 7, 8, 9 or 10, this Agreement will automatically terminate on November 30, 2012. The specified period during which this Agreement is in effect is the "Term."

2.2 Extensions of Term. 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.

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. 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 Chairman of the Board, 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 from time to time designated to such other offices within the Company (currently Chief Executive Officer) or its subsidiaries as may be necessary or appropriate for the convenience of the businesses of the Company and its subsidiaries.

3.2 Faithful Discharge of Duties. Executive shall perform and discharge faithfully, diligently and to the best of his ability such duties and responsibilities relative 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, during such time as Executive is serving as both Chairman and Chief Executive Officer, the Company shall pay Executive, and Executive shall accept, an annual salary (“Base Salary”) in the amount of One Million One Hundred Thousand and No/100 Dollars ($1,100,000) and during such time as Executive is serving as Chairman (but not Chief Executive Officer), the Company shall pay Executive, and Executive shall accept, a Base Salary of Seven Hundred Fifty Thousand and No/100 Dollars ($750,000). The Base Salary shall be prorated for the time in service in the respective positions and shall be paid in accordance with the Company’s normal payroll practices and may be increased from time to time at the sole discretion of the Board.

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

4.2.1 Incentive Bonus. Executive shall be entitled to an annual bonus, the amount of which shall be determined by the Compensation Committee of the Board (the "Committee"). The amount of and performance criteria with respect to any such bonus in any year shall be determined not later than the date or time prescribed by Treas. Reg. § 1.162-27(e) (“Section 162(m)”) in accordance with a formula to be agreed upon by the Company and Executive and approved by the Committee that reflects the financial and other performance of the Company and the Executive's contributions thereto. During such time as Executive is serving as both Chairman and Chief Executive Officer, 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 (the "Chair/CEO Bonus Multiple"). During such time as Executive is serving as Chairman (but not Chief Executive Officer), 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 percent (100%) of the Base Salary (the "Chair Bonus Multiple"). Executive's target annual bonus for any fiscal year shall be determined by adding: (i) Executive's prorated Base Salary during the fiscal year in question while serving as Chairman and Chief Executive Officer multiplied by the Chair/CEO Bonus Multiple; and (ii) Executive's prorated Base Salary during the fiscal year in question while serving solely as Chairman multiplied by the Chair Bonus Multiple.

4.2.2 Long Term Incentive Plans. Executive shall be entitled to participate in the Company’s Long-Term Incentive Plans (each, an “LTI”). The amount of and performance criteria with respect to any such LTI shall be determined not later than the date or time prescribed by 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. During such time that Executive is serving as both Chairman and Chief Executive Officer, the Executive's target (subject to such performance and other criteria as may be established by the Committee) LTI awards shall be no less than two hundred fifty percent (250%) of the Base Salary (the "Chair/CEO LTI Multiple"). During such time that Executive is serving as Chairman (but not Chief Executive Officer), the Executive's target (subject to such performance and other criteria as may be established by the Committee) LTI awards shall be no less than one hundred fifty percent (150%) of the Base Salary (the "Chair LTI Multiple"). Any target LTI award granted during the Term shall be determined by adding: (i) Executive's prorated Base Salary during the term of the LTI award while serving as Chairman and Chief Executive Officer multiplied by the Chair/CEO LTI Multiple; and (ii) Executive's prorated Base Salary during the term of the LTI award while serving solely as Chairman multiplied by the Chair LTI Multiple. Furthermore, any LTI award granted during the Term shall provide that (subject to achievement of applicable performance criteria) it shall vest at the earlier of: (i) the regular vesting or performance term of the award, as applicable; or (ii) Executive's cessation of service as a member of the Board (other than as a result of his voluntary resignation or refusal to stand for re-election).

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.

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 subsections (a) through (g) above, and specifying the particulars thereof in detail.

6. <u>TERMINATION UPON DEATH</u>.

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 Section 9(a)(1)), the timely payment or provision of Other Benefits (as defined in Section 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.

7. <u>DISABILITY</u>.

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 Section 9(a)(1)), the timely payment or provision of Other Benefits (as defined in Section 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.

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. <u>EXECUTIVE'S TERMINATION OF EMPLOYMENT</u>.

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, *provided*, *however*, it is expressly understood and agreed that so long as Executive is serving as the Chairman of the Board, the designation of another person as the Chief Executive Officer during the Term 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 below those amounts set forth in Section 4.1;

(c) A reduction by the Company in Executive's annual target bonus or LTI (both expressed as a percentage of Base Salary) below those percentages set forth, respectively, in Sections 4.2.1 and 4.2.2;

(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 subsection (g) above) within thirty (30) days of notice from Executive.

If Executive terminates his employment for Good Reason, and, within thirty (30) days following the date of termination of his employment (the "Termination Date"), executes and delivers the Release attached hereto as an addendum and made a part hereof (the "Release"), then, provided that he does not thereafter revoke the Release, he shall, commencing on the 60th day following the Termination Date, be entitled to receive the same benefits to which he would be entitled under Section 9 as if terminated without Cause or Section 10 as if terminated after a Change in Control (as defined therein), 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 Section 9(a)(1)) and the timely payment or provision of Other Benefits (as defined in Section 9(d)).

9. <u>TERMINATION WITHOUT CAUSE</u>.

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), and, within thirty (30) days following the Termination Date, the Executive executes and delivers the Release; then, provided that he does not thereafter revoke the Release, Executive shall be entitled to the following benefits; provided, however, that Executive shall not be entitled to payments under this Section 9 if he is entitled to payments under Section 10:

(a) The Company shall pay to Executive commencing on the 60th day after the Termination Date, the aggregate of the following amounts:

(1) in a lump sum in cash, the sum of (i) Executive's Base Salary through the date of termination to the extent not theretofore paid, (ii) a pro-rata portion of amounts payable under any then existing incentive or bonus plan applicable to Executive (including, without limitation, any incentive bonus referred to in Section 4.2.1) for that portion of the fiscal year in which the termination of employment occurs through the date of termination; (iii) any accrued expenses and vacation pay to the extent not theretofore paid, and (iv) unless Executive has elected a different payout date in a prior deferral election, any compensation previously deferred by Executive (together with any accrued interest or earnings thereon) to the extent not theretofore paid (the sum of the amounts described in subsections (i), (ii), (iii) and (iv) shall be referred to in this Agreement as the "Accrued Obligations"); *provided, however,* that the payment of any portion of the Accrued Obligations may be delayed until such time as is necessary in order to comply with Section 162(m) and

(2) in installments ratably over twenty-four (24) months in accordance with the Company's normal payroll cycle and procedures, the amount equal to: (i) three (3) times Executive's annual Base Salary in effect as of the date of termination if the termination occurs during such time as Executive is serving as both Chairman and Chief Executive Officer; and (ii) one and one-half (1-1/2) times Executive's annual Base Salary in effect as of the date of termination if the termination occurs during such time as Executive is serving as Chairman (but not Chief Executive Officer); and

(b) All stock options (or stock units) 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 (or stock units) 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 a lump sum cash distribution equal: (i) in the case of stock options, to: (A) the number of shares of the Company's $0.01 par value common stock ("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: (1) 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 (2) the applicable exercise price(s) of the non-vested options; and (ii) in the case of stock units, to: (A) the number of Shares (at target) that is subject to units held by the Executive which are not vested on the date of termination of employment; multiplied by (B) 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

(c) The Executive's participation in the life and medical insurance programs in effect on the date of termination of employment shall continue until the later of (i) (X) twenty-four (24) months after Executive's date of termination if the termination occurs during such time as Executive is serving as both Chairman and Chief Executive Officer; and (Y) eighteen (18) months after Executive's date of termination of termination if the termination occurs during such time as Executive is serving as Chairman (but not Chief Executive Officer), 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 provided further that upon the Executive's becoming eligible for and covered by Medicare, the medical coverage required by this subsection will be converted to an obligation on the part of the Company to reimburse the Executive for premiums paid to purchase Medicare Supplement coverage during any remaining period of time referred to in subsection (c)(i)(X) or (c)(i)(Y) above; 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").

(e) Notwithstanding anything in this Agreement to the contrary, in the event that the 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 Disability or expiration of this Agreement shall not constitute termination without Cause), the provisions of Section 13.5 shall not apply to the Executive's activities during the Restricted Period.

10. <u>CHANGE IN CONTROL</u>.

(a) Except as otherwise provided herein, if, at any time during the Term in effect after a Change in Control: (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 Section 8, and, within thirty (30) days following the Termination Date, the Executive executes and delivers the Release; then, provided that he does not thereafter revoke the Release, Executive shall be entitled to receive the benefits described in this Section 10. For purposes of this Section 10, 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.

(b) Subject to the execution, delivery 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 commencing on the 60th day following the Termination Date :

(1) The Company shall pay to Executive, in a lump sum in cash, the aggregate of the following amounts:

(i) the Accrued Obligations (as defined in Section 9(a)(1)); and

(ii) the amount determined by multiplying: (x) 3.0, if the termination occurs during such time as Executive is serving as both Chairman and Chief Executive Officer; and (y) two (2.0), if the termination occurs during such time as Executive is serving as Chairman (but not Chief Executive Officer), *times* the sum of (A) Executive's average annual Base Salary for the five fiscal years prior to the termination, and (B) 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) 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 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 and medical insurance programs in effect on the date of termination of employment shall continue until the later of (i) (X) twenty-four (24) months after Executive’s date of termination if the termination occurs during such time as Executive is serving as both Chairman and Chief Executive Officer; and (Y) eighteen (18) months after Executive's date of termination of termination if the termination occurs during such time as Executive is serving as Chairman (but not Chief Executive Officer), 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 provided further, that upon the Executive’s becoming eligible for and covered by Medicare, the medical coverage required by this subsection will be converted to an obligation on the part of the Company to reimburse the premiums paid by the Executive to purchase Medicare Supplement coverage during any remaining period of time referred to in subsection (b)(3)(i)(X) or (b)(3)(i)(Y) above; and

(4) To the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any Other Benefits (as defined in Section 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, 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 Sections 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:

Cracker Barrel Old Country Store, 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:

Michael A. Woodhouse
417 Bethlehem Road
Lebanon, TN 37087

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

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. Notwithstanding the foregoing, the termination of the Prior Employment Agreement shall be without prejudice to Executive's rights under Sections 4.3.1 and 4.3.2 of the Prior Employment Agreement, which provisions (and any awards made pursuant to those provisions) shall remain in full force and effect.

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

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

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 28th day of March, 2011.

CRACKER BARREL OLD COUNTRY STORE, INC.

By: /s/ Charles E. Jones, Jr.
Charles E. Jones, 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 CRACKER BARREL OLD COUNTRY STORE, INC. and its successor or assigns ("Company").

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

WHEREAS, Employee and the Company have previously entered into that certain Employment Agreement, dated February __, 2011 ("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 Sections 8, 9 or 10 of the Agreement and except as provided in Section 2 below, Employee hereby voluntarily and irrevocably waives, releases, dismisses with prejudice, and withdraws all claims, complaints, suits or demands of any kind whatsoever (whether known or unknown) which Employee ever had, may have, or now has against Company and other current or former subsidiaries or affiliates of the Company and their past, present and future officers, directors, employees, agents, insurers and attorneys (collectively, the "Releasees"), arising out of or relating to (directly or indirectly) Employee's employment or the termination of his employment with the Company, including but not limited to:

(a) claims for violations of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Fair Labor Standards Act, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Older Workers' Benefit Protection Act of 1990, the Americans With Disabilities Act, the Equal Pay Act of 1963, the Family and Medical Leave Act, 42 U.S.C. § 1981, the Worker Adjustment and Retraining Notification Act, 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, the Tennessee Human Rights Act, the Tennessee Employment of the Handicapped Act, the Genetic Information Nondiscrimination Act, or any other law relating to discrimination or retaliation in employment (in each case, as amended);

(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"
CRACKER BARREL OLD COUNTRY STORE, INC.

By: ____________________________
Its: ____________________________

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

"EMPLOYEE"

____

____
Date
Michael A. Woodhouse

EXHIBIT 31.1

CERTIFICATION

I, Michael A. Woodhouse, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cracker Barrel Old Country Store, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 3, 2011

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

EXHIBIT 31.2

CERTIFICATION

I, Lawrence E. Hyatt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cracker Barrel Old Country Store, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 3, 2011

/s/Lawrence E. Hyatt
Lawrence E. Hyatt, Senior Vice President
and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the “Issuer”) on Form 10-Q for the fiscal quarter ended April 29, 2011, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael A. Woodhouse, Chairman and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: June 3, 2011

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

Exhibit 32.2

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended April 29, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence E. Hyatt, Senior Vice President and Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: June 3, 2011

By: /s/Lawrence E. Hyatt
Lawrence E. Hyatt,
Senior Vice President and Chief Financial Officer