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

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)
[x] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended August 3, 2007

OR

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _________ to __________

Commission file number
000-25225

CBRL GROUP, INC.
(Exact name of registrant as specified in its charter)

Tennessee (State or other jurisdiction of incorporation or organization)	62-1749513 (I.R.S. Employer Identification Number)
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

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

Common Stock
(Par Value $.01)

Common Stock Purchase Rights
(No Par Value)

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes __X__ No ___

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ____ No __X

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

Yes X No _

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Exchange Act Rule 12b-2. (Check one)

Large accelerated filer _X Accelerated filer ____ Non-accelerated filer _____

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

Yes __ No X

The aggregate market value of voting stock held by nonaffiliates of the registrant, by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter which ended January 26, 2007, was $1,194,552,449. For purposes of this computation, all directors, executive officers and 10% beneficial owners of the registrant are assumed to be affiliates. This assumption is not a conclusive determination for purposes other than this calculation.

As of September 25, 2007, there were 23,726,030 shares of common stock outstanding.

Documents Incorporated by Reference

Document from which Portions are Incorporated by Reference		Part of Form 10-K into which incorporated
1.	Annual Report to Shareholders for the fiscal year ended August 3, 2007 (the “2007 Annual Report”)	Part II
2.	Proxy Statement for Annual Meeting of Shareholders to be held November 29, 2007 (the “2007 Proxy Statement”)	Part III

PART I

PART II

PART III

PART IV

INTRODUCTION

General

This report contains references to years 2007, 2006, 2005, 2004, and 2003, which represent fiscal years ending or ended August 3, 2007, July 28, 2006, July 29, 2005, July 30, 2004, and August 1, 2003, respectively. All of the discussion and analysis in this report should be read with, and is qualified in its entirety by, the Consolidated Financial Statements and the notes thereto. All amounts other than share and certain statistical information (e.g., number of stores) are in thousands unless the context clearly indicates otherwise.

Forward Looking Statements/Risk Factors

Except for specific historical information, many of the matters discussed in this Annual Report on Form 10-K, as well as other documents incorporated herein by reference may express or imply projections of revenues or expenditures, plans and objectives for future operations, growth or initiatives, expected future economic performance, or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results that CBRL Group, Inc. (the "Company") expects 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" or "continue" (or the negative or other derivatives of each of these terms) or similar terminology. We believe the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. Factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those listed in Part I, Item 1A below, all of which are incorporated herein by reference, as well as other factors discussed throughout this document, including, without limitation, the factors described under "Critical Accounting Estimates" in that portion of the 2007 Annual Report that is incorporated by reference into Part II, Item 7 below or, from time to time, in our filings with the SEC, press releases and other communications.

Readers are cautioned not to place undue reliance on forward-looking statements made in this document, since the statements speak only as of the document's date. 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 document or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any future public disclosures that we may make on subjects related to those discussed in this document.

PART I

ITEM 1. BUSINESS

OVERVIEW

CBRL Group, Inc. ("we," "us," "our" or the "Company") is a holding company that, through subsidiaries, is principally engaged in the operation and development of the Cracker Barrel Old Country Store® restaurant and retail concept. Prior to December 6, 2006, we also operated Logan's RoadhouseÒ ("Logan's") restaurants. On that date, we completed the sale of Logan's. We were organized under the laws of the state of Tennessee in August 1998 and maintain an Internet website at cbrlgroup.com. We make available free of charge on or through our Internet website our periodic and other reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (the "Exchange Act") as soon as reasonably practicable after we file such material with, or furnish it to, the SEC.

2006 – 2007 Strategic Initiatives

During 2007, we completed the strategic initiatives that we began in 2006, which included the divestiture of Logan's, substantial share repurchases financed by an increase in total debt, and the redemption of our convertible debt.

Divestiture of Logan's

On December 6, 2006, we completed the sale of Logan's, for total consideration of approximately $485,000 after post-closing adjustments for working capital and capital expenditures as provided in the sale agreement. The net cash proceeds of the sale of Logan's were used to fund $350,000 of share repurchases and, along with cash on hand, to pay down $75,000 of debt and to pay taxes.

Share Repurchases

During 2007, we repurchased 8,774,430 shares of our common stock in a series of transactions. These repurchases required a cash outlay of approximately $405,000. Our principal criteria for share repurchases are that they be accretive to expected net income per share and are within the limits imposed by our debt covenants under our credit facility.

Redemption of Convertible Debt

During 2007, we redeemed our then outstanding $422,030 (face value at maturity) zero coupon convertible notes. The redemption took place after we exchanged notes having a net share settlement feature for $375,931 (face value at maturity) of the previously existing notes. The net share settlement feature allowed us, upon conversion of a note, to settle the accreted principal amount of the debt for cash and issue shares of our common stock for the conversion value in excess of the accreted value.

In connection with our redemption of the convertible notes, holders of approximately $401,000 principal amount at maturity outstanding elected to convert their notes into common stock rather than have them redeemed. Each $1 (face value at maturity) of notes was convertible into 10.8584 shares (or equivalent value) of our common stock. We issued 395,775 shares (which subsequently were repurchased and were a part of the repurchases described above) of our common stock upon conversion and paid approximately $189,000 in cash to redeem the notes. We obtained funds for the redemption by drawing on our delayed-draw term loan facility and using cash on hand.

OPERATIONS

Cracker Barrel Old Country Store, Inc. ("Cracker Barrel"), headquartered in Lebanon, Tennessee, through its various affiliates, as of September 28, 2007, operated 565 full-service "country store" restaurants and gift shops in 41 states. Cracker Barrel stores are intended to appeal to both the traveler and the local customer and consistently have been a consumer favorite. During 2007, for the 17th consecutive year, Cracker Barrel was named the "Best Family Dining Restaurant" in the Restaurants & Institutions magazine "Choice in Chains" annual consumer survey. For the 14th consecutive year, Cracker Barrel was ranked as the "Best Restaurant Chain" by Destinations magazine poll. For the 6th consecutive year, Cracker Barrel was named "The Most RV Friendly Sit-Down Restaurant in America" by The Good Sam Club. In 2007, Cracker Barrel was ranked as the number one restaurant in the casual dining category in the Kanbay Research Institute Competitive Advantage Report. In addition, Cracker Barrel was the top-ranked family dining restaurant in the service and facilities categories and ranked second overall in the Zagat Full Service Survey 2007.

Store Format: The format of Cracker Barrel stores consists of a trademarked rustic, old country-store design with a separate retail area offering a wide variety of decorative and functional items featuring rocking chairs, holiday and seasonal gifts and toys, apparel, cookware and foods, including various old fashioned candies and jellies among other things. All stores are freestanding buildings. Store interiors are subdivided into a dining room consisting of approximately 27% of the total interior store space, and a retail shop consisting of approximately 22% of such space, with the balance primarily consisting of kitchen, storage and training areas. All stores have stone fireplaces, which burn wood except where not permitted. All are decorated with antique-style furnishings and other authentic and nostalgic items, reminiscent of and similar to those found and sold in the past in traditional old country stores. The front porch of each store features rows of the signature Cracker Barrel rocking chairs that can be used by guests waiting for a table and are sold by the retail shop. The kitchens contain modern food preparation and storage equipment allowing for flexibility in menu variety and development.

Products: Cracker Barrel's restaurant operations, which generated approximately 78% of Cracker Barrel's total revenue in 2007, offer home-style country cooking featuring Cracker Barrel's own recipes that emphasize authenticity and quality. Except for Christmas day, when they are closed, and Christmas Eve when they close at 2:00 p.m., Cracker Barrel restaurants serve breakfast, lunch and dinner daily between the hours of 6:00 a.m. and 10:00 p.m. (closing at 11:00 p.m. on Fridays and Saturdays). Menu items are moderately priced. The restaurants do not serve alcoholic beverages. Breakfast items can be ordered at any time throughout the day and include juices, eggs, pancakes, bacon, country ham, sausage, grits, and a variety of biscuit specialties, such as gravy and biscuits and country ham and biscuits. Prices for a breakfast meal range from $2.29 to $8.49, and the breakfast day-part (until 11:00 a.m.) accounted for approximately 23% of restaurant sales in 2007, while lunch (11:00 a.m. to 4:00 p.m.) and dinner (4:00 p.m. to close) day-parts reflected approximately 37% and 40% of restaurant sales, respectively, in 2007. Lunch and dinner items include country ham, chicken and dumplings, chicken fried chicken, meatloaf, country fried steak, pork chops, fish, steak, roast beef, vegetable plates, salads, sandwiches, soups and specialty items such as pinto beans and turnip greens. Cracker Barrel may from time to time feature new items as off-menu specials or in test menus at certain locations to evaluate possible ways to enhance customer interest and identify potential future additions to the menu. Lunches and dinners range in price from $3.69 to $12.99. Cracker Barrel's menu has daily dinner features that showcase a popular dinner entrée for each day of the week. There is some variation in menu pricing and content in different regions of the country for both breakfast and lunch/dinner. The average check per guest for 2007 was $8.31, which represents a 1.4% increase over the prior year.

Cracker Barrel also offers items for sale in the retail store that are also featured on, or related to, the restaurant menu, such as pies or cornbread and pancake mixes. The retail operations, which generated approximately 22% of Cracker Barrel's total revenue in 2007, offer a wide variety of decorative and functional items such as rocking chairs, seasonal gifts, apparel, toys, music CDs, cookware, old-fashioned-looking ceramics, figurines, a book-on-audio sale-and-exchange program and various other gift items, as well as various candies, preserves, syrups and other food items. The typical Cracker Barrel retail shop features approximately 3,400 SKU's. Many of the food items are sold under the "Cracker Barrel Old Country Store" brand name. We believe that Cracker Barrel achieves high retail sales per square foot as compared to mall stores (over $429 per square foot of retail selling space in 2007 on a 53-week basis) both by offering appealing merchandise and by having a significant source of retail customers from the high volume of restaurant customers - an average of approximately 7,600 per week in a typical store in 2007. The substantial majority of sales in the retail area are estimated to be to customers who also are guests in the restaurant.

Product Development and Merchandising: Cracker Barrel maintains a product development department, which develops new and improved menu items in response either to shifts in customer preferences or to create customer interest. Coordinated seasonal promotions are used regularly in the restaurants and retail shops. The Cracker Barrel merchandising department attempts to select merchandise for the retail shop that reinforces the nostalgic theme of the restaurant. In 2007, Cracker Barrel continued to honor the authentic connection between country music's past and present by releasing exclusive music projects with Josh Turner, Merle Haggard and the *Songs Of The Year* CD. These recordings feature new music from Josh Turner, Merle Haggard, Trace Adkins, Trisha Yearwood and George Jones among other notable country and western recording artists. Another Cracker Barrel exclusive, The Grand Ole Opry® *Live Classics* CD series, showcases 60 previously unreleased live recordings by some of the Opry's biggest stars including Patsy Cline, Loretta Lynn, Johnny Cash, George Jones, Dolly Parton and Waylon Jennings.

Store Management and Quality Controls: Cracker Barrel store management, typically consisting of one general manager, four associate managers and one retail manager, is responsible for an average of 105 employees on two shifts. The relative complexity of operating a Cracker Barrel store requires an effective management team at the individual store level. As a motivation to store managers to improve sales and operational performance, Cracker Barrel maintains a bonus plan designed to provide store managers with an opportunity to share in the profits of their store. The bonus plan also rewards managers who achieve specific operational targets. To assure that individual stores are operated at a high level of quality, Cracker Barrel emphasizes the selection and training of store managers. It also employs district managers to support individual store managers and regional vice presidents to support individual district managers. A district manager’s individual span of control typically is seven to eight individual restaurants, and regional vice presidents support seven to nine district managers. Each store is assigned to both a restaurant and a retail district manager and each district is assigned to both a restaurant and a retail regional vice president. The various levels of restaurant and retail management work closely together.

The store management recruiting and training program begins with an evaluation and screening process. In addition to multiple interviews and verification of background and experience, Cracker Barrel conducts testing designed to identify those applicants most likely to be best suited to manage store operations. Those candidates who successfully pass this screening process are then required to complete an 11-week training program consisting of seven weeks of in-store training and four weeks of training at Cracker Barrel's corporate facilities. This program allows new managers the opportunity to become familiar with Cracker Barrel operations, culture, management objectives, controls and evaluation criteria before assuming management responsibility. Cracker Barrel provides its managers and hourly employees with ongoing training through its various development courses taught through a blended learning approach, including hands-on, classroom, written and Internet-based training. Each store is equipped with training computers for the Internet-based computer-assisted instruction programs. Additionally, each store typically has an employee training coordinator who oversees training of the store’s hourly employees.

Purchasing and Distribution: Cracker Barrel negotiates directly with food vendors as to specification, price and other material terms of most food purchases. Cracker Barrel is a party to a prime vendor contract with an unaffiliated distributor with custom distribution centers in Lebanon, Tennessee; McKinney, Texas; Gainesville, Florida; Elkton, Maryland; Kendalville, Indiana; and Ft. Mill, South Carolina. This vendor’s contract currently runs through July 2013 with scheduled annual fee increases. The contract requires Cracker Barrel to pay for market fuel prices that exceed certain designated prices. Conversely, Cracker Barrel is required to be reimbursed for market fuel pricing that is below a designated price. The contract will remain in effect until both parties mutually modify it in writing or until terminated by a material breach of any obligations by either Cracker Barrel or the distributor. Cracker Barrel purchases the majority of its food products and restaurant supplies on a cost-plus basis through this unaffiliated distributor. The distributor is responsible for placing food orders, warehousing and delivering food products to Cracker Barrel’s stores. Deliveries generally are made once per week to the individual stores. Certain perishable food items are purchased locally by Cracker Barrel stores.

Four food categories (dairy (including eggs), beef, pork and poultry) accounted for the largest shares of Cracker Barrel’s food purchasing expense at approximately 14%, 13%, 11% and 9%, respectively, in 2007, but each category does include several individual items. The single food item within these categories, accounting for the largest share of Cracker Barrel's food purchasing expense, was chicken tenderloin at approximately 6% of food purchases in 2007. Cracker Barrel purchases its chicken tenderloin through two vendors. Cracker Barrel purchases its beef through nine vendors, pork through nine vendors, and poultry through seven vendors. Eggs are purchased through two vendors. Dairy is purchased through numerous vendors including local vendors. Should any food items from a particular vendor become unavailable, management believes that these food items could be obtained, or alternative products substituted, in sufficient quantities from other sources at competitive prices.

The majority of retail items (approximately 77% in 2007) are centrally purchased directly by Cracker Barrel from domestic and international vendors and warehoused at Cracker Barrel’s Lebanon distribution center. The distribution center is a 367,200 square foot warehouse facility with 36 foot ceilings and 170 bays, and includes an additional 13,800 square feet of office and maintenance space. The distribution center fulfills retail item orders generated by Cracker Barrel’s automated replenishment system and generally ships the retail orders once a week to the individual stores by a third-party dedicated freight line. The freight line contract, which currently runs through 2010, requires Cracker Barrel to pay for market fuel prices that exceed certain designated prices. Certain retail items, not centrally purchased and warehoused at the distribution center, are drop-shipped directly from Cracker Barrel’s vendors to its stores. Approximately 30% of Cracker Barrel’s retail purchases in 2007 were directly from vendors in the People’s Republic of China. Cracker Barrel has a relationship with a foreign buying agency to source purchased product, monitor quality control and supplement product development.

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

Guest Satisfaction: Cracker Barrel is committed to providing its guests a home-style, country-cooked meal, and a variety of retail merchandise served and sold with genuine hospitality in a comfortable environment, in a way that evokes memories of the past. Cracker Barrel's commitment to offering guests a quality experience begins with its employees. Its mission statement, "Pleasing People," embraces guests and employees alike, and Cracker Barrel's employees are trained on the importance of that mission in a culture of mutual respect. Cracker Barrel also is committed to staffing each store with an experienced management team to ensure attentive guest service and consistent food quality. Through the regular use of guest surveys and store visits by its district managers and regional vice presidents, management receives valuable feedback, which it uses in its ongoing efforts to improve the stores and to demonstrate Cracker Barrel's continuing commitment to pleasing its guests. Cracker Barrel also has for many years had a guest-relations call center that takes comments and suggestions from guests and forwards them to operations or other management for information and follow up. Cracker Barrel has public notices in its menus, on its website and posted in its restaurants informing customers and employees about how to contact Cracker Barrel by Internet or toll-free telephone number with questions, complaints or concerns regarding services or products. Cracker Barrel conducts training in how to gather information and investigate and resolve customer concerns. This is accompanied by comprehensive training for all store employees on Cracker Barrel's public accommodations policy and its commitment to "pleasing people." In 2005, Cracker Barrel implemented an anonymous, unannounced, third-party store testing program to ensure compliance with its guest satisfaction policies and commitments. In 2006, Cracker Barrel introduced an improved interactive voice response ("IVR") system to monitor operational performance and guest satisfaction at all stores on an ongoing basis. Cracker Barrel has used an IVR system in the past to monitor the performance of new restaurants and to provide insight into the performance of under-performing stores.

Marketing: Outdoor advertising (i.e., billboards and state department of transportation signs) is the primary advertising medium utilized to reach consumers in the primary trade area for each Cracker Barrel store and also to reach interstate travelers and tourists. Outdoor advertising accounted for approximately 64% of advertising expenditures in 2007, with approximately 1,500 billboards at year-end. In recent years Cracker Barrel has utilized other types of media, such as radio and print, in its core markets to maintain customer awareness, and outside of its core markets to increase brand awareness and to build guest loyalty. Cracker Barrel defines its core markets based on average weekly sales, geographic location, and longevity and brand awareness in the market. Cracker Barrel plans to spend approximately 1.8% of Cracker Barrel's revenues on advertising in 2008. Outdoor advertising is expected to represent approximately 60% of advertising expenditures in 2008. Cracker Barrel plans to increase broadcast advertising as a percentage of the overall budget as it plans to implement a test of TV and radio advertising during 2008.

UNIT DEVELOPMENT

We opened 19 new Cracker Barrel stores in 2007. We plan to open 20 new stores during 2008, four of which already were open as of September 28, 2007.

Stores are located primarily along interstate highways; however, as of September 28, 2007, 71 of our stores are located near "tourist destinations" or are considered "off-interstate" stores. In 2008, Cracker Barrel intends to open approximately 45% of its new stores along interstate highways as compared to 68% in 2007. We believe we should pursue development of both interstate locations and off-interstate locations to capitalize on the strength of our brand associated with travelers on the interstate highway system and to increase sales through TV and/or radio advertising by having more units in media markets where satisfactory interstate locations may not be available. We also seek to develop new markets through both interstate and off-interstate locations. We have identified approximately 650 trade areas for potential future development with characteristics that appear to be consistent with those believed to be necessary to support successful Cracker Barrel units.

Of the 565 Cracker Barrel stores open as of September 28, 2007, 404 are owned, while the other 161 properties are either ground leases or ground and building leases. The current Cracker Barrel store prototype is approximately 10,000 square feet including approximately 2,100 square feet in the retail selling space. The prototype has approximately 200 seats in the restaurant.

EMPLOYEES

As of August 3, 2007, we employed approximately 64,000 people, of whom 531 were in advisory and supervisory capacities, 3,445 were in store management positions and 41 were officers. Many restaurant personnel are employed on a part-time basis. None of our employees are represented by any union, and management considers its employee relations to be good.

COMPETITION

The restaurant industry is intensely competitive with respect to the type and quality of food, price, service, location, personnel, concept, attractiveness of facilities, and effectiveness of advertising and marketing. We compete with a number of national and regional restaurant chains as well as locally owned restaurants. The restaurant business is often affected by changes in consumer taste; national, regional, or local economic conditions; demographic trends; traffic patterns; the type, number, and location of competing restaurants; and consumers' discretionary purchasing power. In addition, factors such as inflation, increased food, labor and benefits costs and the lack of experienced management and hourly employees may adversely affect the restaurant industry in general and our restaurants in particular.

RAW MATERIALS SOURCES AND AVAILABILITY

Essential restaurant supplies and raw materials are generally available from several sources. However, in the restaurants, certain branded items are single source products or product lines. Generally, we are not dependent upon single sources of supplies or raw materials. Our ability to maintain consistent quality throughout our restaurant system depends in part upon our ability to acquire food products and related items from reliable sources. When the supply of certain products is uncertain or prices are expected to rise significantly, we may enter into purchase contracts or purchase bulk quantities for future use.

Adequate alternative sources of supply, as well as the ability to adjust menus if needed, are believed to exist for substantially all restaurant products. Our retail supply chain generally involves longer lead-times and, often, more remote sources of product, including the People's Republic of China, and most of our retail product is distributed to our stores through a single distribution center. Although disruption of our retail supply chain could be difficult to overcome, we continuously evaluate the potential for disruptions and ways to mitigate them should they occur.

ENVIRONMENTAL MATTERS

Federal, state and local environmental laws and regulations have not historically had a significant impact on our operations; however, we cannot predict the effect of possible future environmental legislation of regulations on our operations.

TRADEMARKS

We deem the various Cracker Barrel trademarks and service marks that we own to be of substantial value. Our policy is to obtain federal registration of trademarks and other intellectual property whenever possible and to pursue vigorously any infringement of trademarks.

RESEARCH AND DEVELOPMENT

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

SEASONAL ASPECTS

Historically, our profits have been lower in the first three fiscal quarters and highest in the fourth fiscal quarter, which includes much of the summer vacation and travel season. We attribute these variations primarily to the increase in interstate tourist traffic and propensity to dine out during the summer months, whereas after the school year begins and as the winter months approach, there is a decrease in interstate tourist traffic and less of a tendency to dine out due to inclement weather. Our retail sales historically have been highest in our second fiscal quarter, which includes the Christmas holiday shopping season.

WORKING CAPITAL

In the restaurant industry, substantially all sales transactions occur either in cash or by third-party credit card. Like most other restaurant companies, we are able to, and may often, operate with a working capital deficit. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while restaurant inventories purchased locally generally are financed through 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 product turnover of the restaurant inventory. Employee compensation and benefits payable generally may be related to weekly, bi-weekly or semi-monthly pay cycles, and many other operating expenses have normal trade terms.

ITEM 1A. RISK FACTORS

Investing in our securities involves a degree of risk. Persons buying our securities should carefully consider the risks described below and the other information contained in this Annual Report on Form 10-K and other filings that we make from time to time with the Securities and Exchange Commission, including our consolidated financial statements and accompanying notes. If any of the following risks actually occurs, our business, financial condition, results of operation or cash flows could be materially adversely affected. In any such case, the trading price of our securities could decline and you could lose all or part of your investment. The risks described below are not the only ones facing our company and is not intended to be a complete discussion of all potential risks or uncertainties. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

We face intense competition, and if we are unable to continue to compete effectively, our business, financial condition and results of operations would be adversely affected.

The casual dining sector of the restaurant industry is intensely competitive, and we face many well-established competitors. We compete within each market with national and regional restaurant chains and locally-owned restaurants. Competition from other regional or national restaurant chains typically represents the more important competitive influence, principally because of their significant marketing and financial resources. However, we also face growing competition as a result of the trend toward convergence in grocery, deli and restaurant services, particularly in the supermarket industry. Moreover, our competitors can harm our business even if they are not successful in their own operations by taking away some customers or employees or by aggressive and costly advertising, promotional or hiring practices. We compete primarily on the quality, variety and value perception of menu and retail items, the number and location of restaurants, type of concept, quality and efficiency of service, attractiveness of facilities and effectiveness of advertising and marketing programs. We anticipate that intense competition will continue with respect to all of these factors. We also compete with other restaurant chains and other retail businesses for quality site locations and management and hourly employees, and competitive pressures could affect both the availability and cost of those important resources. If we are unable to continue to compete effectively, our business, financial condition and results of operations would be adversely affected.

Our business is affected by changes in consumer preferences and discretionary spending.

Our success depends, in part, upon the popularity of our food and retail products. Shifts in consumer preferences away from our restaurants or food or retail items would harm our business. It is difficult to predict what merchandise consumers will demand, particularly merchandise that is trend driven. Failure to accurately predict constantly changing consumer tastes, preferences, spending patterns and other lifestyle decisions, or to address consumer concerns effectively, could adversely affect short-term and long-term results because a substantial part of our business is dependent on our ability to make trend-right decisions for a wide variety of food items and merchandise. Also, our success depends to a significant extent on discretionary consumer spending, which is influenced by general economic conditions and the availability of discretionary income. Accordingly, we may experience declines in sales during economic downturns or during periods of uncertainty like those that followed the terrorist attacks on the United States on September 11, 2001 and Hurricanes Katrina and Rita in September 2005. In addition, recent increases in fuel and other energy prices as well as consumer uncertainty that has accompanied the recent home mortgage and credit “crisis” and general weakness in housing markets could result in decreases in discretionary consumer spending. Any material decline in consumer confidence or the amount of discretionary spending could have a material adverse effect on our sales, results of operations, business and financial condition.

The price and availability of food, ingredients and utilities used by our restaurants or merchandise sold in our retail shop could adversely affect our revenues and results of operations.

We are subject to the general risks of inflation; however, our results of operations depend significantly on our ability to anticipate and react to changes in the price and availability of food, ingredients, utilities, retail merchandise, and other related costs over which we may have little control. Fluctuations in economic conditions, weather and demand can adversely affect the availability, quality and cost of the ingredients and products that we buy. We require fresh produce, dairy products and meat, and therefore are subject to the risk that shortages or interruptions in supply of these food products could develop. Our operating margins are subject to changes in the price and availability of food commodities. For example, the recent focus on ethanol as a fuel, as well as the emergence of China as a major consumer of food products, has placed tremendous demands (with attendant supply and price pressures) for corn and dairy products, which in turn increase feed costs for poultry and livestock. The effect of, introduction of, or changes to tariffs or exchange rates on imported retail products or food products could increase our costs and possibly affect the supply of those products. Our operating margins are also affected by fluctuations in the price of utilities such as natural gas, whether as a result of inflation or otherwise, on which the locations depend for much of their energy supply. Our inability to anticipate and respond effectively to an adverse change in any of these factors could have a significant adverse effect on our results of operations. In addition, because we provide a moderately-priced product, we may not seek to or be able to pass along price increases to our guests sufficient to offset cost increases.

We are dependent on attracting and retaining qualified employees while also controlling labor costs.

Our performance is dependant on attracting and retaining a large and growing number of qualified restaurant personnel. Availability of staff varies widely from location to location. Many staff members are in entry-level or part-time positions typically with high rates of turnover. If restaurant management and staff turnover trends increase, we could suffer higher direct costs associated with recruiting, training and retaining replacement personnel. Management turnover as well as general shortages in the labor pool can cause our restaurants to be operated with reduced staff, which could negatively affect our ability to provide adequate service levels to our customers. Other indirect costs that could result include potential delays in new restaurant openings. Competition for qualified employees exerts upward pressure on wages paid to attract such personnel, resulting in higher labor costs, together with greater recruitment and training expense.

Our ability to meet our labor needs while controlling our costs is subject to external factors such as unemployment levels, minimum wage legislation, health care legislation and changing demographics. Many of our employees are hourly workers whose wages are affected by increases in the federal or state minimum wage or changes to tip credits. Tip credits are the amounts an employer is permitted to assume an employee receives in tips when the employer calculates the employee’s hourly wage for minimum wage compliance purposes. Increases in minimum wage levels and changes to the tip credit have been made and/or continue to be proposed at both federal and state levels. As minimum wage rates increase, we may need to increase not only the wages of our minimum wage employees but also the wages paid to employees at wage rates that are above minimum wage. If competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profitability may decline.

Certain economic and business factors specific to the restaurant or retail industries and certain general economic factors that are largely out of our control may adversely affect our results of operations.

Our business results depend on a number of industry-specific and general economic factors, many of which are beyond our control. These factors include interest rates, recession, inflation, exchange rates, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends and other matters that influence consumer confidence and spending. The full-service dining sector of the restaurant industry and the retail industry are affected by changes in national, regional and local economic conditions, seasonal fluctuation of sales volumes, consumer preferences, including changes in consumer tastes and dietary habits and the level of consumer acceptance of our restaurant concept and retail merchandise, and consumer spending patterns. The performance of individual locations may also be adversely affected by factors such as demographic trends, severe weather (including hurricanes), traffic patterns, the price and availability of gasoline and the type, number and location of competing restaurants.

We also cannot predict the effects of actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against any foreign state or group located in a foreign state or heightened security requirements on the economy or consumer confidence in the United States. Any of these events could also affect consumer spending patterns or result in increased costs for us due to security measures.

Unfavorable changes in the above factors or in other business and economic conditions affecting our customers could increase our costs, reduce traffic in some or all of our locations or impose practical limits on pricing, any of which could lower our profit margins and have a material adverse affect on our financial condition and results of operations.

We depend on key personnel for our success.

We believe that our success is largely dependent on the abilities and experience of our senior management team. The loss of services of one or more of these senior executives could adversely affect our ability to effectively manage our overall operations or successfully execute current or future business strategies, either of which could have a material adverse effect on us and our results of operations.

Increased advertising and marketing costs could adversely affect our results of operations.

Historically, we have relied upon billboards as our principal method of advertising. As we begin to build stores away from our traditional interstate locations, we may be required to increasingly utilize what others might consider more traditional methods of advertising, such as radio, television, direct mail and newspaper. While we have used these types of advertising from time to time, their effects upon our revenues and, in turn, our profits, are uncertain. Additionally, if our competitors increased their spending on advertising and promotions, we could be forced to substantially increase our advertising, media or marketing expenses. If we did so or if our current advertising and promotion programs become less effective, we could experience a material adverse effect on our results of operations.

Our business is seasonal and also can be affected by extreme weather conditions and natural disasters.

Historically, our highest sales and profits have occurred during the summer. Winter, excluding the Christmas holidays, has historically been the period of lowest sales and profits although retail revenues historically have been seasonally higher between Thanksgiving and Christmas. Therefore, the results of operations for any quarter or period of less than one year cannot be considered indicative of the operating results for a full fiscal year.

Additionally, extreme weather conditions in the areas where our stores are located can adversely affect our business. For example, frequent or unusually heavy snowfall, ice storms, rain storms or other extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores or disrupt deliveries of food and supplies to our stores and thereby reduce our sales and profitability. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with those unseasonable conditions. Reduced sales from extreme or prolonged unseasonable weather conditions could adversely affect our business.

In addition, natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could severely damage or destroy one or more of our stores or warehouses located in the affected areas, thereby disrupting our business operations.

Our plans depend significantly on initiatives designed to improve the efficiencies, costs and effectiveness of our operations, and failure to achieve or sustain these plans could affect our performance adversely.

We have had, and expect to continue to have, initiatives in various stages of testing, evaluation, and implementation, upon which we expect to rely to improve our results of operations and financial condition. These initiatives are inherently risky and uncertain, even when tested successfully, in their application to our business in general. It is possible that successful testing can result partially from resources and attention that can’t be duplicated in broader implementation. Testing and general implementation also can be affected by other risk factors described herein that reduce the results expected. Successful systemwide implementation relies on consistency of training, stability of workforce, ease of execution, and the absence of offsetting factors that can influence results adversely. Failure to achieve successful implementation of our initiatives could adversely affect our results of operations.

Health concerns and government regulation relating to the consumption of beef or other food products could affect consumer preferences and could negatively impact our results of operations.

Many of the food items on our menu contain beef and chicken. The preferences of our customers toward beef and chicken could be affected by health concerns about the consumption of beef or chicken or negative publicity concerning food quality, illness and injury generally. In recent years there has been negative publicity concerning E. coli bacteria, hepatitis A, “mad cow” disease, “foot-and-mouth” disease, the bird/avian flu, peanut and other food allergens, and other public health concerns affecting the food supply, including beef, chicken and pork. In addition, if a regional or global health pandemic occurs, depending upon its location, duration and severity, our business could be severely affected. A health pandemic is a disease that spreads rapidly and widely by infection and affects many individuals in an area or population at the same time. If that occurs, customers might avoid public places in the event of a health pandemic, and local, regional or national governments might limit or ban public gatherings to halt or delay the spread of disease. A regional or global health pandemic might also adversely affect our business by disrupting or delaying production and delivery of materials and products in our supply chain and by causing staffing shortages in our stores. In addition, government regulations or the likelihood of government regulation could increase the costs of obtaining or preparing food products. A decrease in guest traffic to our restaurants, a change in our mix of products sold, or an increase in costs as a result of these health concerns either in general or specific to our operations, could result in a decrease in guest traffic or higher costs to our restaurants that would materially harm our business.

Litigation may adversely affect our business, financial condition and results of operations.

Our business is subject to the risk of litigation by employees, consumers, suppliers, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend future litigation may be significant. There may also be adverse publicity (particularly when there is an allegation with respect to sanitation or product safety) associated with litigation that could decrease customer acceptance of our services, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition and results of operations.

Unfavorable publicity could harm our business.

Multi-unit restaurant businesses such as ours can be adversely affected by publicity resulting from complaints or litigation alleging poor food quality, food-borne illness, personal injury, adverse health effects (including obesity) or other concerns stemming from one or a limited number of restaurants. Regardless of whether the allegations or complaints are valid, unfavorable publicity relating to a limited number of our restaurants, or only to a single restaurant, could adversely affect public perception of the entire brand. Adverse publicity and its effect on overall consumer perceptions of food safety could have a material adverse effect on our business, financial condition and results of operations.

Our credit facility places financial and other restrictions on us.

Our $1,250,000 credit facility that we entered into in 2006 imposes financial covenants, including maintaining a minimum defined fixed charge coverage ratio and a maximum defined leverage ratio. In addition, the credit facility limits our ability to make dividend distributions and make certain payments to reduce outstanding indebtedness. The lender’s ongoing obligation to extend credit under the revolving credit portion of the facility will depend upon our compliance with these and other covenants. Indebtedness may have important additional consequences, including placing us at a competitive disadvantage compared to our competitors that may have proportionately less debt, limiting our flexibility in planning for changes in our business and the industry and making us more vulnerable to economic downturns and adverse developments in our business.

We may need additional capital in the future, and it may not be available on acceptable terms.

The development of our business may require significant additional capital in the future to fund our operations and growth strategy, or refinance our existing indebtedness, among other activities. We have historically relied upon cash generated by our own operations and lease financing to fund our expansion. We currently maintain a revolving credit facility with a capacity of $250,000, of which $187,738 was available as of the end of fiscal 2007. We also may need to access the debt and equity capital markets, especially as our $1,250,000 credit facility matures in 2011 and 2013. There can be no assurance, however, that these sources of financing will be available on acceptable terms, or at all. Our ability to obtain additional financing will be subject to a number of factors, including market conditions, our operating performance, investor sentiment and our ability to incur additional debt in compliance with agreements governing our then-outstanding debt. These factors may make the timing, amount, terms and conditions of additional financings unattractive to us. If we are unable to generate sufficient funds from operations or raise additional capital, our growth could be impeded.

We are subject to a number of risks relating to federal, state and local regulation of our business that may increase our costs and decrease our profit margins.

The restaurant industry is subject to extensive federal, state and local laws and regulations, including those relating to building and zoning requirements and those relating to the preparation and sale of food. The development and operation of restaurants depend to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. We are also subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards, federal and state laws governing our relationships with employees (including the Fair Labor Standards Act of 1938 and the Immigration Reform and Control Act of 1986 and applicable requirements concerning minimum wage, overtime, family leave, tip credits, working conditions, safety standards and immigration status), federal and state laws which prohibit discrimination and other laws regulating the design and operation of facilities, such as the Americans With Disabilities Act of 1990. In addition, we are subject to a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission, and disposal of hazardous materials. The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations could increase our compliance and other costs of doing business and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability.

We also are subject to rules and regulations, including interpretation thereof, of federal, state and local tax authorities that could cause our effective income tax rate and the timing of our payments to be unfavorable and affect our results of operations and financial condition adversely.

Additionally, a number of states restrict highway signage and billboards. Because many of our restaurants are located on the interstate highway system, our business is highly related to highway travel. Thus, signage or billboard restrictions or loss of existing signage or billboards could affect our visibility and ability to attract customers.

We may not be able to obtain and maintain licenses and permits necessary to operate our restaurants, and failure to comply with laws could adversely affect our operating results.

The restaurant industry is subject to various federal, state and local government regulations, including those relating to the sale of food. Such regulations are subject to change from time to time. The failure to obtain and maintain these licenses, permits and approvals could adversely affect our operating results. Typically, licenses must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that our conduct violates applicable regulations. Difficulties or failure to obtain the required licenses and approvals could delay or result in our decision to cancel the opening of new restaurants, which could adversely affect our business.

Our heavy reliance on certain vendors and suppliers could adversely affect our business.

Our ability to maintain consistent quality throughout our operations depends in part upon our ability to acquire specified food and retail products and supplies in sufficient quantities. Finding qualified vendors and accessing food supplies and products in a timely and efficient manner is a significant challenge that typically is more difficult with respect to goods sourced outside the United States. Political or financial instability, trade restrictions, tariffs, currency exchange rates, the outbreak of pandemics, transport capacity and costs, port security or other events can slow port activities and other distribution of products. In some cases, we may have only one supplier for a product or supply. Our dependence on single source suppliers subjects us to the possible risks of shortages, interruptions and price fluctuations. If any of these vendors are unable to fulfill their obligations, or if we are unable to find replacement suppliers in the event of a supply disruption, we could encounter supply shortages and incur higher costs to secure adequate supplies, either of which could materially harm our business.

Our current insurance may expose us to unexpected costs.

Historically, our insurance coverage has reflected deductibles, self-insured retentions, limits of liability and similar provisions that we believe prudent based on the dispersion of our operations. However, there are types of losses we may incur against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of terrorism and some natural disasters, including floods. If we incur such losses, our business could suffer. In addition, we self-insure a significant portion of expected losses under our workers' compensation, general liability and group health insurance programs. Unanticipated changes in the actuarial assumptions and management estimates underlying our reserves for these losses, including expected increases in medical and indemnity costs, could result in materially different amounts of expense than expected under these programs, which could have a material adverse effect on our financial condition and results of operations.

If we fail to execute our growth strategy, which primarily depends on our ability to find new restaurant locations and open new restaurants that are profitable, our business could suffer.

Historically, one of the most significant means of achieving our growth objectives has been opening new restaurants and operating those restaurants on a profitable basis. We expect this to continue to be the case in the future. One of our biggest challenges in executing our growth strategy is locating and securing an adequate supply of suitable new restaurant sites. Competition for suitable restaurant sites and operating personnel in our target markets is intense, and we cannot assure you that we will be able to find sufficient suitable locations, or negotiate suitable purchase or lease terms, for our planned expansion in any future period. Delays or failures in opening new restaurants, or achieving lower than expected sales in new restaurants, or drawing a greater than expected proportion of sales in new restaurants from existing restaurants, could materially adversely affect our growth strategy. Our ability to open new restaurants successfully will also depend on numerous other factors, some of which are beyond our control, including, among other items, the following:

- our ability to hire, train and retain qualified operating personnel;
- our ability to mitigate the effects of uncertain consumer confidence, higher costs for utilities, consumer debt payments, general or regional economic weakness, or weather on our sales and the discretionary income and personal expenditure activity of our customers;
- our ability to control construction and development costs of new restaurants;
- changes in local, state or federal laws and regulations that adversely affect our costs;
- consumer acceptance of our restaurants in new markets;
- road construction and other factors limiting access to the restaurant;
- the cost and availability of capital to fund construction costs and pre-opening expenses;
- our ability to secure required governmental approvals and permits in a timely manner, or at all; and
- acts of God.

Once opened, we anticipate that our new restaurants will generally take several months to reach budgeted or expected operating levels owing to start-up inefficiencies and sales patterns typically associated with new restaurants. We cannot assure you that any restaurant we open will be profitable or obtain operating results similar to those of our existing restaurants.

We cannot assure you that we will be able to respond on a timely basis to all of the changing demands that our planned expansion will impose on management and on our existing infrastructure, nor that we will be able to hire or retain the necessary management and operating personnel. Our existing restaurant management systems, financial and management controls and information systems may not be adequate to support our planned expansion. Our ability to manage our growth effectively will require us to continue to enhance these systems, procedures and controls and to locate, hire, train and retain management and operating personnel.

Some of our new restaurants will be located in areas where we have little or no meaningful experience. Those markets may have different competitive conditions, market conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause our new restaurants to be less successful than restaurants in our existing markets.

Some of our new restaurants will be located in areas where we have existing restaurants. Although we have experience in these markets, increasing the number of locations in these markets may cause us to over-saturate markets and temporarily or permanently divert customers and sales from our existing restaurants, thereby adversely affecting our overall profitability.

Individual restaurant locations are affected by local conditions that could change and affect the carrying value of those locations adversely.

The success of our business depends on the success of individual locations, and the success of individual locations depends on stability of or improvements in operating condition at and around those locations.

As demographic and economic patterns (*e.g.*, highway or roadway traffic patterns, concentrations of general retail or hotel activity, local population densities, increased competition) change, current locations may not continue to be attractive or profitable. Possible declines in neighborhoods where our restaurants are located or adverse economic conditions in areas surrounding those neighborhoods could result in reduced revenues in those locations. In addition, desirable locations for new restaurant openings or for the relocation of existing restaurants may not be available at an acceptable cost when we identify a particular opportunity for a new restaurant or relocation. The occurrence of one or more of these events could have a significant adverse effect on our revenues and results of operations as well as the carrying value of our individual locations.

A material disruption in our computer systems could adversely affect our business or results of operations.

We rely extensively on our computer systems to process transactions, summarize results and manage our business. Our computer systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by our employees. If our computer systems are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we could suffer loss of critical data and interruptions or delays in our operations in the interim. Any material interruption in our computer systems could adversely affect our business or results of operations.

A privacy breach could adversely affect our business.

The protection of customer, employee, and company data is critical to us. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. Compliance with these requirements may result in cost increases due to necessary systems changes and the development of new administrative processes. In addition, customers have a high expectation that we will adequately protect their personal information. If we fail to comply with these laws and regulations or experience a significant breach of customer, employee, or company data, our reputation could be damaged and result in lost sales, fines, or lawsuits.

Obtaining some of our retail merchandise exposes us to risks associated with foreign imports.

Our future operating results as they relate to the retail operations in our Cracker Barrel units depend on products that are or may be manufactured in a number of foreign countries and require long lead times to source. Because we depend on foreign sourcing for these products, our results of operations may be materially affected by:

- fluctuating currency exchange rates;
- foreign government regulations;
- foreign exchange control regulations;
- import/export restrictions;
- foreign economic instability;
- political instability;
- disruptions due to labor stoppages, strikes or slowdowns, or other disruptions, involving our vendors or the transportation and handling industries;
- product recalls; and
- tariffs, trade barriers and other trade restrictions by the U.S. government on products or components shipped from foreign sources.

Our reported results can be affected adversely and unexpectedly by the implementation of new, or changes in the interpretation of existing, accounting principles generally accepted in the United States of America ("GAAP").

Our financial reporting complies with GAAP, and GAAP is subject to change over time. If new rules or interpretations of existing rules require us to change our financial reporting, our reported results of operations and financial condition could be affected substantially, including requirements to restate historical financial reporting.

Identification of material weakness in internal control may adversely affect our financial results.

We are subject to the ongoing internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002. Those provisions provide for the identification of material weaknesses in internal control. If such a material weakness is identified, it could indicate a lack of controls adequate to generate accurate financial statements. We routinely assess our internal controls, but we cannot assure you that we will be able to timely remediate any material weaknesses that may be identified in future periods, or maintain all of the controls necessary for continued compliance. Likewise, we cannot assure you that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies.

Our annual and quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to a number of factors, some of which are beyond our control, resulting either in volatility or a decline in the price of our securities.

Our annual and quarterly operating results may fluctuate significantly because of several factors, including:

- increases and decreases in average weekly sales, restaurant and retail sales and restaurant profitability;
- the rate at which we open new locations, the timing of new unit openings and the related high initial operating costs;
- changes in consumer preferences and competitive conditions, including the effects of our and competitors' operational, promotional or expansion activities;
- fluctuations in commodity prices, product costs, utilities and energy costs, prevailing wage rates, insurance costs and other costs;
- our ability to recruit, train and retain qualified hourly and management employees, and the costs associated with those activities;
- the effects of uncertain consumer confidence, consumer debt payments, general or regional economic weakness, or weather on our sales and the discretionary income or personal expenditure activity of customers;
- general national economic trends and local economic conditions, which could be affected by terrorist activity and government responses thereto, local strikes, energy shortages or increases in energy prices, droughts, earthquakes, fires or other natural disasters;
- changes in advertising and promotional activities and expansion to new markets;
- negative publicity relating to the consumption of beef, chicken or other products we serve;
- unanticipated increases in infrastructure costs;
- impairment of long-lived assets, and any loss on restaurant closures or impairments;
- changes in interest rates; and
- changes in accounting, tax, regulatory or other rules applicable to our business.

Our quarterly operating results and restaurant and retail sales may fluctuate as a result of any of these or other factors. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year, and restaurant sales for any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. In that event, the price of our securities could decrease.

Our failure or inability to enforce our trademarks or other proprietary rights could adversely affect our competitive position or the value of our brand.

We own certain common law trademark rights and a number of federal trademark and service mark registrations, including the CRACKER BARREL OLD COUNTRY STORE® name and logo, and proprietary rights relating to our methods of operation and certain of our core menu offerings. We believe that our trademarks and other proprietary rights are important to our success and our competitive position, and, therefore, we devote resources to the protection of our trademarks and proprietary rights. The protective actions that we take, however, may not be enough to prevent unauthorized use or imitation by others, which could harm our image, brand or competitive position. If we commence litigation to enforce our rights, we could incur significant legal fees.

We are not aware of any assertions that our trademarks or menu offerings infringe upon the proprietary rights of any third parties, but we cannot assure you that third parties will not claim infringement by us in the future. Any such claim, whether or not it has merit, could be time-consuming and distracting for executive management, result in costly litigation, cause changes to existing menu items or delays in introducing new menu items, or require us to enter into royalty or licensing agreements. As a result, any such claim could have a material adverse effect on our business, results of operations and financial condition.

Provisions in our charter, Tennessee law and our shareholder rights plan may discourage potential acquirors of our company, which could adversely affect the value of our securities.

Our charter documents contain provisions that may have the effect of making it more difficult for a third party to acquire or attempt to acquire control of the Company. In addition, we are subject to certain provisions of Tennessee law that limit, in some cases, our ability to engage in certain business combinations with significant shareholders. Also, our shareholder rights plan may inhibit accumulations of substantial amounts of our common stock without the approval of our board of directors.

These provisions, either alone, or in combination with each other, give our current directors and executive officers a substantial ability to influence the outcome of a proposed acquisition of the Company. These provisions would apply even if an acquisition or other significant corporate transaction was considered beneficial by some of our shareholders. If a change in control or change in management is delayed or prevented by these provisions, the market price of our securities could decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters and warehouse facilities are located on approximately 128 acres of land owned by the Company in Lebanon, Tennessee. We utilize approximately 250,000 square feet of office space for our corporate headquarters and decorative fixtures warehouse. We also utilize 367,200 square feet of warehouse facilities and an additional 13,800 square feet of office and maintenance space for our retail distribution center.

In addition to the various corporate facilities, we have four properties (owned or leased) for future development, a motel used for housing management trainees and for the general public, and six parcels of excess real property and improvements that we intend to dispose of. In addition, we currently own one Logan's restaurant property, which we lease to Logan's, and intend to sell in 2008.

In addition to the properties mentioned above, Cracker Barrel owns or leases the following store properties as of September 28, 2007:

State	Owned	Leased	State	Owned	Leased
Tennessee	36	13	New Jersey	2	4
Florida	41	15	Oklahoma	4	2
Georgia	31	9	Wisconsin	5	-
Texas	30	6	Colorado	3	1
North Carolina	25	8	Kansas	3	1
Ohio	22	9	Maryland	3	1
Kentucky	20	9	Massachusetts	-	4
Alabama	18	9	New Mexico	3	1
Indiana	21	6	Utah	4	-
Virginia	21	5	Iowa	3	-
Illinois	20	2	Connecticut	1	1
Pennsylvania	9	12	Montana	2	-
South Carolina	13	6	Nebraska	1	1
Missouri	14	3	Delaware	-	1
Michigan	13	3	Idaho	1	-
Arizona	2	10	Minnesota	1	-
Mississippi	8	3	New Hampshire	1	-
Arkansas	4	6	North Dakota	1	-
Louisiana	7	2	Rhode Island	-	1
West Virginia	3	6	South Dakota	1	-
New York	7	1	Total	404	161

We believe that our properties are suitable, adequate, well-maintained and sufficient for the operations contemplated. See "Business-Operations" and "Business-Unit Development" in Item I of this Annual Report on Form 10-K for additional information on our properties.

ITEM 3. LEGAL PROCEEDINGS

See Note 15 to our Consolidated Financial Statements filed or incorporated by reference into in Part II, Item 8 of this Annual Report on Form 10-K, which also is incorporated herein by this reference.

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

Not applicable.

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

Executive Officers of the Registrant

The following table sets forth certain information concerning our executive officers, as of September 28, 2007:

Name	Age	Position with Registrant
Michael A. Woodhouse	62	Chairman, President & Chief Executive Officer
Lawrence E. White	57	Senior Vice President, Finance & Chief Financial Officer
N. B. Forrest Shoaf	57	Senior Vice President, Secretary and General Counsel
Doug Barber	50	Senior Vice President, Restaurant Operations
Terry Maxwell	48	Senior Vice President, Retail Operations
Edward A. Greene	52	Senior Vice President, Strategic Initiatives
Robert Harig	57	Senior Vice President, Human Resources
Simon Turner	52	Senior Vice President, Marketing and Innovation and Chief Marketing Officer
Diana S. Wynne	52	Senior Vice President, Corporate Affairs
Patrick A. Scruggs	43	Vice President, Accounting and Tax, & Chief Accounting Officer

The following information summarizes the business experience of each of our executive officers for at least the past five years:

Mr. Woodhouse has been employed by us in various capacities since 1995. Mr. Woodhouse served as our Senior Vice President of Finance and Chief Financial Officer from January 1999 to July 1999, as Executive Vice President and Chief Operating Officer ("COO") from August 1999 until July 2000, as President and COO from August 2000 until July 2001, and then as President and Chief Executive Officer from August 2001 until November 2004 when he assumed his current positions. Mr. Woodhouse has 23 years of experience in the restaurant industry and 14 years of experience in the retail industry.

Mr. White has been employed by us in his current capacity since September 1999. Prior to that, he was Executive Vice President and Chief Financial Officer of Boston Chicken, Inc., where he was part of a new management team brought in during 1998 for an operational and financial turnaround. Mr. White has over 20 years of experience in the restaurant industry and 8 years of experience in the retail industry. The Company has announced Mr. White's intentions to retire from his position with the Company effective February 1, 2008, at which time he will become a consultant to the Company for a period of 18 months.

Mr. Shoaf began his employment with us in his current capacity in April 2005. Prior to that, he was Managing Director of Investment Banking for Avondale Partners, LLC. From 1996-2000, he was a Managing Director of J.C. Bradford and from 2000-2002, a Managing Director in the investment banking group of Morgan Keegan, a Memphis, Tennessee based investment banking firm and head of its Nashville Corporate Finance Office.

Mr. Barber has been employed by us since 2003. He assumed his current position in 2006. Prior to that he was with Metromedia Family Steakhouse in various capacities since 1979 and assumed his last position held with Metromedia Family Steakhouse as President and Chief Operating Officer in 1995. Mr. Barber has 28 years of experience in the restaurant industry.

Mr. Maxwell has been employed by us since 1980. He assumed his current position in 2006. Mr. Maxwell has 27 years of experience in the restaurant and retail industries.

Mr. Greene has been employed by us in his current capacity since October 2005. From August 1996 to October 2005, he worked for Restaurant Services, Inc., the independent purchasing cooperative which provides supply chain management services for Burger King Corporation and its franchisees, serving most recently as its Vice President, Food and Packaging Purchasing. Mr. Greene began his career with The Pillsbury Company and has over 29 years of combined experience in the restaurant and food processing industries.

Mr. Harig has been employed by us since 2000. He assumed his current position in 2004. Mr. Harig has over 30 years of experience in the restaurant industry and 7 years in the retail industry.

Mr. Turner has been employed by us in his current capacity since July 2006, following an eight month consultancy. Prior to that he was Chief Executive Officer of Blue Chip Management Consultants Limited (renamed Balancing Blooms Limited in 2004) a United Kingdom registered limited liability company. Mr. Turner previously had 19 years of consumer goods and food and beverage marketing experience at Procter & Gamble, The Coca-Cola Company, Unilever and Kimberly-Clark.

Ms. Wynne joined us in January 2006 in her current capacity. Prior to that, she was Vice President, Treasury for Blockbuster, Inc. Prior to that she served as Senior Vice President and Treasurer for Metromedia Restaurant Group. Ms. Wynne began her career with Price Waterhouse Coopers and has over 28 years of experience in the restaurant and retail industries.

Mr. Scruggs has been employed by us in various capacities since 1989. He assumed his current position in 2003. Mr. Scruggs has 18 years of experience in the restaurant and retail industries.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Common Stock is traded on the NASDAQ Global Market (“Nasdaq”) under the symbol CBRL. There were 11,807 shareholders of record as of September 25, 2007.

The table “Market Price and Dividend Information” contained in the 2007 Annual Report is presented on page two of Exhibit 13 to this document and is incorporated herein by this reference.

Subject to there being no events of default, and our having at least $100,000 available under our revolving credit facility, we may declare and pay cash dividends on our common stock so long as the aggregate amount of such dividends paid during any fiscal year would be less than 15% of Consolidated EBITDA from continuing operations, as defined in the credit agreement, for the fiscal year immediately preceding the fiscal year in which such dividend is paid. In any event, subject to there being no events of default, and our having at least $100,000 available under our revolving credit facility, we may increase our regular quarterly cash dividend in any fiscal quarter by an amount not to exceed the greater of $.01 or 10% of the amount of the regular quarterly cash dividend paid in the prior fiscal quarter.

Part III, Item 12 of this Annual Report on Form 10-K is incorporated in this Item of this Report by this reference.

Unregistered Sales of Equity Securities

Except as described in the following paragraphs, we did not sell any equity securities during the period covered by this Annual Report on Form 10-K that were not registered under the Securities Act of 1933, as amended.

On May 1, 2007, we issued $375,931 in principal amount at maturity of zero coupon senior convertible notes due 2032 (the “New Notes”) in exchange (the “Exchange Offer”) for an identical principal amount at maturity of our previously outstanding liquid yield option notes due 2032 (the “Old Notes”). The New Notes were issued in reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended, set forth in Section 3(a)(9) of the Securities Act. Therefore, no commission or other remuneration was paid to any broker, dealer, salesperson, or other person for soliciting tenders of the Old Notes for the New Notes. The purpose of the Exchange Offer was to issue New Notes with a “net share settlement” feature. Both the Old Notes and the New Notes were convertible into 10.8584 shares of our common stock per $1,000 in principal amount at maturity. The net share settlement feature, however, allowed us, upon conversion of a New Note, to satisfy a portion of our obligations due upon conversion in cash rather than with the issuance of shares of common stock.

The material terms of the New Notes are described in our exchange circular dated March 20, 2007 filed as Exhibit (a)(1)(A) to our tender offer statement on Schedule TO filed with the Commission on March 20, 2007 and the Supplement to exchange circular dated April 17, 2007 filed as Exhibit (a)(1)(E) to Amendment No. 1 to our tender offer statement on Schedule TO filed with the Commission on April 17, 2007.

On June 4, 2007 both the Old Notes and the New Notes were redeemed and none of those notes remained outstanding. In addition, any common stock issued in connection with conversions of either the Old Notes or the New Notes was repurchased during the quarter ended August 3, 2007.

Issuer Purchases of Equity Securities

The following table sets forth information with respect to purchases of our shares of common stock made during the quarter ended August 3, 2007 by or on behalf of us or any “affiliated purchaser,” as defined by Rule 10b-18(a)(3) of the Exchange Act:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
4/28/07 – 5/25/07	195,300	$45.60	195,300	1,216,856
5/26/07 – 6/22/07	1,216,856	$45.24	1,216,856	0
6/23/07 – 8/3/07	--	--	--	0
Total for the quarter	1,412,156	$45.29	1,412,156	0

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

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

ITEM 6. SELECTED FINANCIAL DATA

The table "Selected Financial Data" contained in the 2007 Annual Report is presented on page one of Exhibit 13 to this document and is incorporated into this Item of this Report by this reference.

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

“Management's Discussion and Analysis of Financial Condition and Results of Operations,” contained in the 2007 Annual Report, is incorporated into this Item of this Report by this reference.

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

“Quantitative and Qualitative Disclosures about Market Risk” set forth within “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contained in the 2007 Annual Report, is incorporated into this Item of this Report by this reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements (and related footnotes) and Report of Independent Registered Public Accounting Firm, contained in the 2007 Annual Report, are incorporated into this Item of this Report by this reference.

See Quarterly Financial Data (Unaudited) in Note 18 to the Consolidated Financial Statements.

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

None.

ITEM 9A. 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 Rules 13a-15(e) and 15d-15(f) promulgated under the Exchange Act). Based upon this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of August 3, 2007, 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 August 3, 2007 in our internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934, as amended). We maintain a system of internal controls that is designed to provide reasonable assurance in a cost-effective manner as to the fair and reliable preparation and presentation of the consolidated financial statements, as well as to safeguard assets from unauthorized use or disposition.

Our control environment is the foundation for our system of internal control over financial reporting and is embodied in our Corporate Governance Guidelines, our Financial Code of Ethics, and our Code of Business Conduct and Ethics, all of which may be viewed on our website. They set the tone for our organization and include factors such as integrity and ethical values. Our internal control over financial reporting is supported by formal policies and procedures, which are reviewed, modified and improved as changes occur in business condition and operations. Our disclosure controls and procedures or our internal controls cannot and will not prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. We have concluded that our internal control over financial reporting was effective as of August 3, 2007, based on these criteria.

In addition, Deloitte & Touche LLP, an independent registered public accounting firm, has issued an attestation report on management's assessment of internal control over financial reporting, which is included herein.

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

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

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item with respect to directors of the Company is incorporated into this Item of this Report by this reference to the following sections of the 2007 Proxy Statement: “Board of Directors and Committees,” "Proposal 1: Election of Directors," “Section 16(a) Beneficial Ownership Reporting Compliance” and the question “Has the Board adopted a code of ethics for senior financial officers?” set forth in “Certain Relationships and Transactions.” The information required by this Item with respect to executive officers of the Company is set forth in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated into this Item of this Report by this reference to the following sections of the 2007 Proxy Statement: “Executive Compensation” and the question “How are directors compensated?” set forth in “Board of Directors and Committees.” The “Compensation Committee Report” set forth in “Executive Compensation” is deemed to be “furnished” and is not, and shall not be deemed to be, “filed” for purposes of Section 18 of the Exchange Act.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated into this Item of this Report by this reference to the sections entitled "Stock Ownership of Certain Beneficial Owners and Management" and “Executive Compensation-Equity Compensation Plan Information” in the 2007 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated into this Item of this Report by this reference to the section entitled "Certain Relationships and Transactions” in the 2007 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated into this Item of this Report by this reference to the sections entitled “Fees Paid to Auditors” and “Audit Committee Report - What is the Audit Committee’s pre-approval policy and procedure with respect to audit and non-audit services provided by our auditors?” in the 2007 Proxy Statement. No other portion of the section of the 2007 Proxy Statement entitled “Audit Committee Report” is, nor shall it be deemed to be, incorporated by reference into this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) List of documents filed as part of this report:

1. The following Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm of Deloitte & Touche LLP of the 2007 Annual Report are included within Exhibit 13 to this Annual Report on Form 10-K and are incorporated into this Item of this Report by this reference:

   Report of Independent Registered Public Accounting Firm dated October 1, 2007

   Consolidated Balance Sheet as of August 3, 2007 and July 28, 2006

   Consolidated Statement of Income for each of the three fiscal years ended August 3, 2007, July 28, 2006 and July 29, 2005

   Consolidated Statement of Changes in Shareholders' Equity for each of the three fiscal years ended August 3, 2007, July 28, 2006 and July 29, 2005

   Consolidated Statement of Cash Flows for each of the three fiscal years ended August 3, 2007, July 28, 2006 and July 29, 2005

   Notes to Consolidated Financial Statements

2. All schedules have been omitted since they are either not required or not applicable, or the required information is included in the consolidated financial statements or notes thereto.

3. The exhibits listed in the accompanying Index to Exhibits immediately following the signature page to this Report

SIGNATURES

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

CBRL GROUP, INC.

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

October 1, 2007

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

Name	Title	Date
/s/ Michael A. Woodhouse Michael A. Woodhouse	Chairman, President and Chief Executive Officer	October 1, 2007
/s/ Lawrence E. White Lawrence E. White	Senior Vice President, Finance and Chief Financial Officer (Principal Financial Officer)	October 1, 2007
/s/ N.B. Forrest Shoaf N.B. Forrest Shoaf	Senior Vice President, General Counsel and Secretary	October 1, 2007
/s/ Patrick A. Scruggs Patrick A. Scruggs	Chief Accounting Officer (Principal Accounting Officer)	October 1, 2007
/s/ James D. Carreker James D. Carreker	Director	October 1, 2007
/s/ Robert V. Dale Robert V. Dale	Director	October 1, 2007
/s/ Richard J. Dobkin Richard J. Dobkin	Director	October 1, 2007
/s/ Robert C. Hilton Robert C. Hilton	Director	October 1, 2007
/s/ Charles E. Jones, Jr. Charles E. Jones, Jr.	Director	October 1, 2007
/s/ B.F. Lowery B.F. Lowery	Director	October 1, 2007
/s/ Martha M. Mitchell Martha M. Mitchell	Director	October 1, 2007
/s/ Erik Vonk Erik Vonk	Director	October 1, 2007
/s/ Andrea M. Weiss Andrea M. Weiss	Director	October 1, 2007
/s/ Jimmie D. White Jimmie D. White	Director	October 1, 2007

INDEX TO EXHIBITS

<u>Exhibit</u>	
3(I), 4(a)	Charter (1)
3(II), 4(b)	Bylaws (1)
4(c)	Shareholder Rights Agreement dated 9/7/1999 (2)
4(d),10(a)	Credit Agreement dated as of April 27, 2006 among CBRL Group, Inc., the Subsidiary Guarantors named therein, the Lenders party thereto and Wachovia Bank, National Association, as Administrative Agent and Collateral Agent (the “Wachovia Credit Agreement”) (3)
4(e), 10(b)	Amendment No. 1 to the Wachovia Credit Agreement
10(c)	The Company's Amended and Restated Stock Option Plan, as amended (4)
10(d)	The Company’s 2000 Non-Executive Stock Option Plan (5)
10(e)	The Company's 1989 Non-Employee Director's Stock Option Plan, as amended (6)
10(f)	The Company's Non-Qualified Savings Plan (7)
10(g)	The Company's Deferred Compensation Plan (7)
10(h)	The Company’s 2002 Omnibus Incentive Compensation Plan (“Omnibus Plan”) (8)
10(i)	Amendment No. 1 to Omnibus Plan (7)
10(j)	Form of Restricted Stock Award (7)
10(k)	Form of Stock Option Award under the Amended and Restated Stock Option Plan (7)
10(l)	Form of Stock Option Award under the Omnibus Plan (7)
10(m)	Executive Employment Agreement dated as of August 1, 2005 between Michael A. Woodhouse and the Company (7)
10(n)	Change-in-control Agreement for Lawrence E. White dated 10/13/1999 (4)
10(o)	Change-in-control Agreement for N.B. Forrest Shoaf dated 5/12/2005 (7)
10(p)	Change-in-control Agreement for Patrick A. Scruggs dated October 13, 1999 (8)
10(q)	Change-in-control Agreement for Simon Turner dated 8/14/06 (9)
10(r)	Change-in-control Agreement for Diana Wynne dated 6/22/06 (10)
10(s)	Change-in-control Agreement for Ed Greene dated 6/22/06 (10)
10(t)	Change-in-control Agreement for Doug Barber dated 8/14/06 (9)
10(u)	Change-in-control Agreement for Terry Maxwell dated 8/14/06 (9)
10(v)	Change-in-control Agreement for Rob Harig dated 8/23/06

10(w)	Master Lease dated July 31, 2000 between Country Stores Property I, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 21 Cracker Barrel Old Country Store® sites (11)
10(x)	Master Lease dated July 31, 2000 between Country Stores Property I, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 9 Cracker Barrel Old Country Store® sites*
10(y)	Master Lease dated July 31, 2000 between Country Stores Property II, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 23 Cracker Barrel Old Country Store® sites*
10(z)	Master Lease dated July 31, 2000 between Country Stores Property III, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 12 Cracker Barrel Old Country Store® sites*
10(aa)	2005 Mid-Term Incentive and Retention Plan (12)
10(bb)	2005 Annual Bonus Plan (12)
10(cc)	2006 Long-Term Incentive Plan (13)
10(dd)	2006 Annual Bonus Plan (13)
10(ee)	CBRL Group, Inc. Targeted Retention Plan (13)
10(ff)	CBRL Group, Inc. Stock Ownership Achievement Incentive Plan (13)
10(gg)	Form of Mid-Term Incentive and Retention Plan Award Notice (7)
10(hh)	Success Plan (14)
10(ii)	Form of Success Award (14)
10(jj)	2007 Annual Bonus Plan (15)
10(kk)	2007 Mid-Term Incentive and Retention Plan (15)
10(ll)	CBRL Group, Inc. Severance Benefits Policy (15)
10(mm)	2008 Annual Bonus Plan
10(nn)	2008 Long-Term Performance Plan
10(oo)	Retirement Agreement (16)
13	Pertinent portions of the Company's 2007 Annual Report to Shareholders that are incorporated by reference into this Annual Report on Form 10-K.
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm - Deloitte & Touche LLP
31	Rule 13a-14(a)/15d-14(a) Certifications
32	Section 1350 Certifications

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

(1) Incorporated by reference to the Company's Registration Statement on Form S-4/A under the Securities Act of 1933 ("Securities Act") (File No. 333-62469), filed October 9, 1998.

(2) Incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K under the Securities Exchange Act of 1934 ("Exchange Act"), filed September 21, 1999.

(3) Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended April 28, 2006.

(4) Incorporated by reference to Exhibits 10(g) and 10(q) to the Company's Annual Report on Form 10-K under the Exchange Act for the fiscal year ended July 30, 1999.

(5) Incorporated by reference to Exhibit 10(i) to the Company's Annual Report on Form 10-K under the Exchange Act for the fiscal year ended August 2, 2002.

(6) Incorporated by reference to the Cracker Barrel Old Country Store, Inc. Annual Report on Form 10-K under the Exchange Act for the fiscal year ended August 2, 1991 (File No. 0-7536).

(7) Incorporated by reference to Exhibits 10(f), 10(i), 10(j), 10(k), 10(l), 10(m), 10(u), and 10(ee) to the Company's Annual Report on Form 10-K under the Exchange Act for fiscal year ended July 29, 2005.

(8) Incorporated by reference to Exhibit 10(i) to the Company's Annual Report on Form 10-K under the Exchange Act for the fiscal year ended August 1, 2003.

(9) Incorporated by reference to Exhibits 10.2, 10.3 and 10.4 to the Company's Current Report on Form 8-K under the Exchange Act, filed August 15, 2006.

(10) Incorporated by reference to Exhibits 10.1 and 10.2 to the Company's Annual Report on Form 10-K under the Exchange Act for fiscal year ended July 28, 2006.

(11) Incorporated by reference to Exhibit 10.R to the Company's Annual Report on Form 10-K under the Exchange Act for the fiscal year ended July 28, 2000.

(12) Incorporated by reference to Exhibits 10.2 and 10.3 to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended October 29, 2004.

(13) Incorporated by reference to Item 1.01 and Exhibits 10.1, 10.2 and 10.3 to the Company's Current Report on Form 8-K under the Exchange Act, filed August 1, 2005.

(14) Incorporated by reference to Exhibits 99.D.12 and 99.D.13 to the Company's Schedule TO-I filed with the Commission on March 31, 2006.

(15) Incorporated by reference to Exhibits 10.1, 10.2 and 10.3 to the Company's Current Report on Form 8-K under the Exchange Act, filed August 1, 2006.

(16) Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K under the Exchange Act, filed September 21, 2007.

Execution Copy

AMENDMENT NO. 1 TO THE CREDIT AGREEMENT

Dated as of April 24, 2007

AMENDMENT NO. 1 TO THE CREDIT AGREEMENT (this "***Amendment***") among CBRL GROUP, INC., a Tennessee corporation (the "***Borrower***"), the banks, financial institutions and other institutional lenders parties to the Credit Agreement referred to below (collectively, the "***Lenders***") and WACHOVIA BANK, NATIONAL ASSOCIATION., as administrative agent (in such capacity, the "***Agent***") for the Lenders.

PRELIMINARY STATEMENTS:

(1) The Borrower, the Guarantors, the Lenders and the Agent have entered into a Credit Agreement dated as of April 27, 2006 (the "***Credit Agreement***"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Borrower has requested that the Required Lenders agree to amend certain provisions of the Credit Agreement.

(3) The Required Lenders are, on the terms and conditions stated below, willing to grant the request of the Borrower and the Borrower and the Required Lenders have agreed to amend the Credit Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the sufficiency and receipt of all of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. <u>Amendment to Credit Agreement</u>. Effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2, Article V of the Credit Agreement is hereby amended by (a) amending and restating Section 5.02(g)(iv), such Section to read in full as follows:

> " (iv) the Borrower may repurchase, acquire or redeem the Convertible Notes and/or any notes exchanged ("***New Notes***") for such Convertible Notes (and/or any common stock into which such Convertible Notes or New Notes are converted) with the proceeds of the Term B-2 Facility and/or cash on hand;"

and (b) amending and restating Section 5.02(j)(i)(C), such Section to read in full as follows:

> "(iv)(C) the conversion of subordinated debt into equity in accordance with its terms and any transaction permitted by Section 5.02(g)(iv);"

SECTION 2. <u>Conditions to Effectiveness</u>. This Amendment shall become effective when, and only when, the Agent shall have received (a) counterparts of this Amendment executed by the Borrower and the Required Lenders or, as to any of the Lenders, advice satisfactory to the Agent that such Lender has executed this Amendment, (b) the consent attached hereto (the "***Consent***") executed by each Guarantor and (c) payment in full of all expenses of counsel for the Agent in connection with this Amendment and the Credit Agreement.

SECTION 3. Reference to and Effect on the Credit Agreement(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in any of the Loan Documents to "the Credit Agreement", "thereunder", "thereof", or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, as specifically modified by this Amendment, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Amendment.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent, nor constitute a waiver of any provision of the Credit Agreement.

SECTION 4. Costs and Expenses. The Borrower agrees to pay on demand all costs and expenses of the Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CBRL GROUP, INC., as Borrower

By /s/ Lawrence E. White

Name: Lawrence E. White

Title: Senior Vice President-Finance and Chief Financial Officer

WACHOVIA BANK, NATIONAL ASSOCIATION, as
Agent and Lender

By /s/ Jorge A. Gonzalez
Name: Jorge A. Gonzalez
Title: Managing Director

CONSENT

Dated as of April 24, 2007

Each of the undersigned, in connection with each of the Collateral Documents and the Guaranty referred to in the Credit Agreement dated as of April 27, 2006 (the "***Credit Agreement***") among CBRL GROUP, INC., the Guarantors named therein, the Lenders and agents named therein, and WACHOVIA BANK, NATIONAL ASSOCIATION, as administrative agent, hereby consents to the foregoing Amendment No. 1 to the Credit Agreement (the "***Amendment***") and hereby confirms and agrees that notwithstanding the effectiveness of such Amendment, (a) the Guaranty is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of the Amendment, each reference in the Guaranty to the "Credit Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Credit Agreement, as amended by the Amendment and (b) the Collateral Documents and all of the Collateral described therein do, and shall continue to, secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Amendment.

CB MUSIC, LLC

By /s/ N.B. Forrest Shoaf
Name: N.B. Forrest Shoaf
Title: Assistant Secretary

CBOCS DISTRIBUTION, INC.

By /s/ N.B. Forrest Shoaf
Name: N.B. Forrest Shoaf
Title: Assistant Secretary

CBOCS PARTNER I, LLC

By /s/ Michael J. Zylstra
Name: Michael Zylstra
Title: Secretary

CBOCS PARTNER II, LLC

By /s/ Ursula Holmes
Name: Ursula Holmes
Title: President

CBOCS PENNSYLVANIA, LLC

By /s/ N.B. Forrest Shoaf
Name: N.B. Forrest Shoaf
Title: Assistant Secretary

CBOCS PROPERTIES, INC.

By /s/ Ursula Holmes
Name: Ursula Holmes
Title: President

CBOCS SUPPLY, INC.

By /s/ Michael J. Zylstra
Name: Michael Zylstra
Title: Secretary

CBOCS TEXAS LIMITED PARTNERSHIP

By: CBOCS Partner I, LLC, its general partner

By /s/ Michael J. Zylstra
Name: Michael Zylstra
Title: Secretary

CBOCS WEST, INC.

By /s/ N.B. Forrest Shoaf
Name: N.B. Forrest Shoaf
Title: Assistant Secretary

CRACKER BARREL OLD COUNTRY STORE, INC.

By /s/ N.B. Forrest Shoaf
Name: N.B. Forrest Shoaf
Title: Assistant Secretary

ROCKING CHAIR, INC.

By /s/ Mindy Riddle
Name: Mindy Riddle
Title: President

GUN BARREL ROAD LOGAN’S, INC.

By /s/ N.B. Forrest Shoaf
Name: N.B. Forrest Shoaf
Title: Secretary

Exhibit 10(v)

[CBRL GROUP, INC. LOGO]

Post Office Box 787
Lebanon, Tennessee 37088
Phone 615.443.9869
Fax 615.443.9818
cbrlgroup.com

August 14, 2006

GII

Robert J. Harig
613 Bayhill Court
Hermitage, TN 37076

Re: Employee Retention Agreement

Dear Rob:

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

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

1.1 "**Cause**" means any one of the following:

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

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

Company’s assets.

1.3 "**<u>Change in Control Period</u>**" means a 2-year year period beginning the day after a Change in Control occurs.

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

2. **<u>TERMINATION OF EMPLOYMENT; SEVERANCE</u>.** Your immediate supervisor or the Company's Board of Directors may terminate your employment, with or without cause, at any time by giving you written notice of your termination, such termination of employment to be effective on the date specified in the notice. You also may terminate your employment with the Company at any time. The effective date of termination (the "Effective Date") shall be the last day of your employment with the Company, as specified in a notice by you, or if you are terminated by the Company, the date that is specified by the Company in its notice to you. The following subsections set forth your rights to severance in the event of the termination of your employment in certain circumstances by either the Company or you. Section 5 also sets forth certain restrictions on your activities if your employment with the Company is terminated, whether by the Company or you. That section shall survive any termination of this Agreement or your employment with the Company.

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

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

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

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

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

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

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

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

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

6. <u>GENERAL PROVISIONS</u>.

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

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

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

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

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

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

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

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

6.9 <u>Certain Additional Payments by the Company</u>.

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

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

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

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

CBRL GROUP, INC.

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

The foregoing is fully agreed to and accepted by:

Date: August 23, 2006

Employee's Signature: /s/ Robert J. Harig

Please Print or Type Name: Robert J. Harig

Please Print or Type Title: Sr. V.P. Human Resources

Exhibit 10(mm)

CBRL GROUP, INC.
and
SUBSIDIARIES

FY 2008 Annual Bonus Plan

ARTICLE I
General

1.1 Establishment of the Plan. Pursuant to the 2002 Omnibus Incentive Compensation Plan (the "Omnibus Plan"), the Compensation and Stock Option Committee (the "Committee") of the Board of Directors of CBRL Group, Inc. (the “Company”) hereby establishes this FY 2008 Annual Bonus Plan (the "ABP").

1.2 Plan Purpose. The purpose of this ABP is to specify appropriate opportunities to earn a bonus with respect to the Company’s 2008 fiscal year (an “Annual Bonus”) in order to reward officers of the Company and of its subsidiaries for the Company's financial performance during fiscal year 2008 and to further align their interests with those of the shareholders of the Company.

1.3 ABP Subject to Omnibus Plan. This ABP is established pursuant to, and it comprises a part of the Omnibus Plan. Accordingly, all of the terms of the Omnibus Plan are incorporated in this ABP by reference as if included verbatim. In case of a conflict between the terms and conditions of the ABP and the Omnibus Plan, the terms and conditions of the Omnibus Plan shall supersede and control the issue.

ARTICLE II
Definitions

2.1 Omnibus Plan Definitions. Capitalized terms used in this ABP without definition have the meanings ascribed to them in the Omnibus Plan, unless otherwise expressly provided.

2.2 Other Definitions. In addition to those terms defined in the Omnibus Plan and elsewhere in this ABP, whenever used in this ABP, the following terms have the meanings set forth below:

(a) “2008 Operating Income” means, operating income during the 2008 fiscal year, excluding extraordinary gains or losses and the effects of any sale of assets (other than in the ordinary course of business).

(b) “2008 Plan Income” means the Company’s operating income as set forth in the 2008 annual plan approved by the Board of Directors within the first 90 days of the Performance Period.

(c) “Maximum Performance Income” means a multiple of 2008 Plan Income approved by the Board of Directors within the first 90 days of the Performance Period.

(d) “Performance Period” means the Company's 2008 fiscal year.

(e) "Qualified Performance Factor" is the degree of achievement of 2008 Plan Income, and it ranges from 60% (at Threshold Income) to a high of 200%, calculated as set forth below. Below Threshold Income, the Qualified Performance Factor and the Annual Bonus will be 0%.

2008 Operating Income Achieved	ABP Component
- Less than Threshold Income	0
- Threshold Income	60%
- Above Threshold Income up to 2008 Plan Income	Ratably between 60% and 100%
-Above 2008 Plan Income up to Maximum Performance Income	Ratably between 100% and 200%

(f) “Target Bonus” means an Award equal to a Participant's applicable annual base salary established within the first 90 days of the Performance Period or, in the case of new hires or Participants who are promoted, established at the time of hiring or promotion and the portion of fiscal year 2008 for which the salary is applicable, consistent with those established for the same or similar position by the Committee within the first 90 days of the Performance Period, multiplied by that Participant's Target Percentage.

(g) “Target Percentage” means a percentage applicable to each Participant that has been established by the Committee within the first 90 days of the Performance Period or, in the case of new hires or Participants who are promoted, established at the time of hiring or promotion, consistent with those established for the same or similar position by the Committee within the first 90 days of the Performance Period.

(h) "Threshold Income" means the Company’s operating income in fiscal year 2007.

ARTICLE III
Eligibility; Calculation and Payment of Awards

3.1 Eligibility. The Participants in the ABP shall be those persons designated by the Committee during the first 90 days of the Company's 2008 fiscal year, and those hired or promoted during the fiscal year and at that time designated as Participants by the Committee.

3.2 Calculation and Payment of Awards. After the close of the Performance Period, the Committee shall certify in writing the achievement of the applicable Qualified Performance Factor and the amounts of any Annual Bonus payable to each Participant under the applicable formula and standards. The Annual Bonus due any Participant shall be calculated by multiplying the Qualified Performance Factor by the Target Bonus. Any Annual Bonus due shall be paid within a reasonable time after certification of the achievement of the Qualified Performance Factor by the Committee.

ARTICLE IV
Termination of Employment

4.1 Termination of Employment. Except upon death or disability, if, prior to the certification of the Award as set forth in Section 3.2, a Participant’s employment is terminated or the Participant voluntarily resigns, all of the Participant’s rights to an Annual Bonus shall be forfeited. If a Participant’s employment is terminated because of a Participant's death or disability, the Annual Bonus shall be reduced to reflect only the period of employment prior to termination. The adjusted Award shall be based upon the number of days of employment during the Performance Period. In the case of a Participant’s disability, the employment termination shall be deemed to have occurred on the date the Committee determines that the disability has occurred, pursuant to the Company’s then-effective group long-term disability insurance benefit for officers. The pro-rated Award thus determined shall be payable at the time specified in Section 3.2.

Exhibit 10(nn)

CBRL GROUP, INC.
and
SUBSIDIARIES

FY 2008 Long-Term Performance Plan

ARTICLE I
General

1.1 Establishment of the Plan. Pursuant to the 2002 Omnibus Incentive Compensation Plan (the "Omnibus Plan"), the Compensation and Stock Option Committee (the "Committee") of the Board of Directors of CBRL Group, Inc. (the "Company") hereby establishes this FY 2008 Long-Term Performance Plan (the "LTPP").

1.2 Plan Purpose. The purposes of this LTPP are to reward officers of the Company and its subsidiaries for the Company's financial performance during fiscal years 2008 and 2009, to attract and retain the best possible executive talent, to motivate officers to focus attention on long-term objectives and strategic initiatives, and to further align their interests with those of the shareholders of the Company.

1.3 LTPP Subject to Omnibus Plan. This LTPP is established pursuant to, and it comprises a part of the Omnibus Plan. Accordingly, all of the terms and conditions of the Omnibus Plan are incorporated in this LTPP by reference as if included verbatim. In case of a conflict between the terms and conditions of the LTPP and the Omnibus Plan, the terms and conditions of the Omnibus Plan shall supersede and control the issue.

ARTICLE II
Definitions

2.1 Omnibus Plan Definitions. Capitalized terms used in this LTPP without definition have the meanings ascribed to them in the Omnibus Plan, unless otherwise expressly provided.

2.2 Other Definitions. In addition to those terms defined in the Omnibus Plan and elsewhere in this LTPP, whenever used in this LTPP, the following terms have the meanings set forth below:

(a) "Average EBIT Margin" means the percentage determined by dividing: (1) EBIT; by (2) Revenue.

(b) "Cause," in addition to those reasons specified in the Omnibus Plan, also includes unsatisfactory performance or staff reorganizations.

(c) "Distribution Date" means the first business day of the Company's 2011 fiscal year.

(d) "EBIT", or operating income, means the cumulative total of the Company's net income *plus* interest *plus* income taxes during the Performance Period excluding extraordinary gains or losses, the effects of any sales of assets (other than in the ordinary course of business) and the effects of LTPP Awards or awards under the Company's annual bonus plans in fiscal years 2008 and 2009.

(e) "LTPP Award" means an Award of Performance Shares as provided in this LTPP which Performance Shares, once determined and earned as of the end of the Performance Period in accordance with this LTPP and the applicable Qualified Performance Measures, shall vest, without further or additional conditions, at the end of the Company's 2010 fiscal year.

(f) "Performance Factor" means that percentage that is determined by reference to the award matrix attached hereto as *Schedule 1*, based upon the relative attainment of the Qualified Performance Measures during the Performance Period.

(g) "Performance Period" means the Company's fiscal years 2008 and 2009.

(h) "Qualified Performance Measures" for the purposes of this LTPP shall mean a combination of Revenue and Average EBIT Margin, as reflected on the award matrix attached hereto as *Schedule 1*.

(i) "Retirement" (or the correlative "Retire" or "Retires") means the voluntary termination of employment by a Participant in good standing under this LTPP at a time when the Participant meets the definition of Retirement Eligible.

(j) "Retirement Eligible" means the Participant's age and years of service with the Company, its predecessors or subsidiaries, is equal to or greater than 65 as measured on the first day of a fiscal year.

(k) "Revenue" means the cumulative total of the Company's revenue during the Performance Period excluding extraordinary gains or losses and the effects of any sale of assets (other than the opening of restaurant facilities by the Company or a Subsidiary in the ordinary course of business, or the sale of inventories in the ordinary course of business).

(l) "Target Award" means that number shares of Common Stock determined by dividing: (1) an amount equal to a Participant's base salary for the Company's 2008 fiscal year that is established within the first 90 days of the Performance Period or, in the case of new hires or Participants who are promoted, established at the time of hiring or promotion and based on the portion of the Performance Period for which the salary is applicable, *multiplied by* that Participant's Target Percentage, *multiplied by* two; by (2), the Fair Market Value on the last trading day of the Company's 2007 fiscal year.

(m) "Target Percentage" means a percentage applicable to each Participant that has been established by the Committee within the first 90 days of the Performance Period or, in the case of new hires or Participants who are promoted, established at the time of hiring or promotion, consistent with those established for the same or similar position by the Committee within the first 90 days of the Performance Period.

ARTICLE III
Eligibility and Participation

3.1 Eligibility. The Participants in the LTPP shall be those persons designated by the Committee during the first 90 days of the Performance Period or new hires or those persons who may be promoted and are designated as Participants by the Committee at the time of hiring or promotion. No new Participants are eligible after the first fiscal quarter of the Company's 2009 fiscal year.

ARTICLE IV
Awards

4.1 LTPP Awards. Each Participant's LTPP Award shall be equal to that number of shares of Common Stock determined by multiplying the Target Award by the Performance Factor rounded down to the nearest whole share.

4.2 Certification of LTPP Awards. After the end of the Performance Period, the Committee shall certify in writing whether the Qualified Performance Measures have been met and the amount, if any, of any LTPP Awards payable hereunder. The Performance Shares comprising each LTPP Award shall thereafter be distributed, subject to forfeiture or lapse as provided in this LTPP, to each Participant on or promptly following the Distribution Date.

4.3 Restrictions. Notwithstanding that the Performance Shares comprising any LTPP Award hereunder may be earned at the end of the Performance Period, those Performance Shares shall not vest or otherwise become distributable to a Participant, nor, except as expressly provided herein, shall a Participant have any of the rights of a shareholder of the Company with respect to the Performance Shares, until the Distribution Date.

4.4 Dividends. Dividends payable on Common Stock after the Performance Period but before the Distribution Date shall accrue on Performance Shares earned pursuant to this LTPP and they shall be payable, without interest, to Participants along with the Performance Shares on or promptly following the Distribution Date. Except as set forth in the preceding sentence, Participants shall have no rights as shareholders with respect to any Performance Shares until after the Distribution Date.

ARTICLE V
Termination of Employment

5.1 Termination of Employment Other Than For Cause.

(a) If, prior to the end of the Performance Period, a Participant's employment is terminated due to death, disability or Retirement, any LTPP Award shall be reduced to reflect only employment prior to that termination. The reduced LTPP Award shall be based upon the number of calendar months of employment from the beginning of the Performance Period until the date of such termination. In the case of a Participant's disability, the employment termination shall be deemed to have occurred on the date the Committee determines that the disability has occurred, pursuant to the Company's then-effective group long-term disability insurance benefit for officers. The pro-rated LTPP Award thus determined shall be payable at the time specified in Section 4.2.

(b) If, after the end of the Performance Period but prior to the Distribution Date, a Participant Retires or a Participant's employment is terminated due to death or disability, any LTPP Award earned as of the end of the Performance Period shall be payable at the time specified in Section 4.2.

5.2 Termination of Employment For Cause or Voluntary Resignation. If, prior to the Distribution Date, a Participant's employment is terminated for Cause (of which the Committee shall be the sole judge), or the Participant voluntarily resigns (other than through Retirement (as provided in Section 5.1(b)) or disability), all of the Participant's rights to an LTPP Award shall be forfeited.

ARTICLE VI
Change in Control

6.1 Effect of Change in Control. Notwithstanding anything to the contrary in this LTPP, in the event of a Change in Control prior to the Distribution Date, the following provisions shall apply:

(a) if the Change in Control occurs during the Company's 2008 fiscal year, any Participant whose LTPP Award has not expired or been forfeited shall be deemed to have been earned an LTPP Award equal to 50% of the Target Award.

(b) If the Change in Control occurs during the Company's 2009 fiscal year, any Participant whose LTPP Award has not expired or been forfeited shall be deemed to have been earned an LTPP Award equal to the Target Award.

(c) If the Change in Control occurs after the end of the Performance Period but prior to the Distribution Date, any LTPP Award that has been earned shall become fully vested effective the day prior to the date of the Change in Control.

(d) Any LTPP Award determined or accelerated pursuant to this Article VI shall be paid to the Participant as soon as administratively possible, but no later than 30 days following a Change in Control.

Schedule I omitted pursuant to Instruction 4 to Item 402(b) of Regulation S-K

Exhibit 13

CBRL Group, Inc.
Selected Financial Data

(Dollars in thousands except share data)
For each of the fiscal years ended

	August 3, 2007[(a)(b)]	July 28, 2006[(b)(f)]	July 29, 2005[(b)(g)]	July 30, 2004[(b)(h)]	August 1, 2003[(b)]
Selected Income Statement Data:					
Total revenue	$ 2,351,576	$ 2,219,475	$ 2,190,866	$ 2,060,463	$ 1,923,545
Income from continuing operations	75,983	95,501	105,363	93,260	91,580
Income from discontinued operations, net of tax	86,082	20,790	21,277	18,625	13,528
Net income	162,065	116,291	126,640	111,885	105,108
Basic net income per share:					
Income from continuing operations	2.75	2.23	2.20	1.91	1.86
Income from discontinued operations	3.11	0.48	0.45	0.38	0.27
Net income per share	5.86	2.71	2.65	2.29	2.13
Diluted net income per share:					
Income from continuing operations	2.52	2.07	2.05	1.78	1.73
Income from discontinued operations	2.71	0.43	0.40	0.34	0.24
Net income per share	5.23	2.50	2.45	2.12	1.97
Dividends paid per share[(c)]	$ 0.55	$ 0.51	$ 0.47	$ 0.33	$ 0.02
As Percent of Revenues:					
Cost of goods sold	31.7%	31.8%	32.7%	33.0%	32.1%
Labor and related expenses	38.0	37.6	37.5	37.6	37.9
Impairment and store closing charges	--	0.2	--	--	--
Other store operating expenses	17.4	17.3	16.9	16.5	16.7
Store operating income	12.9	13.1	12.9	12.9	13.3
General and administrative expenses	5.7	5.8	5.2	5.4	5.7
Operating Income	7.2	7.3	7.7	7.5	7.6
Income before income taxes	5.0	6.3	7.3	7.1	7.2
Memo: Depreciation and amortization	2.4	2.6	2.5	2.6	2.8
Share-based compensation	0.6	0.5	--	--	--
Selected Balance Sheet Data:					
Working capital (deficit) [(i)]	$ (74,388)	$ (6,280)	$ (80,060)	$ (20,808)	$ (50,976)
Current assets from discontinued operations	--	401,222	362,656	322,642	299,925
Total assets	1,265,030	1,681,297	1,533,272	1,435,704	1,327,165
Long-term debt	756,306	911,464	212,218	185,138	186,730
Other long-term obligations	67,499	55,128	38,862	28,411	24,003
Shareholders' equity	104,123	302,282	869,988	873,336	789,362
Selected Cash Flow Data:					
Purchase of property and equipment, net of insurance recoveries, from continuing operations	$ 96,447	$ 89,167	$ 124,624	$ 108,216	$ 90,647
Share repurchases	405,531	704,160	159,328	69,206	166,632
Selected Other Data:					
Common shares outstanding at end of year	23,674,175	30,926,906	46,619,803	48,769,368	47,872,542
Stores open at end of year:					
Cracker Barrel	562	543	529	504	480

Average Unit Volumes (d):					
Cracker Barrel restaurant	$ 3,339	$ 3,248	$ 3,291	$ 3,217	$ 3,157
Cracker Barrel retail	917	876	959	988	939
Comparable Store Sales(e):					
Period to period increase (decrease) in comparable store sales:					
Cracker Barrel restaurant	0.7%	(1.1)%	3.1%	2.0%	0.5%
Cracker Barrel retail	3.2	(8.1)	(2.7)	5.3	(0.4)
Memo: Number of Cracker Barrel stores in comparable base	507	482	466	445	430

(a) Fiscal 2007 consisted of 53 weeks while all other periods presented consisted of 52 weeks. As a result, comparisons to fiscal 2006 also reflect the impact of having one additional week in fiscal 2007 than in fiscal 2006. The estimated impact of the additional week was to increase consolidated fiscal 2007 results as follows: total revenue, $46,283; store operating income, 0.1% of total revenue ($9,659); operating income, 0.2% of total revenue ($7,795); income from continuing operations, 0.1% of total revenue ($4,365); and diluted income from continuing operations per share, $0.14. We completed a 5,434,774 common share tender offer and repurchased 3,339,656 common shares in the open market (see Note 7 to the Consolidated Financial Statements). We redeemed our zero coupon convertible notes (see Note 8 to the Consolidated Financial Statements).

(b) Due to the divestiture of Logan's Roadhouse, Inc. ("Logan's") in fiscal year 2007, Logan's is presented as a discontinued operation and all prior periods presented have been restated to reflect Logan's as a discontinued operation. Consistent with our Consolidated Financial Statements, this information has been presented on a continuing operations basis. Accordingly, the activities related to Logan's have been excluded.

(c) On September 21, 2006, our Board of Directors (the "Board") increased the quarterly dividend to $0.14 per share per quarter (an annual equivalent of $0.56 per share) from $0.13 per share per quarter. We paid dividends of $0.14 per share during the second, third and fourth quarters of 2007. Additionally, on September 20, 2007, the Board increased the quarterly dividend to $0.18 per share, declaring a dividend payable on November 5, 2007 to shareholders of record on October 19, 2007.

(d) Fiscal 2007 includes a 53rd week while all other periods presented consist of 52 weeks.

(e) Comparable store sales and traffic consist of sales and calculated number of guests, respectively, of units open six full quarters at the beginning of the year; and are measured on comparable calendar weeks.

(f) Includes charges of $5,369 before taxes for impairment and store closing costs from continuing operations. We completed a 16,750,000 common share repurchase by means of a tender offer (see Note 7 to the Consolidated Financial Statements). We adopted SFAS 123R, "Share-Based Payment," on July 30, 2005 (see Note 10 to the Consolidated Financial Statements).

(g) Includes charges of $431 before taxes for impairment costs.

(h) Includes in general and administrative expense charges of $5,210 before taxes, as a result of settlement of certain lawsuits against our Cracker Barrel Old Country Store, Inc. ("Cracker Barrel") subsidiary.

(i) Working capital (deficit) excludes discontinued operations.

MARKET PRICE AND DIVIDEND INFORMATION

The following table indicates the high and low sales prices of our common stock, as reported by The Nasdaq Global Market, and dividends paid for the quarters indicated.

	Fiscal Year 2007			Fiscal Year 2006		
	Prices		Dividends Paid	Prices		Dividends Paid
	High	Low		High	Low	
First	$43.93	$32.04	$0.13	$41.45	$33.11	$0.12
Second	47.61	42.03	0.14	45.00	33.95	0.13
Third	50.74	44.18	0.14	47.95	39.75	0.13
Fourth	47.50	36.72	0.14	41.12	32.27	0.13

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

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. The discussion should be read in conjunction with the Consolidated Financial Statements and notes thereto. All dollar amounts reported or discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are shown in thousands. References in MD&A to a year or quarter are to our fiscal year or quarter unless otherwise noted.

EXECUTIVE OVERVIEW

CBRL Group, Inc. (the "Company," "our" or "we") is a publicly traded (Nasdaq: CBRL) holding company that, through certain subsidiaries, is engaged in the operation and development of the Cracker Barrel Old Country Store® ("Cracker Barrel") restaurant and retail concept. Until December 6, 2006, we also owned the Logan's Roadhouse® ("Logan's") restaurant concept, but we divested Logan's at that time (see Note 3 to our Consolidated Financial Statements). As a result, Logan's is presented as discontinued operations in the Consolidated Financial Statements and the accompanying notes to the Consolidated Financial Statements for all periods presented. Unless otherwise noted, this MD&A relates only to results from continuing operations.

Restaurant Industry

Cracker Barrel operates in the full-service segment of the restaurant industry in the United States. The restaurant business is highly competitive with respect to quality, variety and price of the food products offered. The industry is often affected by changes in the taste and eating habits of the public, local and national economic conditions affecting spending habits, population and traffic patterns. There are many segments within the restaurant industry, which overlap and often provide competition for widely diverse restaurant concepts. Competition also exists in securing prime real estate locations for new restaurants, in hiring qualified employees, in advertising, in the attractiveness of facilities and among competitors with similar menu offerings or convenience.

Additionally, seasonal, economic and weather conditions also affect the restaurant business. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby attributing to higher profits in our fourth quarter. While retail sales in Cracker Barrel are made substantially to restaurant customers, such sales are strongest in the second quarter, which includes the Christmas holiday shopping season. Increases in gasoline and energy prices that began in 2004 and have continued through 2007, among other things, appear to have affected consumer discretionary income and dining out habits. Severe weather can and has affected sales adversely from time to time.

Key Performance Indicators

Management uses a number of key performance measures to evaluate our operational and financial performance, including the following:

Comparable store sales and traffic consist of sales and calculated number of guests, respectively, of units open six full quarters at the beginning of the year; and are measured on comparable calendar weeks. This measure highlights performance of existing stores as the impact of new store openings is excluded.

Percentage of retail sales to total sales indicates the relative proportion of spending by guests on retail product at Cracker Barrel stores and helps identify overall effectiveness of our retail operations and initiatives. Management uses this measure to analyze a store's ability to convert restaurant traffic into retail sales since the substantial majority of our retail guests are also restaurant guests.

Average check per person is an indicator which management uses to analyze the dollars spent in our stores per guest. This measure aids management in identifying trends in guest preferences as well as the effectiveness of menu price increases and other menu changes.

Store operating margins are defined as total revenue less cost of goods sold, labor and other related expenses and other store operating expenses, all as a percent of restaurant sales. Management uses this indicator as a primary measure of operating profitability.

Results of Operations

During 2007, we completed the strategic initiatives that we began in 2006, which included the divestiture of Logan's, substantial share repurchases, and the redemption of our convertible debt. We also benefited from an additional week in 2007, which resulted in an increase in revenues from continuing operations of $46,283. Excluding the 53rd week, total revenue from continuing operations increased 3.9% in 2007 as compared to fiscal 2006. Operating income margin from continuing operations was 7.2% of total revenue in 2007 compared to 7.3% in 2006. Income from continuing operations for 2007 decreased 20.4% primarily due to net interest expense associated with our recapitalization initiative that we began in 2006 as well as a higher effective income tax rate partially offset by the benefit of the additional week in 2007. Diluted income from continuing operations per share increased 21.7% due to the reduction in shares outstanding associated with our restructuring and related stock repurchase programs.

The following table highlights operating results over the past three years:

	Relationship to Total Revenue			Period to Period Increase (Decrease)	
	2007	2006	2005	2007 vs 2006	2006 vs 2005
Total revenue	100.0%	100.0%	100.0%	6%	1%
Cost of goods sold	31.7	31.8	32.7	5	(2)
Gross profit	68.3	68.2	67.3	6	3
Labor and other related expenses	38.0	37.6	37.5	7	1
Impairment and store closing charges	--	0.2	--	(100)	--
Other store operating expenses	17.4	17.3	16.9	7	4
Store operating income	12.9	13.1	12.9	5	3
General and administrative	5.7	5.8	5.2	6	13
Operating income	7.2	7.3	7.7	4	(4)
Interest expense	2.5	1.0	0.4	168	159
Interest income	0.3	--	--	918	--
Income before income taxes	5.0	6.3	7.3	(17)	(12)
Provision for income taxes	1.8	2.0	2.5	(10)	(18)
Income from continuing operations	3.2	4.3	4.8	(20)	(9)
Income from discontinued operations, net of tax	3.7	0.9	1.0	314	(2)
Net income	6.9	5.2	5.8	39	(8)
Memo: Depreciation and amortization	2.4	2.6	2.5	1	4
Memo: Share-based compensation included in general and administrative	0.6	0.5	--	12	--

Total Revenue

The following table highlights the components of total revenue by percentage relationships to total revenue for the past three years:

	2007	2006	2005
Total Revenue:			
Cracker Barrel restaurant	78.4%	78.8%	77.4%
Cracker Barrel retail	21.6	21.2	22.6
Total revenue	100.0%	100.0%	100.0%

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

	Cracker Barrel Period to Period Increase (Decrease)	
	2007 vs 2006 (507 Stores)	2006 vs 2005 (482 Stores)
Restaurant	0.7%	(1.1)%
Retail	3.2	(8.1)
Restaurant & Retail	1.2	(2.7)

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

Cracker Barrel comparable store restaurant sales averaged $3,350 per store on a 53-week basis in 2007. Comparable store restaurant sales increased 0.7% versus 2006 on a comparable calendar week basis. Comparable store restaurant sales decreased 1.1% in 2006 on a 52-week basis versus 2005. The increase in comparable store restaurant sales from 2006 to 2007 was due to an increase in average check of 1.4%, including a 1.4% average menu price increase, and a decrease in guest traffic of 0.7%.

Cracker Barrel comparable store retail sales averaged $914 per store on a 53-week basis in 2007. Comparable store retail sales increased 3.2% versus 2006 on a comparable calendar week basis. Comparable store retail sales decreased 8.1% in 2006 on a 52-week basis versus 2005. The comparable store retail sales increase from 2006 to 2007 resulted from a more appealing retail merchandise selection, particularly for seasonal merchandise, than in the prior year. This increase was partially offset by smaller clearance sales, restaurant guest traffic decreases and the effects of uncertain consumer sentiment and reduced discretionary spending.

In 2007 total net sales (restaurant and retail) in the 507 Cracker Barrel comparable stores averaged $4,264 on a 53-week basis. Retail sales were 21.4% of total net sales in the comparable 507 stores in 2007 and 21.0% in 2006.

Total revenue, which increased 6.0% and 1.3% in 2007 and 2006, respectively, benefited from the opening of 19, 21 and 25 Cracker Barrel stores in 2007, 2006 and 2005, respectively, partially offset by the closing of 7 Cracker Barrel stores in February 2006. Total revenue in 2007 also benefited from the additional week in fiscal 2007, which resulted in an increase in revenues from continuing operations of $46,283. Average weekly sales (net sales divided by operating weeks) were approximately $63.0 per week for Cracker Barrel restaurants in 2007 (compared with $62.5 in 2006 and $63.3 in 2005) and $17.3 for Cracker Barrel retail (compared with $16.8 for 2006 and $18.4 for 2005).

Cost of Goods Sold

Cost of goods sold as a percentage of total revenue decreased to 31.7% in 2007 from 31.8% in 2006. This decrease was due to higher menu pricing, lower markdowns of retail merchandise, higher initial mark-ons of retail merchandise versus prior year partially offset by higher commodity costs and a shift in the mix of sales versus prior year from restaurant sales toward retail sales, the latter of which typically have a higher cost of sales. The additional week in 2007 had no effect on cost of goods sold as a percentage of revenue.

Cost of goods sold as a percentage of total revenue decreased to 31.8% in 2006 from 32.7% in 2005. This was due to higher average menu prices versus the prior year, lower commodity costs, higher initial mark-ons of retail merchandise and a lower percentage of retail sales, which have a higher cost as a percent of sales than do restaurant sales, partially offset by higher markdowns on retail merchandise.

Labor and 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 were 38.0%, 37.6%, and 37.5% in 2007, 2006, and 2005, respectively. The year-to-year increase from 2006 to 2007 was due to higher group health costs resulting from higher medical and pharmacy claims due to an increase in the number of participants and an increase in the utilization of available plan benefits, higher hourly labor costs due to wage inflation and the effect of higher management staffing levels as a percent of revenues versus the prior year partially offset by lower workers' compensation expenses. The additional week in 2007 had no effect on labor and related expenses as a percentage of revenue. The year-to-year increase from 2005 to 2006 was due to higher hourly wages and store management salaries versus the prior year partially offset by higher average menu prices versus the prior year and lower workers' compensation expense and group health costs.

Impairment and Store Closing Costs

We did not incur any impairment losses or costs related to store closings in 2007. During 2006, we closed seven Cracker Barrel stores and recorded impairment and store closing costs of $4,531. Additionally, during 2006, we recorded an impairment of $838 for our management trainee housing facility. Impairment costs from continuing operations recorded in 2005 were $431.

Other Store Operating Expenses

Other store operating expenses include all unit-level operating costs, the major components of which are operating utilities, supplies, repairs and maintenance, advertising, rent, depreciation and amortization. Other store operating expenses as a percentage of total revenue were 17.4%, 17.3% and 16.9% in 2007, 2006 and 2005, respectively. Without the additional week in 2007, other store operating expenses would have been 17.5% of total revenue. The year-to-year increase from 2006 to 2007 was due to higher general insurance expense as a result of higher insurance premiums and revised actuarial estimates for unfavorable changes in loss development factors, which were partially offset by the non-recurrence of hurricane-related costs, gain on disposition of property, a gain on the Visa/MasterCard class action litigation settlement and higher average menu prices. The year-to-year increase from 2005 to 2006 was due to higher utilities and supplies partially offset by higher average menu prices.

General and Administrative Expenses

General and administrative expenses as a percentage of total revenue were 5.7%, 5.8% and 5.2% in 2007, 2006 and 2005, respectively. Without the additional week in 2007, general and administrative expenses would have been 5.8% of total revenue. The year-to-year decrease from 2006 to 2007 was due to the gain on the sale of two properties that we retained when we sold Logan's and a decrease in stock option expense partially offset by an increase in bonus accruals and an increase in share-based compensation for nonvested stock. The decrease in the stock option expense is due to the adoption of Statement of Financial Accounting Standard ("SFAS") No. 123 (Revised 2004) "Share-Based Payment" ("SFAS No. 123R") in 2006 and our granting fewer options in 2007 versus 2006. The increase in share-based compensation for nonvested stock is due to an increase in the number of nonvested stock grants during the year as compared with the prior year as well as accruals for retirement eligibility prior to the vesting date of certain plans. The increase in the bonus accruals reflected improved performance against financial objectives and the declaration and payment of discretionary bonuses for certain executives in the first quarter of 2007, as well as certain bonus plans established in the third quarter of 2006 related to strategic initiatives. The year-to-year increase from 2005 to 2006 was due to $8,533 of stock option expense from continuing operations as a result of the adoption of SFAS No. 123R in 2006, higher salaries and wages versus the prior year and the non-recurrence of an insurance recovery in the prior year relative to litigation settlements and related expenses incurred in earlier years.

Interest Expense

Interest expense as a percentage of total revenue was 2.5%, 1.0%, and 0.4% in 2007, 2006, and 2005, respectively. The year-to-year increase from 2006 to 2007 was due to our 2006 recapitalization and corresponding higher debt levels. The year-to-year increase from 2005 to 2006 was due to higher average outstanding debt, higher interest rates and higher amortization of deferred financing costs.

Interest Income

Interest income as a percentage of total revenue was 0.3% in 2007 and zero in 2006 and 2005. The increase in interest income was due to the increase in average funds available for investment as a result of the proceeds from the divestiture of Logan's and a higher level of cash on hand at the beginning of 2007 versus 2006.

Provision for Income Taxes

Provision for income taxes as a percent of income before income taxes was 34.8% for 2007, 32.0% for 2006 and 34.3% for 2005. The increase in the effective tax rate from 2006 to 2007 reflected a higher effective state income tax rate and Section 162(m) non-deductible compensation partially offset by higher employer tax credits as a percent of income before income taxes due to the decrease in income from continuing operations resulting from our 2006 recapitalization and corresponding higher debt levels. The decrease in the effective tax rate from 2005 to 2006 reflected lower state and local income taxes, the reversal of previously accrued reserves and higher employer tax credits as a percent of income before income taxes due to the decrease in income before income taxes from 2005 to 2006.

Outlook for Fiscal 2008

In 2008, we expect total revenue to increase approximately 4.5% to 5.5% over revenues from continuing operations in 2007 (which included the 53rd week of sales of $46,283), positive comparable store sales for 2008 and the opening of 20 new Cracker Barrel units. Comparable store restaurant sales are projected to increase 3.0% to 4.0% on a comparable week basis, including approximately 3.0% to 3.5% of menu pricing, and comparable store retail sales are expected to increase 3.0% to 5.0% compared to 2007 on a comparable week basis. We also presently expect 2008 operating income margins from continuing operations to be approximately 6.7% to 7.0% compared to 7.0% excluding the effect of the 53rd week in 2007. Commodity cost inflation for the year, with more than 65% of product needs contracted, is expected to be 4.0% to 4.5%. Depreciation for the year is expected to be approximately $60,000. Net interest expense is estimated at approximately $60,000 and diluted shares outstanding are expected to average 23.0 to 23.5 million. We have not completed our evaluation of the effect of adoption of FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"), and our outlook therefore reflects no change in the income tax rate from 2007 actual. Diluted income from continuing operations per share is projected to be in the range of $3.05 to $3.20 per share.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk, such as changes in interest rates and commodity prices. We do not hold or use derivative financial instruments for trading purposes. Prior to 2006, we had no derivative financial instruments that required fair value accounting treatment.

Interest Rate Risk. We are subject to market risk exposure related to changes in interest rates on our outstanding borrowings under our $1,250,000 credit facility (the "2006 Credit Facility"). At August 3, 2007, our outstanding borrowings under our 2006 Credit Facility totaled $764,474 (see Note 8 to our Consolidated Financial Statements). Loans under the credit facility bear interest, at our election, either at the prime rate or a percentage point spread from LIBOR based on certain financial ratios set forth in the loan agreement.

Our policy has been to manage interest cost using a mix of fixed and variable rate debt (see Notes 8, 15 and 17 to our Consolidated Financial Statements). To manage this risk in a cost efficient manner, we entered into an interest rate swap on May 4, 2006 in which we 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 our outstanding debt is fixed at a rate of 5.57% plus our current credit spread, or 7.07% based on today's credit spread, over the 7-year life of the interest rate swap. A discussion of our accounting policies for derivative instruments is included in the summary of significant accounting policies in Note 2 to our Consolidated Financial Statements.

The impact on our annual results of operations of a one-point interest rate change on the outstanding balance of our unswapped outstanding debt as of August 3, 2007, would be approximately $1,250.

Commodity Price Risk. Many of the food products that we purchase are affected by commodity pricing and are, therefore, subject to price volatility caused by weather, production problems, delivery difficulties and other factors which are outside our control and which are generally unpredictable. Four food categories (dairy (including eggs), beef, pork and poultry) account for the largest shares of our food purchases at approximately 14%, 13%, 11% and 9%, respectively. Other categories affected by the commodities markets, such as grains and seafood, may each account for as much as 6% of our food purchases. While we have some of our food items prepared to our specifications, our food items are based on generally available products, and if any existing suppliers fail, or are unable to deliver in quantities required by us, we believe that there are sufficient other quality suppliers in the marketplace that our sources of supply can be replaced as necessary. We also recognize, however, that commodity pricing is extremely volatile and can change unpredictably and over short periods of time. Changes in commodity prices would affect us and our competitors generally, and depending on the terms and duration of supply contracts, sometimes simultaneously. We also enter into supply contracts for certain of our products in an effort to minimize volatility of supply and pricing. In many cases, or over the longer term, we believe we will be able to pass through some or much of the increased commodity costs by adjusting our menu pricing. From time to time, competitive circumstances, or judgments about consumer acceptance of price increases, may limit menu price flexibility, and in those circumstances increases in commodity prices can result in lower margins, as happened to us in 2005.

Liquidity and Capital Resources

The following table presents a summary of our cash flows for the last three years:

	2007	2006	2005
Net cash provided by operating activities of continuing operations	$ 96,872	$ 174,694	$ 230,361
Net cash provided by (used in) investing activities of continuing operations	178,265	(82,262)	(123,243)
Net cash used in financing activities of continuing operations	(502,309)	(5,385)	(122,700)
Net cash (used in) provided by operating activities of discontinued operations	(33,818)	40,016	46,725
Net cash provided by (used in) investing activities of discontinued operations	187,408	(54,810)	(46,823)
Net (decrease) increase in cash and cash equivalents	$ (73,582)	$ 72,253	$ (15,680)

Our cash generated from operating activities was $96,872 in 2007. Most of this cash was provided by net income adjusted by depreciation and amortization, the tax benefit realized upon exercise of stock options and accretion on the Senior and New Notes, and increases in accounts payable and accrued employee compensation partially offset by cash paid for accretion of original issue discount on zero-coupon contingently convertible senior and new notes of $27,218 due to the redemption of the notes during 2007, cash paid for interest on our outstanding debt under our 2006 Credit Facility, higher income tax payments due to the gain on the sale of Logan's, increases in inventories and prepaid expenses, and decreases in income taxes payable, deferred income taxes and other accrued expenses. The increases in accounts payable and prepaid expenses are primarily due to the timing of payments this year compared with the timing of payments last year with the additional week in 2007. The decrease in other accrued expenses consists of the decrease in accrued interest expense due to the timing of our interest payments which are due and paid on August 3 of each year. The increase in inventories is due to higher retail shipments as compared with the prior year. The increase in accrued employee compensation is due to the increase in accrued salaries and wages resulting from the additional week in 2007 and the reclassification of certain bonus liabilities that are payable in 2008 from long-term liabilities to short-term liabilities. The decrease in deferred income taxes was primarily due to the reversal of a deferred tax liability in connection with our 2007 redemption of the Senior Notes and New Notes. The decrease in income taxes payable was primarily due to the timing of payments this year compared with the timing of payments last year.

We do not expect that the absence of cash flows from operating activities from Logan's will have a material impact on our liquidity and capital resources and it is expected to be offset substantially by the absence of cash used for investing activities for Logan's.

We had negative working capital of $74,388 at August 3, 2007 versus negative working capital of $6,280 at July 28, 2006. The working capital at both August 3, 2007 and July 28, 2006 reflects only current assets and liabilities from continuing operations. In the restaurant industry, substantially all sales are either for cash or third-party credit card. Like many other restaurant companies, we are able to, and may from time to time, operate with negative working capital. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while restaurant inventories purchased locally generally are financed from normal trade credit. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through wire transfers. These various trade terms are aided by rapid turnover of the restaurant inventory. Employees generally are paid on weekly, bi-weekly or semi-monthly schedules in arrears for hours worked, and certain expenses such as certain taxes and some benefits are deferred for longer periods of time.

Capital expenditures (purchase of property and equipment) from continuing operations were $96,447, $89,167 and $124,624 in 2007, 2006 and 2005, respectively. Costs of new locations accounted for the majority of these expenditures. In 2007, the cost of new locations totaled approximately $70,000. The increase in capital expenditures from 2006 to 2007 is due to the timing of 2008 stores under construction in 2007. Capital expenditures in 2007 and 2006 from continuing operations are net of proceeds from insurance recoveries from continuing operations of $91 and $548, respectively.

Our internally generated cash, along with cash at July 28, 2006, the Logan's divestiture proceeds, proceeds from stock option exercises and our availability under the 2006 Credit Facility were sufficient to finance all of our growth, share repurchases, dividend payments, working capital needs, and other cash payment obligations in 2007.

During 2007, pursuant to a put option, we repurchased $20 in principal amount at maturity of the Senior Notes.We also completed an exchange offer in which $375,931 (face value at maturity) of our $422,030 (face value at maturity) Senior Notes were exchanged for New Notes due 2032. The New Notes had a net share settlement feature which allowed us, upon conversion of a New Note, to settle the accreted principal amount of the debt for cash and issue shares of our common stock for the conversion value in excess of the accreted value. The Senior Notes required the issuance of our common stock upon conversion. In connection with our redemption of the Senior Notes and New Notes, holders of approximately $401,000 principal amount at maturity outstanding elected to convert their notes into common stock rather than have them redeemed. Each $1 (face value at maturity) of notes was convertible into 10.8584 shares of our common stock. We issued 395,775 shares of our common stock upon conversion and paid approximately $179,720 upon redemption. In addition, we purchased $20,000 in principal amount at maturity of the Senior Notes for approximately $9,836. We obtained funds for the redemption by drawing on our delayed-draw term loan facility and using cash on hand.

On December 6, 2006, we completed the sale of Logan’s, for total consideration of approximately $485,000 after post-closing adjustments for working capital and capital expenditures as provided in the sale agreement, including the proceeds from the Logan’s sale-leaseback and the three Logan’s restaurant properties retained by us and leased to Logan’s. The net cash proceeds were used to fund $350,000 in share repurchases, and, along with cash on hand, to pay down $75,000 of debt. Remaining proceeds, together with cash on hand or cash generated from operations, were used to fund taxes.

During 2007, we returned a total of approximately $405,000 to shareholders through share repurchases. We repurchased 5,434,774 shares of our common stock pursuant to our modified “Dutch Auction” tender offer for a total purchase price of approximately $250,000 before fees. As part of our previously announced $100,000 share repurchase authorization, we repurchased a total of 2,122,800 shares of our common stock in the open market at an aggregate cost of approximately $100,000 before fees. We repurchased 821,081 shares of our common stock remaining under repurchase authorizations previously in effect at the end of 2005 and 395,775 shares issued in connection with the redemption of our convertible debt at an aggregate cost of approximately $55,000 before fees. On September 20, 2007, we announced that our Board of Directors had approved a share repurchase program for up to 1,000,000 shares of our outstanding shares of common stock. There is no expiration date on the repurchase authorization. Our principal criteria for share repurchases are that they be accretive to expected net income per share and are within the limits imposed by our debt covenants under the 2006 Credit Facility.

During 2007, we received proceeds of $33,179 from the exercise of options to purchase 1,125,924 shares of our common stock and the tax benefit upon exercise of stock options was $6,642.

During the first quarter of 2007, the Board approved a quarterly dividend of $0.14 per common share (an annual equivalent of $0.56 per share), an increase from a quarterly dividend of $0.13 approved in 2006. We paid such dividends of $0.14 per share during the second, third and fourth quarters of 2007. Additionally, on September 20, 2007, the Board declared a dividend of $0.18 per share payable on November 5, 2007 to shareholders of record on October 19, 2007.

Subject to there being no events of default, and our having at least $100,000 available under our revolving credit facility, we may declare and pay cash dividends on our common stock so long as the aggregate amount of such dividends paid during any fiscal year would be less than 15% of Consolidated EBITDA from continuing operations, as defined in the credit agreement, for the fiscal year immediately preceding the fiscal year in which such dividend is paid. In any event, subject to there being no events of default, and our having at least $100,000 available under our revolving credit facility, we may increase our regular quarterly cash dividend in any fiscal quarter by an amount not to exceed the greater of $.01 or 10% of the amount of the regular quarterly cash dividend paid in the prior fiscal quarter.

We estimate that our capital expenditures (purchase of property and equipment) during 2008 will be up to $105,000, most of which will be related to the acquisition of sites and construction of 20 new Cracker Barrel stores and openings that will occur during 2008, as well as for acquisition and construction costs for locations to be opened in 2009.

We believe that cash at August 3, 2007, along with cash generated from our operating activities, stock option exercises and available borrowings under the 2006 Credit Facility, will be sufficient to finance our continued operations, our continued expansion plans, our principal payments on our debt, our share repurchase authorization and our dividend payments for at least the next twelve months and thereafter for the foreseeable future. At August 3, 2007, we had $187,738 available under our revolving credit facility.

Off-Balance Sheet Arrangements

Other than various operating leases, as disclosed more fully in the Material Commitments section below and Note 15 to our Consolidated Financial Statements, we have no other material off-balance sheet arrangements.

Material Commitments

For reporting purposes, the schedule of future minimum rental payments required under operating leases, excluding billboard leases, uses the same lease term as used in the straight-line rent calculation. This term includes certain future renewal options although we are not currently legally obligated for all optional renewal periods. This method was deemed appropriate under SFAS No. 13, "Accounting for Leases," to be consistent with the lease term used in the straight-line rent calculation, as described in Note 2 to the Consolidated Financial Statements.

Our contractual cash obligations and commitments as of August 3, 2007, are summarized in the tables below:

	Payments due by Year				
Contractual Obligations (a)	Total	2008	2009-2010	2011-2012	After 2012
Term Loan B	$ 640,624	$ 7,168	$ 14,336	$ 14,336	$ 604,784
Revolving Credit Facility	24,100	--	--	24,100	--
Delayed-Draw Term Loan Facility	99,750	1,000	2,000	2,000	94,750
Long-term debt (b)	764,474	8,168	16,336	40,436	699,534
Operating lease base term and exercised options – excluding billboards (c)	322,624	28,926	56,297	53,562	183,839
Operating lease renewal periods not yet exercised – excluding billboards (d)	288,546	118	798	1,801	285,829
Operating leases for billboards	40,523	21,525	18,876	122	--
Capital leases	20	20	--	--	--
Purchase obligations (e)	297,025	79,898	94,588	81,055	41,484
Other long-term obligations (f)	33,525	--	1,974	348	31,203
Total contractual cash obligations	$ 1,746,737	$ 138,655	$ 188,869	$ 177,324	$ 1,241,889

	Amount of Commitment Expirations by Year				
	Total	2008	2009-2010	2011-2012	After 2012
Revolving Credit facility	$ 250,000	--	--	$ 250,000	--
Delayed-Draw Term Loan facility (g)	100,000	--	--	--	$ 100,000
Standby letters of credit	38,162	$ 18,210	$ 19,952	--	--
Guarantees (h)	5,205	659	1,327	1,289	1,930
Total commitments	$ 393,367	$ 18,869	$ 21,279	$ 251,289	$ 101,930

(a) Excludes contingencies related to uncertain tax positions we have taken or will take in our income tax returns.

(b) The balance on the Term Loan B is $640,624 at August 3, 2007. We had $99,750 outstanding on our Delayed-Draw Term Loan facility as of August 3, 2007. Using the minimum principal payment schedules on the Term Loan B and Delayed-Draw Term Loan facility and a 7.07% interest rate, which is the same rate as our fixed rate under our interest rate swap plus our credit spread at August 3, 2007 of 1.50%, we will have interest payments of $52,707, $103,663, $102,291 and $35,003 in 2008, 2009-2010, 2011-2012 and after 2012, respectively. We had $24,100 outstanding under our variable rate Revolving Credit facility as of August 3, 2007. We repaid $4,100 on August 8, 2007 and $20,000 on August 10, 2007. In conjunction with these principal repayments, we paid $38 in interest. We paid $2,394 in non-use fees (also known as commitment fees) on the Revolving Credit facility and Delayed-Draw Term Loan facility during 2007. Based on the outstanding revolver and delayed-draw term loan balances at August 3, 2007 and our current unused commitment fee as defined in the Revolving Credit Agreement, our unused commitment fees in 2008 would be $662; however, the actual amount will differ based on actual usage of the Revolving Credit facility and Delayed-Draw Term Loan facility in 2008.

(c) Includes base lease terms and certain optional renewal periods that have been exercised and are included in the lease term in accordance with SFAS No. 13.

(d) Includes certain optional renewal periods that have not yet been exercised, but are included in the lease term for the straight-line rent calculation, since at the inception of the lease, it is reasonably assured that we will exercise those renewal options.

(e) Purchase obligations consist of purchase orders for food and retail merchandise; purchase orders for capital expenditures, supplies and other operating needs and other services; and commitments under contracts for maintenance needs and other services. We have excluded contracts that do not contain minimum purchase obligations. In 2007, we increased our use of contracts that do not contain minimum purchase obligations but do address product specifications and pricing. We excluded long-term agreements for services and operating needs that can be cancelled within 60 days without penalty. We included long-term agreements for services and operating needs that can be cancelled with more than 60 days notice without penalty only through the term of the notice. We included long-term agreements for services and operating needs that only can be cancelled in the event of an uncured material breach or with a penalty through the entire term of the contract. Due to the uncertainties of seasonal demands and promotional calendar changes, our best estimate of usage for food, supplies and other operating needs and services is ratably over either the notice period or the remaining life of the contract, as applicable, unless we had better information available at the time related to each contract.

(f) Other long-term obligations include our Non-Qualified Savings Plan ($28,191, with a corresponding long-term asset to fund the liability; see Note 16 to the Consolidated Financial Statements), Deferred Compensation Plan ($3,012), FY2006 and FY2007 Mid-Term Incentive and Retention Plans ($429, cash portion only; see Note 11 to the Consolidated Financial Statements) and FY2005, FY2006 and FY2007 Long-Term Retention Incentive Plans ($1,893).

(g) The Delayed-Draw Term Loan facility can be used any time prior to October 27, 2007 for general corporate purposes and any term loans under this facility mature April 27, 2013.

(h) Consists solely of guarantees associated with properties that have been subleased or assigned. We are not aware of any non-performance under these arrangements that would result in us having to perform in accordance with the terms of those guarantees.

Recently Adopted Accounting Pronouncements

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. SAB 108 is effective for fiscal years ending after November 15, 2006. We adopted SAB 108 in 2007. The adoption of SAB 108 had no impact on our Consolidated Financial Statements.

Recent Accounting Pronouncements Not Yet Adopted

In June 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109", which clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with FASB No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. We are currently evaluating the impact that the adoption of FIN 48 will have on retained earnings in the first quarter of 2008.

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact of adopting SFAS No. 157 and cannot yet determine the impact of its adoption in the first quarter of 2009.

In February 2007, the FASB issued Statement of Financial Accounting Standard No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" ("SFAS No. 159"), which permits entities to choose to measure eligible financial instruments and other items at fair value. The provisions of SFAS No. 159 are effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact of adopting SFAS No. 159 and cannot yet determine the impact of its adoption in the first quarter of 2009.

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, 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. 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. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. 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

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying amount of the asset, the carrying amount is written down to the estimated fair value of an asset to be held and used or the fair value, net of estimated costs of disposal, of an asset to be disposed of, and a loss resulting from impairment is recognized by a charge to income. We have not made any material changes in our methodology for assessing impairments during the past three fiscal years 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. 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. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and fair values of long-lived assets, we may be exposed to losses that could be material.

We recorded no impairment losses during 2007. During 2006, we decided to close seven Cracker Barrel stores, which resulted in impairment charges and store closing costs of $4,531. Initially these impairments were recorded based upon the lower of each unit’s carrying amount or fair value. The impaired locations were closed in February 2006 and were classified at that time as held for sale and were remeasured at their fair values less the costs to sell. The locations were closed due to weak financial performance, an unfavorable outlook, and relatively positive prospects for proceeds from disposition for certain locations. As of August 3, 2007, we had sold five Cracker Barrel stores and expect the sale of the remaining two owned properties to be completed within one year. The store closing charges included employee termination benefits, lease termination and other costs and are included in the impairment and store closing charges line on the Consolidated Statement of Income for continuing operations. Additionally, during 2006 we recorded an impairment of $838 on its Cracker Barrel management trainee housing facility. We also recorded an impairment loss of $431 in 2005 with respect to a Cracker Barrel store that was approved to relocate to a stronger site in the same market.

Insurance Reserves

We self-insure a significant portion of expected losses under our workers’ compensation, general liability and health insurance programs. We have purchased insurance for individual claims that exceed $500 and $1,000 for certain coverages since 2004. Since 2004, we have elected not to purchase such insurance for our primary group health program, but our offered benefits are limited to not more than $1,000 during the lifetime of any employee (including dependents) in the program. 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 as of the end of our third quarter and adjusting it by the actuarially determined losses and actual claims payments for the fourth quarter. The reserves and losses are determined actuarially from a range of possible outcomes within which no given estimate is more likely than any other estimate. In accordance with SFAS No. 5, “Accounting for Contingencies,” we record the losses at the low end of that range and discount them to present value using a risk-free interest rate based on actuarially projected timing of payments. We record a liability for our group health program for all unpaid claims based primarily upon a loss development analysis derived from actual group health claims payment experience provided by our third party administrator. We have not made any material changes in the accounting methodology used to establish our insurance reserves during the past three fiscal years 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. Our accounting policies regarding insurance reserves include certain actuarial assumptions or management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. Changes in these factors in the future may produce materially different amounts of expense than would be reported under these insurance programs.

Inventory Shrinkage

Cost of goods sold includes the cost of retail merchandise sold at the Cracker Barrel stores utilizing the retail inventory accounting method. It includes an estimate of shortages that are adjusted upon physical inventory counts. In 2006 and 2005, the physical inventory counts for all Cracker Barrel stores and the retail distribution center were conducted as of the end of 2006 and 2005 and shrinkage was recorded based on the physical inventory counts taken. During 2007, Cracker Barrel changed the timing of its physical inventory counts. During 2007 and for subsequent fiscal years, physical inventory counts are conducted throughout the third and fourth quarters of the fiscal year based upon a cyclical inventory schedule. During 2007, Cracker Barrel also changed its method for calculating inventory shrinkage for the time period between physical inventory counts by using a three-year average of the results from the current year physical inventory and the previous two physical inventories. The impact of this change on our Consolidated Financial Statements is immaterial for the year ended August 3, 2007. Actual shrinkage recorded may produce materially different amounts of shrinkage than we have estimated.

Tax Provision

We must make estimates of certain items that comprise our income tax provision. These estimates include 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. These estimates are made based on the best available information at the time of the provision and historical experience. We file our income tax returns many months after our year end. These returns are subject to audit by various federal and 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 a settlement. Although we believe that the judgments and estimates used in establishing our tax provision are reasonable, a successful legal proceeding or a settlement could result in material adjustments to our Consolidated Financial Statements and our consolidated financial position. In the first quarter of 2008, we will adopt FIN 48. We are currently evaluating the impact that the adoption of FIN 48 will have on retained earnings.

Share-Based Compensation

In accordance with the adoption of SFAS No. 123R, we began recognizing share-based compensation expense in 2006. This included expensing stock options as share-based compensation, which had not been required or done in previous years. The fair value of each option award granted subsequent to July 29, 2005 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 impact the fair value of the option calculated by the binomial lattice-based option valuation model and, ultimately, the expense that will be recognized over the life of the option. We update the historical and implied components of the expected volatility assumption quarterly. We update option exercise and termination assumptions quarterly. The expected life is a by-product of the lattice model, and is updated when new grants are made.

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

We do not believe 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 and Certificates

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

We have not made any material changes in the methodology used to record the deferred revenue liability for unredeemed gift cards and certificates during the past three fiscal years 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).

Management's Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934, as amended). We maintain a system of internal controls that is designed to provide reasonable assurance in a cost-effective manner as to the fair and reliable preparation and presentation of the consolidated financial statements, as well as to safeguard assets from unauthorized use or disposition.

Our control environment is the foundation for our system of internal control over financial reporting and is embodied in our Corporate Governance Guidelines, our Financial Code of Ethics, and our Code of Business Conduct and Ethics, all of which may be viewed on our website. They set the tone for our organization and include factors such as integrity and ethical values. Our internal control over financial reporting is supported by formal policies and procedures, which are reviewed, modified and improved as changes occur in business condition and operations. Our disclosure controls and procedures and our internal controls, however, will not and cannot prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. We have concluded that our internal control over financial reporting was effective as of August 3, 2007, based on these criteria.

In addition, Deloitte & Touche LLP, an independent registered public accounting firm, has issued an attestation report on management's assessment of internal control over financial reporting, which is included herein.

/s/ Michael A. Woodhouse

Michael A. Woodhouse
Chairman, President and Chief Executive Officer

/s/ Lawrence E. White

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CBRL Group, Inc.
Lebanon, Tennessee

We have audited the accompanying consolidated balance sheets of CBRL Group, Inc. and subsidiaries (the "Company") as of August 3, 2007 and July 28, 2006, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three fiscal years in the period ended August 3, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of CBRL Group, Inc. and subsidiaries as of August 3, 2007 and July 28, 2006, and the results of their operations and their cash flows for each of the three fiscal years in the period ended August 3, 2007, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the consolidated financial statements, the Company completed the sale of its wholly-owned subsidiary, Logan's Roadhouse, Inc., on December 6, 2006. The gain on sale and results prior to the sale are included in income from discontinued operations in the accompanying consolidated statements of income.

As discussed in Note 10 to the consolidated financial statements, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share-Based Payment*, effective July 30, 2005, which resulted in the Company changing the method in which it accounts for share-based compensation.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of August 3, 2007, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 1, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
October 1, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CBRL Group, Inc.
Lebanon, Tennessee

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that CBRL Group, Inc. and subsidiaries (the "Company") maintained effective internal control over financial reporting as of August 3, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of August 3, 2007, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 3, 2007, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the consolidated financial statements as of and for the year ended August 3, 2007, of the Company and our report dated October 1, 2007, expressed an unqualified opinion on those financial statements and included explanatory paragraphs referring to the sale of the Company's wholly-owned subsidiary, Logan's Roadhouse, Inc., on December 6, 2006 and the Company's adoption of the fair value recognition provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share-Based Payment*, effective July 30, 2005.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
October 1, 2007

CBRL GROUP, INC.
CONSOLIDATED BALANCE SHEET

	(In thousands except share data)	
ASSETS	August 3, 2007	July 28, 2006
Current Assets:		
Cash and cash equivalents	$ 14,248	$ 87,830
Property held for sale	4,676	3,127
Receivables	11,759	11,434
Inventories	144,416	128,303
Prepaid expenses and other current assets	12,629	4,395
Deferred income taxes	12,553	17,519
Current assets of discontinued operations	--	401,222
Total current assets	200,281	653,830
Property and Equipment:		
Land	287,873	277,605
Buildings and improvements	687,041	651,643
Buildings under capital leases	3,289	3,289
Restaurant and other equipment	336,881	315,867
Leasehold improvements	165,472	149,061
Construction in progress	19,673	17,909
Total	1,500,229	1,415,374
Less: Accumulated depreciation and amortization of capital leases	481,247	432,870
Property and equipment – net	1,018,982	982,504
Other assets	45,767	44,963
Total	$ 1,265,030	$ 1,681,297

See Notes to Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 93,060	$ 70,944
Current maturities of long-term debt and other long-term obligations	8,188	8,116
Taxes withheld and accrued	32,201	30,905
Income taxes payable	18,066	21,381
Accrued employee compensation	48,570	40,582
Accrued employee benefits	34,926	38,518
Deferred revenues	21,162	18,847
Other accrued expenses	18,496	29,595
Current liabilities of discontinued operations	--	71,645
Total current liabilities	274,669	330,533
Long-term debt	756,306	911,464
Other long-term obligations	67,499	55,128
Deferred income taxes	62,433	81,890
Commitments and Contingencies (Note 15)		
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; 2007 – 23,674,175 shares issued and outstanding; 2006 – 30,926,906 shares issued and outstanding	237	309
Additional paid-in capital	--	4,257
Accumulated other comprehensive (loss)	(8,988)	(4,529)
Retained earnings	112,874	302,245
Total shareholders' equity	104,123	302,282
Total	$ 1,265,030	$ 1,681,297

See Notes to Consolidated Financial Statements.

CBRL GROUP, INC.

CONSOLIDATED STATEMENT OF INCOME

	(In thousands except share data) Fiscal years ended		
	August 3, 2007	July 28, 2006	July 29, 2005
Total revenue	$ 2,351,576	$ 2,219,475	$ 2,190,866
Cost of goods sold	744,275	706,095	717,174
Gross profit	1,607,301	1,513,380	1,473,692
Labor and other related expenses	892,839	832,943	821,355
Impairment and store closing charges (see Note 2)	--	5,369	431
Other store operating expenses	410,131	384,442	369,552
Store operating income	304,331	290,626	282,354
General and administrative	136,186	128,830	113,533
Operating income	168,145	161,796	168,821
Interest expense	59,438	22,205	8,585
Interest income	7,774	764	85
Income before income taxes	116,481	140,355	160,321
Provision for income taxes	40,498	44,854	54,958
Income from continuing operations	75,983	95,501	105,363
Income from discontinued operations, net of tax	86,082	20,790	21,277
Net income	$ 162,065	$ 116,291	$ 126,640
Basic net income per share:			
Income from continuing operations	$ 2.75	$ 2.23	$ 2.20
Income from discontinued operations	3.11	0.48	0.45
Net income per share	$ 5.86	$ 2.71	$ 2.65
Diluted net income per share:			
Income from continuing operations	$ 2.52	$ 2.07	$ 2.05
Income from discontinued operations	2.71	0.43	0.40
Net income per share	$ 5.23	$ 2.50	$ 2.45
Basic weighted average shares outstanding	27,643,098	42,917,319	47,791,317
Diluted weighted average shares outstanding	31,756,582	48,044,440	53,382,007

See Notes to Consolidated Financial Statements.

CBRL GROUP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Retained Earnings	Total Shareholders' Equity
Balances at July 30, 2004	48,769,368	$ 488	$ 13,982	--	$ 858,866	$ 873,336
Cash dividends declared - $.48 per share	--	--	--	--	(22,991)	(22,991)
Share-based compensation	--	--	1,261	--	--	1,261
Exercise of stock awards	1,921,354	19	38,061	--	--	38,080
Tax benefit realized upon exercise of stock options	--	--	12,990	--	--	12,990
Purchases and retirement of common stock	(4,070,919)	(41)	(66,294)	--	(92,993)	(159,328)
Net income	--	--	--	--	126,640	126,640
Balances at July 29, 2005	46,619,803	466	--	--	869,522	869,988
Comprehensive Income:						
Net income	--	--	--	--	116,291	116,291
Change in fair value of interest rate swap, net of tax benefit of $2,691 (See Notes 2 and 8)	--	--	--	$ (4,529)	--	(4,529)
Total comprehensive income	--	--	--	(4,529)	116,291	111,762
Cash dividends declared - $.52 per share	--	--	--	--	(22,471)	(22,471)
Share-based compensation	---	--	13,439	--	--	13,439
Exercise of stock awards	1,057,103	11	27,272	--	--	27,283
Tax benefit realized upon exercise of stock options	--	--	6,441	--	--	6,441
Purchases and retirement of common stock	(16,750,000)	(168)	(42,895)	--	(661,097)	(704,160)
Balances at July 28, 2006	30,926,906	309	4,257	(4,529)	302,245	302,282
Comprehensive Income:						
Net income	--	--	--	--	162,065	162,065
Change in fair value of interest rate swap, net of tax benefit of $4,692 (See Notes 2 and 8)	--	--	--	(4,459)	--	(4,459)
Total comprehensive income	--	--	--	(4,459)	162,065	157,606
Cash dividends declared - $.56 per share	--	--	--	--	(14,908)	(14,908)
Share-based compensation	---	--	12,717	--	--	12,717
Exercise of stock awards	1,125,924	11	33,168	--	--	33,179
Tax benefit realized upon exercise of stock options	--	--	6,642	--	--	6,642
Issuance of common stock	395,775	4	12,132	--	--	12,136
Purchases and retirement of common stock	(8,774,430)	(87)	(68,916)	--	(336,528)	(405,531)
Balances at August 3, 2007	23,674,175	$ 237	--	$ (8,988)	$ 112,874	$ 104,123

See Notes to Consolidated Financial Statements.

CBRL GROUP, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	(In thousands) Fiscal years ended		
	August 3, 2007	July 28, 2006	July 29, 2005
Cash flows from operating activities:			
Net income	$ 162,065	$ 116,291	$ 126,640
Income from discontinued operations, net of tax	(86,082)	(20,790)	(21,277)
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	56,908	57,259	54,805
Loss on disposition of property and equipment	53	1,501	2,933
Impairment	--	4,633	431
Accretion on zero-coupon contingently convertible senior notes and new notes	5,237	5,747	5,579
Share-based compensation	12,717	13,439	1,261
Excess tax benefit from share-based compensation	(6,642)	(6,441)	12,990
Cash paid for accretion of original issue discount on zero-coupon contingently convertible senior notes and new notes	(27,218)	--	--
Changes in assets and liabilities:			
Receivables	(325)	(643)	(3,125)
Inventories	(16,113)	5,692	437
Prepaid expenses and other current assets	(8,234)	1,181	1,445
Other assets	(2,381)	(4,941)	(11,173)
Accounts payable	22,116	(15,863)	40,049
Taxes withheld and accrued	1,296	1,111	992
Income taxes payable	(6,280)	11,861	(5,067)
Accrued employee compensation	7,988	(1,985)	(669)
Accrued employee benefits	(3,592)	(2,625)	4,044
Deferred revenues	2,315	164	1,234
Other accrued expenses	(10,397)	8,390	(3,019)
Other long-term obligations	5,931	9,183	10,661
Deferred income taxes	(12,490)	(8,470)	11,190
Net cash provided by operating activities of continuing operations	96,872	174,694	230,361
Cash flows from investing activities:			
Purchase of property and equipment	(96,538)	(89,715)	(124,624)
Proceeds from insurance recoveries of property and equipment	91	548	--
Proceeds from sale of Logan’s	265,986	--	--
Proceeds from sale of property and equipment	8,726	6,905	1,381
Net cash provided by (used in) investing activities of continuing operations	178,265	(82,262)	(123,243)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	234,100	1,343,500	609,700
Proceeds from exercise of stock options	33,179	27,283	38,080
Principal payments under long-term debt and other long-term obligations	(355,089)	(642,232)	(588,388)
Purchases and retirement of common stock	(405,531)	(704,160)	(159,328)
Dividends on common stock	(15,610)	(24,019)	(22,764)
Excess tax benefit from share-based compensation	6,642	6,441	--
Deferred financing costs	--	(12,198)	--
Net cash used in financing activities of continuing operations	(502,309)	(5,385)	(122,700)

Cash flows from discontinued operations:			
Net cash (used in) provided by operating activities of discontinued operations	(33,818)	40,016	46,725
Net cash provided by (used in) investing activities of discontinued operations	187,408	(54,810)	(46,823)
Net cash provided by (used in) discontinued operations	153,590	(14,794)	(98)
Net (decrease) increase in cash and cash equivalents	(73,582)	72,253	(15,680)
Cash and cash equivalents, beginning of year	87,830	15,577	31,257
Cash and cash equivalents, end of year	$ 14,248	$ 87,830	$ 15,577
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized	$ 63,472	$ 1,755	$ 1,178
Accretion of original issue discount of zero-coupon contingently convertible senior notes and new notes	27,218	--	--
Income taxes	101,495	52,703	37,848
Supplemental schedule of non-cash financing activity:			
Conversion of zero-coupon contingently convertible senior notes to common stock	$ 12,136	$ --	$ --
Change in fair value of interest rate swap	(6,460)	(7,220)	--

See Notes to Consolidated Financial Statements.

(In thousands except share data)

1. Description of the Business

CBRL Group, Inc. and its affiliates (collectively, in the Notes, the "Company") are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® ("Cracker Barrel") restaurant and retail concept and, until December 6, 2006, the Logan's Roadhouse® ("Logan's") restaurant concept. The Company sold Logan's on December 6, 2006 (see Note 3). As a result, Logan's is classified as discontinued operations for all periods presented in the Consolidated Financial Statements.

2. Summary Of Significant Accounting Policies

GAAP – The accompanying Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP").

Fiscal year – The Company's fiscal year ends on the Friday nearest July 31st and each quarter consists of thirteen weeks unless noted otherwise. The Company's fiscal year ended August 3, 2007 consisted of 53 weeks and the fourth quarter of fiscal 2007 consisted of fourteen weeks. References in these Notes to a year or quarter are to the Company's fiscal year or quarter unless noted otherwise.

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

Financial instruments – The fair values of cash and cash equivalents, accounts receivable, and accounts payable as of August 3, 2007, approximate their carrying amounts due to their short duration. The fair value of the Company's variable-rate Term Loan B, Delayed-Draw Term Loan facility, and Revolving Credit facility approximate their carrying values. The estimated fair value of the Company's interest rate swap liability on a portion of the Company's outstanding debt is included in other long-term obligations (see "Derivative instruments and hedging activities" in this Note). The fair value of the interest rate swap is the present value of the expected cash flows and is calculated by using the replacement fixed rate in the then-current market.

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

Inventories– Inventories are stated at the lower of cost or market. Cost of restaurant inventory is determined by the first-in, first-out (FIFO) method. Approximately 70% of retail inventories are valued using the retail inventory method and the remaining 30% are valued using an average cost method. Valuation provisions are included for retail inventory obsolescence, returns and amortization of certain items.

Cost of goods sold includes the cost of retail merchandise sold at the Cracker Barrel stores utilizing the retail inventory accounting method. It includes an estimate of shortages that are adjusted upon physical inventory counts. In 2006 and 2005, the physical inventory counts for all Cracker Barrel stores and the retail distribution center were conducted as of the end of 2006 and 2005 and shrinkage was recorded based on the physical inventory counts taken. During 2007, Cracker Barrel changed the timing of its physical inventory counts. During 2007 and for subsequent fiscal years, physical inventory counts are conducted throughout the third and fourth quarters of the fiscal year based upon a cyclical inventory schedule. During 2007, Cracker Barrel also changed its method for calculating inventory shrinkage for the time period between physical inventory counts by using a three-year average of the results from the current year physical inventory and the previous two physical inventories.

Store pre-opening costs – Start-up costs of a new store are expensed when incurred, with the exception of rent expense under operating leases, in which the straight-line rent includes the pre-opening period during construction, as explained further under the Operating Leases section of this Note 2 to the Consolidated Financial Statements.

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

	Years
Buildings and improvements	30-45
Buildings under capital leases	15-25
Restaurant and other equipment	2-10
Leasehold improvements	1-35

Depreciation expense was $55,331, $56,030 and $54,171 for 2007, 2006 and 2005, respectively. Accelerated depreciation methods are generally used for income tax purposes.

Capitalized interest, excluding discontinued operations, was $890, $384 and $598 for 2007, 2006 and 2005, respectively.

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

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

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

During 2007, the Company did not incur any impairment losses or store closing costs. During 2006, the Company decided to close seven Cracker Barrel stores, which resulted in impairment charges and store closing costs of $4,531. Initially these impairments were recorded based upon the lower of unit carrying amount or fair value. The impaired locations were closed in February 2006 and were classified at that time as held for sale and were remeasured at their fair value less cost to sell. The locations were closed due to weak financial performance, an unfavorable outlook, and relatively positive prospects for proceeds from disposition for certain locations. As of August 3, 2007, the Company had sold five Cracker Barrel stores and expects the sale of the remaining two owned properties to be completed within one year. The store closing charges included employee termination benefits, lease termination and other costs and are included in the impairment and store closing charges line on the Consolidated Statement of Income for continuing operations. Additionally, during 2006, the Company recorded an impairment of $838 on its Cracker Barrel management trainee housing facility. The Company also recorded an impairment loss of $431 in 2005 with respect to a Cracker Barrel store that was approved to relocate to a stronger site in the same market. The results of operations for all restaurants closed in fiscal 2006 and 2005 are not material to our consolidated financial position, results of operations or cash flows, and, therefore, have not been presented as discontinued operations.

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

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

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

The same lease life is used for reporting future minimum lease commitments as is used for the straight-line rent calculation. The Company uses a lease life that extends through certain of the renewal periods that can be exercised at the Company's option.

Advertising – The Company expenses the costs of producing advertising the first time the advertising takes place. Net advertising expense was $40,522, $38,274 and $41,133 for 2007, 2006 and 2005, respectively.

Insurance – The Company self-insures a significant portion of expected losses under its workers' compensation, general liability and health insurance programs. The Company has purchased insurance for individual claims that exceed $500 and $1,000 for certain coverages since 2004. Since 2004 the Company has elected not to purchase such insurance for its primary group health program, but its offered benefits are limited to not more than $1,000 lifetime for any employee (including dependents) in the program, and, in certain cases, to not more than $100 in any given plan year. The Company records 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 the Company as of the end of the Company's third quarter and adjusting it by the actuarially determined losses and actual claims payments for the fourth quarter. The reserves and losses are determined actuarially from a range of possible outcomes within which no given estimate is more likely than any other estimate. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 5, "Accounting for Contingencies," the Company records the losses at the low end of that range and discounts them to present value using a risk-free interest rate based on actuarially projected timing of payments. The Company records a liability for its group health program for all unpaid claims based primarily upon a loss development analysis derived from actual group health claims payment experience provided by the Company's third party administrator. The Company's accounting policies regarding insurance reserves include certain actuarial assumptions or management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. Unanticipated changes in these factors may produce materially different amounts of expense.

Revenue recognition – The Company records revenue from the sale of products as they are sold. The Company provides for estimated returns based on return history and sales levels. As permitted by the provisions of Emerging Issues Task Force ("EITF") 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement (That Is, Gross versus Net Presentation)", the Company's policy is to present sales in the Consolidated Statement of Income on a net presentation basis after deducting sales tax.

Unredeemed gift cards and certificates– Unredeemed gift cards and certificates represent a liability of the Company related to unearned income and are recorded at their expected redemption value. No revenue is recognized in connection with the point-of-sale transaction when gift cards or gift certificates are sold. For those states that exempt gift cards and certificates from their escheat laws, the Company makes estimates of the ultimate unredeemed ("breakage") gift cards and certificates in the period of the original sale and amortizes this breakage over the redemption period that other gift cards and certificates historically have been redeemed by reducing its liability and recording revenue accordingly. For those states that do not exempt gift cards and certificates from their escheat laws, the Company records breakage in the period that gift cards and certificates are remitted to the state and reduces its liability accordingly. Any amounts remitted to states under escheat laws reduce the Company's deferred revenue liability and have no effect on revenue or expense while any amounts that the Company is 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. If gift cards and certificates that have been removed from the liability are later redeemed, the Company recognizes revenue and reduces the liability as it would with any redemption. Additionally, the initial reduction to the liability would be reversed to offset the redemption.

Income taxes – Employer tax credits for FICA taxes paid on employee tip income and other employer tax credits are accounted for by the flow-through method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes (see Note 13).

Net income per share – Basic consolidated net income per share is computed by dividing consolidated net income 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 year. Common equivalent shares related to stock options, nonvested stock and stock awards issued by the Company are calculated using the treasury stock method.

During 2007, a portion of the Company's zero coupon convertible notes ("Senior Notes") were exchanged for a new issue of zero coupon senior convertible notes ("New Notes"). The New Notes were substantially the same as the Senior Notes except the New Notes had a net share settlement feature which allowed the Company, upon conversion of a New Note, to settle the accreted principal amount of the debt for cash and issue shares of the Company's common stock for the conversion value in excess of the accreted value. The Senior Notes required the issuance of the Company's common stock upon conversion. The Company's Senior Notes and New Notes were redeemed during 2007 (see Note 8). Prior to redemption, the New Notes were included in the calculation of diluted consolidated net income per share if their inclusion was dilutive under the treasury stock method and the Senior Notes were included in the calculation of diluted consolidated net income per share if their inclusion was dilutive under the "if-converted" method pursuant to EITF No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share" issued by the Financial Accounting Standards Board ("FASB"). Additionally, diluted consolidated net income per share is calculated excluding the after-tax interest and financing expenses associated with the Senior Notes since these Senior Notes are treated as if converted into common stock (see Notes 6 and 8). The Company's Senior Notes, New Notes, outstanding employee and director stock options, nonvested stock and stock awards issued by the Company represent the only dilutive effects on diluted consolidated net income per share.

Share-based compensation – The Company has four share-based compensation plans for employees and non-employee directors, which authorize the granting of stock options, nonvested stock, and other types of awards consistent with the purpose of the plans (see Note 10). The number of shares authorized for issuance under the Company's plans as of August 3, 2007 totals 26,294,452, of which 1,793,648 shares were available for future issuance. Stock options granted under these plans are granted with an exercise price equal to the market price of the Company's stock on the date immediately preceding the date of the grant (except grants made to employees under the Company's 2002 Omnibus Incentive Compensation Plan, whose exercise price is equal to the closing price on the day of the grant); those option awards generally vest at a cumulative rate of 33% per year beginning on the first anniversary of the grant date and expire ten years from the date of grant.

Prior to July 30, 2005, the Company accounted for its share-based compensation under the recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" and the disclosures required by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." In accordance with APB Opinion No. 25, no share-based compensation cost was reflected in the Company's prior year net income for grants of stock options to employees because the Company granted stock options with an exercise price equal to the market value of the stock on the date of grant. The reported share-based compensation expense, net of related tax effects, in the table below represents the amortization of nonvested stock grants.

Had the Company used the fair value based accounting method for stock compensation expense prescribed by SFAS Nos. 123 and 148 for 2005, the Company's consolidated net income and net income per share would have been reduced to the pro-forma amounts illustrated as follows:

	2005
Net income – as reported	$126,640
Add: Total share-based employee compensation included in reported net income, net of related tax effects	825
Deduct: Total share-based compensation expense determined under fair-value based method for all awards, net of tax effects	(9,624)
Net income – pro forma	$117,841
Net income per share:	
Basic – as reported	$2.65
Basic – pro forma	$2.47
Diluted – as reported	$2.45
Diluted – pro forma	$2.29

The Company adopted SFAS 123R "Share-Based Payment" on July 30, 2005 (see Note 10).

Segment reporting – The Company accounts for its segment in accordance with SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information." SFAS No. 131 requires that a public company report annual and interim financial and descriptive information about its reportable operating segments. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Utilizing these criteria, the Company manages its business on the basis of one reportable operating segment (see Note 14).

Derivative instruments and hedging activities – The Company accounts for derivative instruments and hedging activities in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its subsequent amendments. These statements specify how to report and display derivative instruments and hedging activities.

The Company is exposed to market risk, such as changes in interest rates and commodity prices. The Company does not hold or use derivative financial instruments for trading purposes. Prior to 2006 the Company had no derivative financial instruments that required fair value accounting treatment.

The Company's policy has been to manage interest cost using a mix of fixed and variable rate debt (see Notes 8, 15 and 17). To manage this risk in a cost efficient manner, the Company entered into an interest rate swap on May 4, 2006 in which it agreed to exchange with a counterparty, at specified intervals effective August 3, 2006, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The interest rate swap was accounted for as a cash flow hedge under SFAS No. 133. The swapped portion of the Company's outstanding debt is fixed at a rate of 5.57% plus the Company's then current credit spread, or 7.07% based on our credit spread at August 3, 2007, over the 7-year life of the interest rate swap. The swapped portion is $525,000 to May 2, 2007, $650,000 from May 3, 2007 to May 4, 2008, $625,000 from May 5, 2008 to May 3, 2009, $600,000 from May 4, 2009 to May 2, 2010, $575,000 from May 3, 2010 to May 2, 2011, $550,000 from May 3, 2011 to May 2, 2012, and $525,000 for May 3, 2012 to May 2, 2013. The estimated fair value of this interest rate swap liability was $13,680 and $7,220 at August 3, 2007 and July 28, 2006, respectively, and is included in other long-term obligations. The offset to the interest rate swap liability is in other comprehensive income (loss), net of the deferred tax asset. Any portion of the fair value of the swap determined to be ineffective will be recognized currently in earnings. Cash flows related to the interest rate swap are included in operating activities.

Many of the food products purchased by the Company are affected by commodity pricing and are, therefore, subject to price volatility caused by weather, production problems, delivery difficulties and other factors that are outside the control of the Company and generally are unpredictable. Changes in commodity prices would affect the Company and its competitors generally and, depending on terms and duration of supply contracts, sometimes simultaneously. In many cases, the Company believes it will be able to pass through some or much of increased commodity costs by adjusting its menu pricing. From time to time, competitive circumstances or judgments about consumer acceptance of price increases may limit menu price flexibility, and in those circumstances, increases in commodity prices can result in lower margins for the Company.

Comprehensive Income – Comprehensive income includes net income and the effective unrealized portion of the changes in the fair value of the Company's interest rate swap.

Use of estimates - Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods to prepare these Consolidated Financial Statements in conformity with GAAP. Management believes that such estimates have been based on reasonable and supportable assumptions and that the resulting estimates are reasonable for use in the preparation of the Consolidated Financial Statements. Actual results, however, could differ from those estimates.

Recently Adopted Accounting Pronouncements

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. SAB 108 is effective for fiscal years ending after November 15, 2006. The Company adopted SAB 108 in 2007. The adoption of SAB 108 had no impact on the Company's Consolidated Financial Statements.

Recent Accounting Pronouncements Not Yet Adopted

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with FASB No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. In the first quarter of 2008, the Company will adopt FIN 48. The Company is currently evaluating the impact that the adoption of FIN 48 will have on retained earnings.

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting SFAS No. 157 and cannot yet determine the impact of its adoption in the first quarter of 2009.

In February 2007, the FASB issued Statement of Financial Accounting Standard No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" ("SFAS No. 159"), which permits entities to choose to measure eligible financial instruments and other items at fair value. The provisions of SFAS No. 159 are effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting SFAS No. 159 and cannot yet determine the impact of its adoption in the first quarter of 2009.

3. Discontinued Operations

On October 12, 2006, the Company's Board of Directors approved the terms under which management was authorized to negotiate an agreement to sell Logan's, and the Company determined that Logan's met the criteria for classification as discontinued operations on that date. The decision to sell Logan's was the result of the Company's decision to focus on the Cracker Barrel restaurant and retail concept and to increase shareholder value. The definitive agreement subsequently was entered into and announced on October 30, 2006. On December 6, 2006, we completed the sale of Logan's, for total consideration of approximately $485,000 after post-closing adjustments for working capital and capital expenditures as provided in the sale agreement. Total consideration included the proceeds from a real estate sale-leaseback transaction closed on December 1, 2006, the proceeds of which were distributed to the Company in satisfaction of intercompany indebtedness. The sale-leaseback consideration also included retention by the Company of three Logan's restaurant locations at which certain real estate matters precluded their being included in the sale-leaseback at that time. The Company leased these three properties to Logan's under terms and conditions consistent with the sale-leaseback transaction.

The Company has reported the results of operations of Logan's through December 5, 2006 as well as certain expenses of the Company related to the divestiture of Logan's through August 3, 2007, and for the full period ended July 28, 2006 and July 29, 2005, as discontinued operations, which consist of the following:

	August 3, 2007	July 28, 2006	July 29, 2005
Revenues	$ 154,529	$ 423,522	$ 376,682
Income before provision for income taxes from discontinued operations	7,450	27,694	33,244
Income tax provision	2,279	6,904	11,967
Income from discontinued operations, net of tax, before gain on sale of Logan's	5,171	20,790	21,277
Gain on sale of Logan's, net of tax of $8,592	80,911	--	--
Income from discontinued operations, net of tax	$ 86,082	$ 20,790	$ 21,277

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

	August 3, 2007	July 28, 2006	July 29, 2005
Provision computed at federal statutory income tax rate	$ 11,955	$ 9,693	$ 11,636
State and local income taxes, net of federal benefit	(621)	(713)	1,255
Employer tax credits for FICA taxes paid on employee tip income	(478)	(1,158)	(989)
Federal reserve adjustments	--	(978)	--
Other-net	15	60	65
Total income tax provision from discontinued operations	$ 10,871	$ 6,904	$ 11,967

In addition, the assets and liabilities of Logan's are aggregated and disclosed as current assets and current liabilities in the consolidated balance sheet as of July 28, 2006 as follows. No assets or liabilities of Logan's are included in the consolidated balance sheet as of August 3, 2007.

	July 28, 2006
Cash and cash equivalents	$ 1,732
Property held for sale	1,589
Receivables	3,195
Inventories	9,873
Prepaid expenses	1,601
Property and equipment, net	287,580
Goodwill	93,724
Other assets	1,928
Current assets of discontinued operations	$ 401,222
Accounts payable	$ 12,902
Other accrued expenses	23,891
Other long-term obligations	11,790
Deferred income taxes	23,062
Current liabilities of discontinued operations	$ 71,645

4. Gains on Property Disposition

During 2007, the Company sold two of the three Logan's properties the Company had retained and leased to Logan's (see Note 3). These properties were classified as property held for sale and had net book values of approximately $2,190 and $1,492. The Company received total proceeds of approximately $6,187 on the two properties, which resulted in a total gain of approximately $2,505. The gain is recorded in general and administrative expenses in the Consolidated Statement of Income. Additionally, during 2007, the State of New York condemned a portion of the land on which a Cracker Barrel store was located to build a road. The Company received condemnation proceeds of approximately $760 and recorded a gain of approximately $500 in other store operating expenses in the Consolidated Statement of Income.

5. Inventories

Inventories were comprised of the following at:

	August 3, 2007	July 28, 2006
Retail	$ 109,891	$ 97,799
Restaurant	16,593	16,463
Supplies	17,932	14,041
Total	$ 144,416	$ 128,303

6. 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 year. Common equivalent shares related to stock options, nonvested stock and stock awards issued by the Company are calculated using the treasury stock method.

During 2007, a portion of the Company's Senior Notes was exchanged for New Notes (see Note 8). The New Notes were substantially the same as the Senior Notes except the New Notes had a net share settlement feature which allowed the Company, upon conversion of a New Note, to settle the accreted principal amount of the debt for cash and issue shares of the Company's common stock for the conversion value in excess of the accreted value. The Senior Notes required the issuance of the Company's common stock upon conversion. The Company's Senior Notes and New Notes were redeemed during 2007. Prior to redemption, the New Notes were included in the calculation of diluted consolidated net income per share if their inclusion was dilutive under the treasury stock method and the Senior Notes were included in the calculation of diluted consolidated net income per share if their inclusion was dilutive under the "if-converted" method pursuant to EITF No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share" issued by the FASB. Additionally, diluted consolidated net income per share is calculated excluding the after-tax interest and financing expenses associated with the Senior Notes since these Senior Notes are treated as if converted into common stock. The Company's Senior Notes, New Notes, outstanding employee and director stock options, nonvested stock and stock awards issued by the Company represent the only dilutive effects on diluted consolidated net income per share.

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

	August 3, 2007	July 28, 2006	July 29, 2005
Income from continuing operations per share numerator:			
Income from continuing operations	$ 75,983	$ 95,501	$ 105,363
Add: Interest and loan acquisition costs associated with Senior Notes, net of related tax effects	3,977	3,977	4,330
Income from continuing operations available to common shareholders	$ 79,960	$ 99,478	$ 109,693
Income from discontinued operations per share numerator:	$ 86,082	$ 20,790	$ 21,277
Net income per share numerator:			
Income from operations	$ 162,065	$ 116,291	$ 126,640
Add: Interest and loan acquisition costs associated with Senior Notes, net of related tax effects	3,977	3,977	4,330
Income from operations available to common shareholders	$ 166,042	$ 120,268	$ 130,970
Income from continuing operations, income from discontinued operations, and net income per share denominator:			
Basic weighted average shares outstanding	27,643,098	42,917,319	47,791,317
Add potential dilution:			
Senior and New Notes	3,479,087	4,582,788	4,582,788
Stock options, nonvested stock, and stock awards	634,397	544,333	1,007,902
Diluted weighted average shares outstanding	31,756,582	48,044,440	53,382,007

7. Share Repurchases

During fiscal 2007, the Company repurchased a total of 8,774,430 shares of its common stock pursuant to a modified "Dutch Auction" tender offer (the "Tender Offer") and previously announced share repurchase authorizations. The Company repurchased 5,434,774 shares of its common stock pursuant to the Tender Offer for a total purchase price of approximately $250,000 before fees. In accordance with SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," the Company recorded interest expense of $286 associated with the Tender Offer in the second quarter of 2007. The Company also incurred related transaction fees, which were recorded as a reduction to shareholders' equity, and resulted in an average cost of $46.03 per share for the Tender Offer. The transaction fees included the dealer manager, information agent, depositary, legal and other fees. As part of its $100,000 share repurchase authorization, the Company repurchased a total of 2,122,800 shares of its common stock in the open market at an aggregate cost of approximately $100,000 before fees. In addition, the Company repurchased 821,081 shares of its common stock remaining under repurchase authorizations previously in effect at the end of 2005 and 395,775 shares issued in connection with the redemption of its convertible debt at an aggregate cost of approximately $55,000 before fees. At August 3, 2007, the Company does not have any share repurchase authorizations outstanding (see Note 19). The Company's principal criteria for share repurchases are that they be accretive to expected net income per share and are within the limits imposed by the Company's debt covenants under the 2006 Credit Facility.

During fiscal 2006, the Company repurchased 16,750,000 shares of its common stock pursuant to a modified "Dutch Auction" tender offer (the "2006 Tender Offer") for a total purchase price of approximately $703,500 before fees. The Company recorded interest expense of $648 associated with the 2006 Tender Offer in the fourth quarter of 2006. The Company also incurred related transaction fees, which were recorded as a reduction to shareholders' equity, and resulted in an average cost of $42.04 per share for the 2006 Tender Offer. The Company contemporaneously drew $725,000 under its credit facility, as described in Note 8, to pay for the shares accepted in the 2006 Tender Offer and related transaction fees and expenses.

During 2007 and 2006, the Company returned a total of approximately $405,000 and $704,000 to shareholders through share repurchases, respectively.

8. Debt

Long-term debt consisted of the following at:

	August 3, 2007	July 28, 2006
Term Loan B payable $1,792 and $2,000 per quarter in fiscal 2007 and 2006, respectively, with the remainder due on April 27, 2013	$ 640,624	$ 723,000
Delayed-Draw Term Loan Facility payable $250 per quarter with the remainder due on April 27, 2013	99,750	--
Revolving Credit Facility payable on or before April 27, 2011	24,100	--
3.0% Zero-Coupon Contingently convertible Senior Notes payable on or before April 2, 2032	--	196,464
	764,474	919,464
Current maturities	(8,168)	(8,000)
Long-term debt	$ 756,306	$ 911,464

Effective April 27, 2006, the Company entered into a $1,250,000 credit facility (the "2006 Credit Facility") that consisted of up to $1,000,000 in term loans (an $800,000 Term Loan B facility and a $200,000 Delayed-Draw Term Loan facility) with a scheduled maturity date of April 27, 2013 and a $250,000 Revolving Credit facility expiring April 27, 2011. As described in Note 7, contemporaneously with the acceptance of shares in the 2006 Tender Offer, on May 3, 2006, the Company drew $725,000 under the $800,000 available under the Term Loan B facility (the $75,000 not drawn is no longer available), which was used to pay for the shares accepted in the 2006 Tender Offer, fees associated with the 2006 Credit Facility and the related transaction costs. During 2007, the Company drew $100,000 under its Delayed-Draw Term Loan facility in connection with its redemption of its Senior and New Notes. The remaining amount under the Delayed-Draw Term Loan facility can be used any time prior to October 27, 2007 for general corporate purposes.

The interest rates for the Term Loan B, Delayed-Draw Term Loan facility and the Revolving Credit facility are based on either LIBOR or prime. A spread is added to the interest rates according to a defined schedule based on the Company's consolidated total leverage ratio as defined in the 2006 Credit Facility, 1.50% as of August 3, 2007 and July 28, 2006. The Company's policy is to manage interest cost using a mixture of fixed-rate and variable-rate debt. To manage this risk in a cost efficient manner, the Company entered into an interest rate swap on May 4, 2006 in which it agreed to exchange with a counterparty, at specified intervals effective August 3, 2006, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. See Note 2 for a further discussion of the Company's interest rate swap. As of August 3, 2007 and July 28, 2006, the interest rate on the Term Loan B was 6.86% and 6.63%, respectively. As of August 3, 2007, the interest rates on the Delayed-Draw Term Loan facility and the Revolving Credit facility were 6.86% and 8.75%, respectively. At August 3, 2007, the Company had $187,738 available under its Revolving Credit facility and $100,000 available under its Delayed-Draw Term Loan facility.

During 2006, loan acquisition costs associated with the Term Loan B, Revolving Credit facility and Delayed-Draw Term Loan facility were capitalized in the amount of $7,122 (net of $656 in commitment fees that were written off in 2006 related to the $75,000 availability that was not drawn on the Term Loan B), $2,456, and $1,964, respectively, and will be amortized over the respective terms of the facilities. The 2006 Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio as specified in the agreement and maintenance of minimum consolidated interest coverage ratios. At August 3, 2007 and July 28, 2006, the Company was in compliance with all debt covenants.

Subject to there being no events of default, and the Company having at least $100,000 available under the revolving credit facility, the Company may declare and pay cash dividends on our common stock so long as the aggregate amount of such dividends paid during any fiscal year would be less than 15% of Consolidated EBITDA from continuing operations, as defined in the credit agreement, for the fiscal year immediately preceding the fiscal year in which such dividend is paid. In any event, subject to there being no events of default, and the Company having at least $100,000 available under the revolving credit facility, the Company may increase its regular quarterly cash dividend in any fiscal quarter by an amount not to exceed the greater of $.01 or 10% of the amount of the regular quarterly cash dividend paid in the prior fiscal quarter.

In 2002, the Company issued $422,050 (face value at maturity) of Senior Notes, maturing on April 2, 2032, and received proceeds totaling approximately $172,756 prior to debt issuance costs. The Senior Notes required no cash interest payments and were issued at a discount representing a yield to maturity of 3.00% per annum. The Senior Notes were redeemable at the Company's option on or after April 3, 2007, and the holders of the Senior Notes could have required the Company to redeem the Senior Notes on April 3, 2007, 2012, 2017, 2022 or 2027, and in certain other circumstances. In addition, each $1 (face value at maturity) Senior Note was convertible into 10.8584 shares of the Company's common stock (approximately 4.6 million shares in the aggregate). During the quarter ended April 28, 2006, the Company's credit ratings decreased below the thresholds defined in the indenture and the Senior Notes became convertible.

During the third quarter of 2007, pursuant to the put option, the Company repurchased $20 in principal amount at maturity of the Senior Notes. In addition, during the third quarter of 2007, the Company completed an exchange offer in which $375,931 (face value at maturity) of its $422,030 (face value at maturity) Senior Notes were exchanged for New Notes due 2032. The New Notes were substantially the same as the Senior Notes except that the New Notes had a net share settlement feature which allowed the Company, upon conversion of a New Note, to settle the accreted principal amount of the debt for cash and issue shares of the Company's common stock for the conversion value in excess of the accreted value. The Senior Notes required the issuance of the Company's common stock upon conversion.

In connection with the Company's redemption of its Senior Notes and New Notes on June 4, 2007, holders of approximately $401,000 principal amount at maturity outstanding elected to convert their notes into common stock rather than have them redeemed. The Company issued 395,775 shares of its common stock upon conversion and paid approximately $179,720 upon redemption. In addition, the Company purchased $20,000 in principal amount at maturity of the Senior Notes for approximately $9,836. The Company obtained funds for the redemption by drawing on its Delayed-Draw Term Loan facility and using cash on hand.

The aggregate maturities of long-term debt subsequent to August 3, 2007 are as follows:

Year		
2008	$	8,168
2009		8,168
2010		8,168
2011		32,268
2012		8,168
2013 and thereafter		699,534
Total	$	764,474

9. Compensatory Plans and Arrangements

In connection with the Company's 2006 strategic initiatives, the Compensation and Stock Option Committee (the "Committee") of the Company's Board of Directors approved, pursuant to the Company's 2002 Omnibus Incentive Compensation Plan (described below), the "2006 Success Plan" for certain officers of the Company. The maximum amount payable under the 2006 Success Plan was $6,647 by the Company and $1,168 by Logan's. On June 6, 2007, the Company paid $6,647 under this plan. During 2007, the Company recorded expense of $2,137 for this plan as general and administrative expenses from continuing operations and recorded $2,136 related to CBRL Group officers and $206 related to Logan's officers as discontinued operations. During 2006, the Company recorded expense of $1,187 for this plan as general and administrative expenses from continuing operations and recorded $1,187 related to CBRL Group officers and $417 related to Logan's officers as discontinued operations.

10. Stock Compensation Plans

The Company's employee compensation plans are administered by the Compensation and Stock Option Committee of the Board of Directors. The Committee is authorized to determine, at time periods within its discretion and subject to the direction of the Board, which employees will be granted options and other awards, the number of shares covered by any awards granted, and within applicable limits, the terms and provisions relating to the exercise of any awards.

The CBRL Group, Inc. 2002 Omnibus Incentive Compensation Plan (the "Omnibus Plan") allows the Committee to grant awards for an aggregate of 2,500,000 shares of the Company's common stock. The Omnibus Plan authorizes the following types of awards to all eligible participants other than non-employee directors: stock options, stock appreciation rights, stock awards, nonvested stock, performance shares, cash bonuses, qualified performance-based awards or any other type of award consistent with the Omnibus Plan's purpose. Except as described below for certain options granted to non-employee directors, the option price per share of all options granted under the Omnibus Plan are required to be at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day the option is granted. Under the Omnibus Plan, non-employee directors are granted annually on the day of the annual shareholders meeting an option to purchase up to 5,000 shares of the Company's common stock, and awards of up to 2,000 shares of nonvested stock or nonvested stock units. The option price per share will be at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day preceding the day the option is granted. Additionally, non-employee directors newly elected or appointed between an annual shareholders meeting (typically in November) and the following July 31 receive an option on the day of election or appointment to acquire up to 5,000 shares of the Company's common stock or awards of up to 2,000 shares of nonvested stock or nonvested stock units. Options granted to date under the Omnibus Plan become exercisable each year at a cumulative rate of 33% per year and expire ten years from the date of grant. At August 3, 2007, there were 1,107,413 shares of the Company's common stock reserved for future issuance under the Omnibus Plan.

The CBRL Group, Inc. 2000 Non-Executive Stock Option Plan ("Employee Plan") covered employees who are not officers or directors of the Company. The stock options were granted with an exercise price of at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day the option was granted and become exercisable each year at a cumulative rate of 33% per year and expire ten years from the date of grant. An aggregate of 4,750,000 shares of the Company's common stock originally were authorized under this plan, which expired on July 29, 2005.

The Company also has an Amended and Restated Stock Option Plan (the "Plan") that allowed the Committee to grant options to purchase an aggregate of 17,525,702 shares of the Company's common stock. At August 3, 2007, there were 686,235 shares of the Company's common stock reserved for future issuance under the Plan. The option price per share under the Plan must be at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day preceding the day the option is granted. Options granted to date under the Plan generally have been exercisable each year at a cumulative rate of 33% per year and expire ten years from the date of grant.

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

Effective July 30, 2005, the Company adopted the fair value recognition provisions of SFAS No. 123R using the modified prospective method. Under this method, share-based compensation cost for 2006 includes the portion vesting in the period for (1) all share-based payments granted prior to, but not vested as of July 29, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123 and (2) all share-based payments granted subsequent to July 29, 2005, based on the grant date fair value estimated using a binomial lattice-based option valuation model. Before adoption of SFAS No. 123R, pro forma disclosures reflected the fair value of each option grant estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended July 29, 2005
Dividend yield range	1.1%-1.3%
Expected volatility range	33% - 38%
Risk-free interest rate range	3.3% - 4.1%
Expected lives (in years)	5

Under the Black-Scholes option-pricing model, the Company estimated volatility using only its historical share price performance over the expected life of the option. Under SFAS No. 123R, however, the Company estimates expected volatility using a blend of implied volatility based on market-traded options on the Company's common stock and historical volatility of the Company's common stock over the contractual life of the options. Results of periods prior to fiscal 2006 do not reflect any restated amounts and the Company had no cumulative effect adjustment upon adoption of SFAS No. 123R under the modified prospective method. The Company's policy is to recognize compensation cost for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award. Additionally, the Company's policy is to issue new shares of common stock to satisfy stock option exercises or grants of nonvested shares.

The adoption of SFAS No. 123R decreased 2006 reported operating income and income before income taxes by $8,533, income from continuing operations by $5,806, reported net income by $6,851 and reported basic and diluted net income per share by $0.16 and $0.15 per share, respectively, for 2006. The pre-tax expense is included in general and administrative expense for continuing operations. The adoption of SFAS No. 123R resulted in a decrease in reported cash flow from operating activities of $6,441 offset by an increase in reported cash flow from financing activities of $6,441 in 2006. The Company's adoption of SFAS No. 123R did not affect operating income, income before income taxes, cash flows from operating activities, cash flows from financing activities, income from continuing operations, net income or basic and diluted net income per share in 2005.

In October 2006, following the Company's decision to sell Logan's as discussed in Note 3, the Company modified certain share-based compensation awards for eleven Logan's employees. These employees would have forfeited these unvested awards upon Logan's divestiture due to the performance and/or service conditions of the awards not being met. The modification of these awards consisted of the cancellation of the Mid-Term Incentive Retention Plans ("MTIRP") and nonvested stock grants for these employees and the concurrent grant of cash replacement awards for the cancelled awards. No replacement awards for these employees' stock options were given and thus, the unvested stock options were forfeited upon the completion of the Logan's divestiture. In accordance with SFAS No. 123R, the previously accrued compensation cost for these awards were reversed and no compensation cost was recorded for these awards. Total compensation cost reversed related to these awards was approximately $101 for stock options and $559 for nonvested stock awards and is recorded as discontinued operations in the Consolidated Financial Statements. The cash replacement awards for the 2005 and 2006 MTIRP awards retained their original vesting terms (see Note 11). The cash replacement awards of the nonvested stock grants retained their original vesting terms and vest on various dates between August 2007 and February 2011. Compensation cost for these modified awards will be recognized by Logan's over the remaining vesting period of the awards.

Additionally, during 2007, the Company recognized additional compensation expense of $1,731 for retirement eligible employees under its MTIRP plans. In accordance with SFAS No. 123R, compensation expense is recognized to the date on which retirement eligibility is achieved, if shorter than the vesting period.

In recent years, partly in anticipation of the adoption of SFAS No.123R, the Company has adjusted the mix of employee long-term incentive compensation by reducing stock options awarded and increasing certain cash-based compensation and other equity-based awards. Compensation cost for share-based payment arrangements for 2007 was $6,360 and $6,357 for stock options and for nonvested stock, respectively. Included in these totals are share-based compensation from continuing operations of $6,294 for stock options and $6,837 for nonvested stock.

Compensation cost for share-based payment arrangements for 2006 was $9,900 and $3,539 for stock options and for nonvested stock, respectively. Included in these totals are share-based compensation from continuing operations of $8,533 for stock options and $3,140 for nonvested stock. Share-based compensation from continuing operations is recorded in general and administrative expenses. The total income tax benefit recognized in the Consolidated Statement of Income for 2007 and 2006 for share-based compensation arrangements was $4,406 and $4,139, respectively.

The fair value of each option award is estimated on the date of grant using a binomial lattice-based option valuation model, which incorporates ranges of assumptions for inputs as shown in the following table. The assumptions are as follows:

- The expected volatility is a blend of implied volatility based on market-traded options on the Company's common stock and historical volatility of the Company's stock over the contractual life of the options.
- The Company uses 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 the Company's current dividend yield as the best estimate of projected dividend yield for periods within the contractual life of the option.

	Year Ended	
	August 3, 2007	July 28, 2006
Dividend yield range	1.2%- 1.4%	1.2%- 1.6%
Expected volatility	30% - 31%	28% - 31%
Risk-free interest rate range	4.4%- 5.2%	3.8%- 5.5%
Expected term (in years)	1.2 - 6.2	2.1-6.2

A summary of the Company's stock option activity as of August 3, 2007, and changes during 2007 is presented in the following table:

(Shares in thousands) Fixed Options	Shares	Weighted-Average Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at July 28, 2006	3,884	$ 29.57		
Granted	430	41.73		
Exercised	(1,096)	30.89		
Forfeited/Expired	(227)	34.20		
Outstanding at August 3, 2007	2,991	$ 30.48	5.62	$ 22,057
Exercisable	2,050	$ 26.86	4.29	$ 21,310

The weighted-average grant-date fair values of options granted during 2007 and 2006 were $13.10 and $10.93, respectively. The intrinsic value for stock options is defined as the difference between the current market value and the grant price. The total intrinsic values of options exercised during 2007 and 2006 were $16,298 and $17,055, respectively.

Nonvested stock grants consist of the Company's common stock and generally vest over 2-5 years. All nonvested stock grants are time vested except the nonvested stock grants of one executive that also are based upon Company performance against a specified annual increase in earnings before interest, taxes, depreciation, amortization and rent. Generally, the fair value of each nonvested stock grant is equal to the market price of the Company's 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. Certain nonvested stock grants accrue dividends and their fair value is equal to the market price of the Company's stock at the date of the grant.

A summary of the Company's nonvested stock activity as of August 3, 2007, and changes during 2007 is presented in the following table:

(Shares in thousands)

Nonvested Stock	Shares	Weighted-Average Grant Date Fair Value
Unvested at July 28, 2006	269	$36.74
Granted	194	37.39
Vested	(41)	38.83
Forfeited	(22)	35.98
Unvested at August 3, 2007	400	$36.88

As of August 3, 2007, there was $14,742 of total unrecognized compensation cost related to unvested share-based compensation arrangements that is expected to be recognized over a weighted-average period of 2.24 years. Nonvested stock grants of 41,410 vested during 2007.

During 2007, cash received from options exercised was $33,179 and the actual tax benefit realized for the tax deductions from stock options exercised totaled $6,642.

11. Common Stock

Pursuant to the Omnibus Plan, the Company granted 130,000, 81,525 and 165,000 shares of nonvested stock during 2007, 2006 and 2005, respectively, to certain individuals as targeted retention or new hire grants as well as the annual grant to non-employee members of the Company's Board of Directors. 5,000 shares of nonvested stock granted during 2006 and 5,000 shares of nonvested stock granted during 2004 were forfeited during 2007. The Company's compensation expense from continuing operations, net of forfeitures, for these nonvested shares was $3,364, $2,098 and $494 in 2007, 2006 and 2005, respectively.

The Committee established the FY2005, FY2006 and FY2007 Mid-Term Incentive and Retention Plans ("2005 MTIRP", "2006 MTIRP", and "2007 MTIRP", respectively) pursuant to the Omnibus Plan, for the purpose of rewarding certain officers. The 2005 MTIRP award was calculated during 2005 based on achievement of qualified financial performance measures, but restricted until vesting occurred on the last day of 2007. At August 3, 2007, the nonvested stock of 38,910 shares under the 2005 MTRIP vested and cash and dividends earned under the 2005 MTIRP of $353 and $42, respectively, were paid on August 6, 2007. The 2006 MTIRP award was calculated during 2006 based on achievement of qualified financial performance measures, but restricted until vesting occurs on the last day of 2008. The 2007 MTIRP award was calculated during 2007 based on achievement of qualified financial performance measures, but restricted until vesting occurs on the last day of 2009. The 2006 and 2007 awards will be paid in the form of either 50% nonvested stock and 50% cash or 100% nonvested stock, based upon the election of each officer. At August 3, 2007, the nonvested stock and cash earned under the 2006 MTIRP was 56,660 shares and $240, respectively, and the nonvested stock and cash earned under the 2007 MTIRP was 66,247 shares and $389, respectively. Cash dividends on the 2006 MTIRP nonvested stock earned shall accrue from July 28, 2006 and be payable, along with the remainder of the award, to participants on the payout date in 2009. Cash dividends on the 2007 MTIRP nonvested stock earned shall accrue from August 3, 2007 and be payable, along with the remainder of the award, to participants on the payout date in 2010.

The Committee established the Stock Ownership Achievement Plan ("Stock Ownership Plan") pursuant to the Omnibus Plan, for the purpose of rewarding certain executive officers of the Company for early achievement of target stock ownership levels in 2005 and in the future. Upon meeting the stock ownership levels at an earlier date than required and upon approval by the Committee, the Company will award unrestricted shares to those certain officers on the first Monday of the next fiscal year. The Stock Ownership Plan reward is expensed over the year during which those certain officers achieve the stock ownership target, beginning when the target is met. The Company's compensation expense during 2007, 2006 and 2005 for this award was $92, $78 and $98, respectively. Included in these amounts is compensation expense from continuing operations of $92, $68 and $90 for 2007, 2006 and 2005, respectively. On August 6, 2007, July 31, 2006 and August 1, 2005, the Company issued 2,500, 2,400 and 2,500 unrestricted shares of common stock to the certain executive officers that earned the award in 2007, 2006 and 2005, respectively.

12. Litigation Settlement

The Company was a member of a plaintiff class of a settled lawsuit against Visa U.S.A. Inc. ("Visa") and MasterCard International Incorporated ("MasterCard"). The Visa Check/Mastermoney Antitrust litigation settlement became final on June 1, 2005. Because the Company believed this settlement represented an indeterminate mix of loss recovery and gain contingency, the Company could not record the expected settlement proceeds until the settlement amount and timing were reasonably certain. During the second quarter of 2007, the Company received its share of the proceeds, which was $1,318, and recorded the amount of the proceeds as a gain that is included in other store operating expenses in the Consolidated Statement of Income.

13. Income Taxes

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

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

	August 3, 2007	July 28, 2006
Deferred tax assets:		
Financial accruals without economic performance	$ 37,326	$ 36,466
Other	6,864	7,062
Deferred tax assets	$ 44,190	$ 43,528
Deferred tax liabilities		
Excess tax depreciation over book	$ 72,202	$ 73,233
Excess tax interest over book on Senior Notes	--	14,646
Other	21,868	20,020
Deferred tax liabilities	94,070	107,899
Net deferred tax liability	$ 49,880	$ 64,371

The Company provided no valuation allowance against deferred tax assets recorded as of August 3, 2007 and July 28, 2006, as the "more-likely-than-not" valuation method determined all deferred assets to be fully realizable in future taxable periods.

The components of the provision for income taxes from continuing operations for each of the three years were as follows:

	2007	2006	2005
Current:			
Federal	$ 46,883	$ 49,130	$ 41,024
State	7,824	4,194	2,745
Deferred:			
Federal	(14,250)	(6,815)	10,248
State	41	(1,655)	941
Total income tax provision	$ 40,498	$ 44,854	$ 54,958

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

	2007	2006	2005
Provision computed at federal statutory income tax rate	$ 40,768	$ 49,124	$ 56,112
State and local income taxes, net of federal benefit	6,143	3,202	4,641
Employer tax credits for FICA taxes paid on employee tip income	(5,449)	(4,761)	(4,345)
Federal reserve adjustments	168	(1,332)	493
Other employer tax credits	(3,915)	(2,219)	(2,141)
Section 162(m) non-deductible compensation	1,809	--	83
Other-net	974	840	115
Total income tax provision	$ 40,498	$ 44,854	$ 54,958

14. Segment Information

Cracker Barrel units represent a single, integrated operation with two related and substantially integrated product lines. The operating expenses of the restaurant and retail product lines of a Cracker Barrel unit are shared and are indistinguishable in many respects. The chief operating decision maker regularly evaluates the restaurant and retail components in determining how to allocate resources and in assessing performance. 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. As stated in Note 3, the operations of Logan's are reported as discontinued operations and have been excluded from segment reporting. The following data are presented in accordance with SFAS No. 131 for all periods presented.

	2007	2006	2005
Revenue from continuing operations:			
Restaurant	$ 1,844,804	$ 1,748,193	$ 1,696,706
Retail	506,772	471,282	494,160
Total revenue from continuing operations	$ 2,351,576	$ 2,219,475	$ 2,190,866

15. Commitments and Contingencies

The Company and its subsidiaries are parties to various legal and regulatory proceedings and claims incidental to and arising out of the ordinary course of its business. In the opinion of management, however, based upon information currently available, the ultimate liability with respect to these other proceedings and claims will not materially affect the Company's consolidated results of operations or financial position. However, litigation involves an element of uncertainty. Future developments could cause these actions or claims to have a material adverse effect on the Company's financial statements as a whole.

The Company was contingently liable pursuant to standby letters of credit as credit guarantees primarily related to insurers. As of August 3, 2007, the Company had $38,162 of standby letters of credit related primarily to securing reserved claims under workers' compensation and general liability insurance. All standby letters of credit are renewable annually and reduce the Company's availability under its $250,000 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 and a second operating lease that has been sublet to a third party. The operating leases have remaining lives of approximately 6.2 and 10.3 years, with annual lease payments of approximately $361 and $107, respectively. Under the assigned lease 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 Consolidated Financial Statements for amounts to be paid as a result of non-performance by the assignee. Under the sublease, the Company's performance is only required if the sublessee fails to perform its obligations as lessee. At August 3, 2007, the Company has a remaining liability of $393 in the Consolidated Financial Statements for estimated amounts to be paid in case of non-performance by the sublessee.

As of December 2006, the Company has reaffirmed its guarantee of the lease payments for two Logan's restaurants. The operating leases have remaining lives of 4.4 and 12.7 years with annual payments of approximately $94 and $98, respectively. The Company's performance is only required 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 Consolidated Financial Statements for amounts to be paid as a result of non-performance by Logan's.

The Company is party to certain indemnifications to third parties in the ordinary course of business. The probability of incurring an actual liability under such indemnifications is sufficiently remote so that no liability has been recorded. In connection with the divestiture of Logan's and Logan's sale-leaseback transaction (see Note 3), the Company is a party to various agreements to indemnify third parties against certain tax obligations, for any breaches of representations and warranties in the applicable transaction documents and for certain costs and expenses that may arise out of specified real estate matters, including potential relocation and legal costs. With the exception of certain tax indemnifications, the Company believes that the probability of being required to make any indemnification payments is remote. Therefore, no provision has been recorded for any potential non-tax indemnification payments in the Consolidated Balance Sheet. At August 3, 2007, the Company has recorded a provision of $915 in the Consolidated Balance Sheet for these tax indemnifications.

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

As of August 3, 2007, the Company operated 160 Cracker Barrel stores in leased facilities and also leased certain land and advertising billboards (see Note 17). These leases have been classified as either capital or operating leases. The interest rates for capital leases vary from 5% to 10%. Amortization of capital leases is included with depreciation expense. A majority of the Company's lease agreements provide for renewal options and some of these options contain escalation clauses. Additionally, certain store leases provide for percentage lease payments based upon sales volume in excess of specified minimum levels.

The following is a schedule by year of future minimum lease payments under capital leases, together with the present value of the minimum lease payments as of August 3, 2007:

Year	
2008	$20
Total minimum lease payments	20
Less amount representing interest	--
Present value of minimum lease payments	20
Less current portion	20
Long-term portion of capital lease obligations	$ --

The following is a schedule by year of the future minimum rental payments to be received under the Company’s sublease, as of August 3, 2007.

Year	
2008	$ 60
2009	61
2010	63
2011	67
2012	67
Later years	339
Total	$657

The following is a schedule by year of the future minimum rental payments required under operating leases, excluding leases for advertising billboards, as of August 3, 2007. Included in the amounts below are optional renewal periods associated with such leases that the Company is currently not legally obligated to exercise; however, it is reasonably assured that the Company will exercise these options.

Year	Base term and exercised options*	Renewal periods not yet exercised**	Total
2008	$ 28,926	$ 118	$ 29,044
2009	28,920	258	29,178
2010	27,377	540	27,917
2011	27,123	574	27,697
2012	26,439	1,227	27,666
Later years	183,839	285,829	469,668
Total	$322,624	$288,546	$611,170

*Includes base terms and certain optional renewal periods that have been exercised and are included in the lease term in accordance with SFAS No. 13 (see Note 2).

**Includes certain optional renewal periods that have not yet been exercised, but are included in the lease term for the straight-line rent calculation. Such optional renewal periods are included because it is reasonably assured by the Company that it will exercise such renewal options (see Note 2).

The following is a schedule by year of the future minimum rental payments required under operating leases for advertising billboards as of August 3, 2007:

Year	
2008	$21,525
2009	13,544
2010	5,332
2011	114
2012	8
Total	$40,523

Rent expense under operating leases, excluding leases for advertising billboards is recognized on a straight-line, or average, basis and include any pre-opening periods during construction for which the Company is legally obligated under the terms of the lease, and any optional renewal periods, for which at the inception of the lease, it is reasonably assured that the Company will exercise those renewal options. This lease period is consistent with the period over which leasehold improvements are amortized. Rent expense from continuing operations for each of the three years was:

	Minimum	Contingent	Total
2007	$29,691	$618	$30,309
2006	28,801	609	29,410
2005	27,778	709	28,487

Rent expense from continuing operations under operating leases for billboards for each of the three years was:

	Minimum	Contingent	Total
2007	$25,204	--	$25,204
2006	24,938	--	24,938
2005	23,374	--	23,374

16. Employee Savings Plans

The Company sponsors a qualified defined contribution retirement plan ("Plan I") covering salaried and hourly employees who have completed one year of service and have attained the age of twenty-one. Plan I allows eligible employees to defer receipt of up to 16% of their compensation, as defined in the plan.

The Company also sponsors a non-qualified defined contribution retirement plan ("Plan II") covering highly compensated employees, as defined in the plan. Plan II allows eligible employees to defer receipt of up to 50% of their base compensation and 100% of their eligible bonuses, as defined in the plan. Contributions under both Plan I and Plan II may be invested in various investment funds at the employee's discretion. Such contributions, including the Company matching contribution described below, may not be invested in the Company's common stock. In 2007, 2006 and 2005, the Company matched 25% of employee contributions for each participant in either Plan I or Plan II up to a total of 6% of the employee's compensation. Employee contributions vest immediately while Company contributions vest 20% annually beginning on the participant's first anniversary of employment and are vested 100% on the participant's fifth anniversary of employment. In 2007, 2006, and 2005, the Company contributed approximately $1,552, $1,244 and $1,172, respectively, under Plan I and approximately $323, $353 and $449, respectively, under Plan II, for continuing operations. At the inception of Plan II, the Company established a Rabbi Trust to fund Plan II obligations. The market value of the trust assets for Plan II of $28,191 is included in other assets and the liability to Plan II participants of $28,191 is included in other long-term obligations. Company contributions under Plan I and Plan II related to continuing operations are recorded as either labor and other related expenses or general and administrative expenses.

17. Sale-Leaseback

On July 31, 2000, Cracker Barrel completed a sale-leaseback transaction involving 65 of its owned units. Under the transaction, the land, buildings and building improvements at the locations were sold for net consideration of $138,325 and were leased back for an initial term of 21 years. Equipment was not included. The leases include specified renewal options for up to 20 additional years and have certain financial covenants related to fixed charge coverage for the leased units. At August 3, 2007 and July 28, 2006, the Company was in compliance with all those covenants. Net rent expense during the initial term is $14,963 annually, and the assets sold and leased back previously had depreciation expense of approximately $2,707 annually. The gain on the sale is being amortized over the initial lease term of 21 years.

18. Quarterly Financial Data (Unaudited)(a)

Quarterly financial data for 2007 and 2006 are summarized as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter (c)
2007				
Total revenue	$ 558,263	$ 612,134	$ 549,050	$ 632,129
Gross profit	385,407	401,782	381,122	438,990
Income before income taxes	23,672	31,482	18,461	42,866
Income from continuing operations	15,162	20,501	12,111	28,209
Income from discontinued operations	4,265	82,011	214	(408)
Net income	19,427	102,512	12,325	27,801
Income from continuing operations per share - basic	$ 0.49	$ 0.66	$ 0.48	$ 1.18
Income from discontinued operations per share - basic	$ 0.14	$ 2.66	$ 0.01	$ (0.02)
Net income per share - basic	$ 0.63	$ 3.32	$ 0.49	$ 1.16
Income from continuing operations per share – diluted (b)	$ 0.45	$ 0.60	$ 0.44	$ 1.15
Income from discontinued operations per share – diluted	$ 0.12	$ 2.28	$ 0.01	$ (0.02)
Net income per share – diluted	$ 0.57	$ 2.88	$ 0.45	$ 1.13
2006				
Total revenue	$ 535,485	$ 586,741	$ 533,990	$ 563,259
Gross profit	368,873	386,515	368,221	389,771
Income before income taxes	33,722	40,499	27,593	38,541
Income from continuing operations	22,054	26,709	18,332	28,406
Income from discontinued operations	3,668	4,088	5,640	7,394
Net income	25,722	30,797	23,972	35,800
Income from continuing operations per share – basic	$ 0.47	$ 0.57	$ 0.39	$ 0.92
Income from discontinued operations per share - basic	$ 0.08	$ 0.09	$ 0.12	$ 0.24
Net income per share - basic	$ 0.55	$ 0.66	$ 0.51	$ 1.16
Income from continuing operations per share – diluted (b)	$ 0.44	$ 0.53	$ 0.37	$ 0.82
Income from discontinued operations per share – diluted	$ 0.07	$ 0.08	$ 0.10	$ 0.21
Net income per share – diluted	$ 0.51	$ 0.61	$ 0.47	$ 1.03

(a) Due to the divestiture of Logan's in fiscal 2007, Logan's is presented as discontinued operations for all periods presented (see Note 3).
(b) Diluted income from continuing operations per share reflects, among other things, the potential dilution effects of the Company's Senior Notes and New Notes (as discussed in Notes 2, 6 and 8) for all quarters presented for 2007 and 2006.
(c) The Company's fourth quarter of fiscal 2007 consisted of 14 weeks.

19. Subsequent Event

In August 2007, the Company decided to close two Cracker Barrel stores, one of which the Company expects to sell. One of these stores was closed on August 22, 2007. The decision to close this store was due to the age of the store, the lease on the property expiring in September 2007, and another Cracker Barrel store being located within five miles of this location. The net book value of this store at August 3, 2007 was $442. The decision to close the owned location was due to the age of the store and changes in traffic patterns around the store over the years. This store is expected to close in October 2007. The net book value of this store at August 3, 2007 was $415.

On September 20, 2007, the Company announced that its Board of Directors had approved a share repurchase program for up to 1,000,000 shares of the Company's outstanding shares of common stock. There is no expiration date on the repurchase authorization. Additionally, on September 20, 2007, the Board declared a dividend of $0.18 per share payable on November 5, 2007 to shareholders of record on October 19, 2007.

The Company has announced Lawrence E. White's intentions to retire from his position as chief financial officer with the Company effective February 1, 2008, at which time he will become a consultant to the Company for a period of 18 months. Under the terms of Mr. White's agreement, the Company will pay to Mr. White $619,437 in the aggregate over the 18 month term. In addition, Mr. White will receive: (1) any bonus earned under the 2008 bonus plan and any award that might be earned under the Company's long-term performance plan will be prorated through February 1, 2008; (2) during the 18 month term: (a) additional options to purchase 8,900 shares of the Company's common stock will vest and become exercisable, (b) an aggregate of 26,552 nonvested shares of common stock will vest and be distributed, along with any accrued dividends; and (3) group health and life insurance benefits for Mr. White and his dependents at the same level as for other senior level executives of the Company until the earlier of the end of the 18 month term or Mr. White's obtaining other employment at which he receives health insurance benefits. The agreement also contains non-disparagement, non-competition, non-solicitation and confidentiality provisions as well as a standstill agreement.

Exhibit 21

Subsidiaries of the Registrant

The following is a list of the significant subsidiaries of the Registrant as of August 3, 2007, all of which are wholly-owned:

Parent	State of Incorporation
CBRL Group, Inc.	Tennessee
Subsidiaries	
Cracker Barrel Old Country Store, Inc.	Tennessee
CBOCS Distribution, Inc. (dba Cracker Barrel Old Country Store)	Tennessee
CBOCS Properties, Inc. (dba Cracker Barrel Old Country Store)	Michigan
CBOCS West, Inc. (dba Cracker Barrel Old Country Store)	Nevada
Rocking Chair, Inc.	Nevada

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567, 33-45482, 333-01465, 333-63442, 333-71384, 333-81063 and 333-111364 on Form S-8 of our report dated October 1, 2007 (which reports express an unqualified opinion and include explanatory paragraphs referring to the sale of the Company's wholly-owned subsidiary, Logan's Roadhouse, Inc., on December 6, 2006 and the Company's adoption of the fair value recognition provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share-Based Payment*, effective July 30, 2005), relating to the consolidated financial statements of CBRL Group, Inc., and management's report on the effectiveness of internal control over financial reporting, appearing in this Annual Report on Form 10-K of CBRL Group, Inc. for the year ended August 3, 2007.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
October 1, 2007

EXHIBIT 31.1

CERTIFICATION

I, Michael A. Woodhouse, certify that:

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

2. Based on my knowledge, this 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: October 1, 2007

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

EXHIBIT 31.2

CERTIFICATION

I, Lawrence E. White, certify that:

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

2. Based on my knowledge, this 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: October 1, 2007

/s/ Lawrence E. White
Lawrence E. White, Senior Vice President, Finance 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 Annual Report of CBRL Group, Inc. (the "Issuer") on Form 10-K for the fiscal year ended August 3, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Woodhouse, Chairman, President and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: October 1, 2007

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

Exhibit 32.2

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

In connection with the Annual Report of CBRL Group, Inc. (the "Issuer") on Form 10-K for the fiscal year ended August 3, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence E. White, Senior Vice President-Finance and Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: October 1, 2007

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