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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended January 30, 2009

or

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

For the Transition Period from ________ to _______.

Commission file number 000-25225

CRACKER BARREL OLD COUNTRY STORE, INC.

(Exact Name of Registrant as
Specified in Its Charter)

Tennessee (State or Other Jurisdiction of Incorporation or Organization)	62-1749513 (IRS Employer Identification No.)

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

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

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

Yes x No o

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

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

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

Yes o No x

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

22,394,103 Shares of Common Stock
Outstanding as of February 27, 2009

CRACKER BARREL OLD COUNTRY STORE, INC.

FORM 10-Q

For the Quarter Ended January 30, 2009

INDEX

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	January 30, 2009	August 1, 2008*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,135	$ 11,978
Property held for sale	5,543	3,248
Accounts receivable	12,687	13,484
Income taxes receivable	5,034	6,919
Inventories	137,758	155,954
Prepaid expenses and other current assets	12,070	10,981
Deferred income taxes	24,814	18,075
Total current assets	209,041	220,639
Property and equipment	1,599,536	1,571,816
Less: Accumulated depreciation and amortization of capital leases	550,675	526,576
Property and equipment – net	1,048,861	1,045,240
Other assets	41,855	47,824
Total assets	$ 1,299,757	$ 1,313,703
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 56,143	$ 93,112
Current maturities of long-term debt and other long-term obligations	8,811	8,714
Deferred revenues	36,233	22,618
Accrued interest expense	10,999	12,485
Other accrued expenses	114,693	127,790
Total current liabilities	226,879	264,719
Long-term debt	771,907	779,061
Capital lease obligations	69	77
Interest rate swap liability	63,326	39,618
Other long-term obligations	82,054	83,147
Deferred income taxes	52,933	54,330
Commitments and contingencies (Note 17)		
Shareholders' equity:		
Preferred stock – 100,000,000 shares of $.01 par value authorized; no shares issued	--	--
Common stock – 400,000,000 shares of $.01 par value authorized; 22,394,103 shares issued and outstanding at January 30, 2009, and 22,325,341 shares issued and outstanding at August 1, 2008	224	223
Additional paid-in capital	5,300	731
Accumulated other comprehensive loss	(44,518)	(27,653)
Retained earnings	141,583	119,450
Total shareholders' equity	102,589	92,751
Total liabilities and shareholders' equity	$ 1,299,757	$ 1,313,703

See notes to unaudited condensed consolidated financial statements.

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

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

	Quarter Ended		Six Months Ended	
	January 30, 2009	February 1, 2008	January 30, 2009	February 1, 2008
Total revenue	$ 630,182	$ 634,453	$ 1,204,114	$ 1,215,618
Cost of goods sold	222,493	223,735	403,850	403,963
Gross profit	407,689	410,718	800,264	811,655
Labor and other related expenses	234,118	229,133	456,551	454,801
Impairment and store closing charges	--	68	--	877
Other store operating expenses	105,740	106,473	211,706	211,693
Store operating income	67,831	75,044	132,007	144,284
General and administrative expenses	28,558	29,623	60,176	62,841
Operating income	39,273	45,421	71,831	81,443
Interest expense	13,281	14,454	27,314	29,363
Interest income	--	128	--	185
Income before income taxes	25,992	31,095	44,517	52,265
Provision for income taxes	7,630	10,861	13,323	18,048
Income from continuing operations	18,362	20,234	31,194	34,217
Loss from discontinued operations, net of tax	--	(17)	--	(111)
Net income	$ 18,362	$ 20,217	$ 31,194	$ 34,106
Basic net income per share:				
Income from continuing operations	$ 0.82	$ 0.87	$ 1.39	$ 1.46
Loss from discontinued operations, net of tax	$ --	$ --	$ --	$ --
Net income per share	$ 0.82	$ 0.87	$ 1.39	$ 1.46
Diluted net income per share:				
Income from continuing operations	$ 0.81	$ 0.85	$ 1.38	$ 1.42
Loss from discontinued operations, net of tax	$ --	$ --	$ --	$ --
Net income per share	$ 0.81	$ 0.85	$ 1.38	$ 1.42
Weighted average shares:				
Basic	22,389,598	23,133,206	22,369,783	23,419,403
Diluted	22,597,183	23,758,343	22,631,754	24,101,665
Dividends declared per share	$ 0.20	$ 0.18	$ 0.40	$ 0.36

See notes to unaudited condensed consolidated financial statements.

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

	Six Months Ended	
	January 30, 2009	February 1, 2008
Cash flows from operating activities:		
Net income	$ 31,194	$ 34,106
Loss from discontinued operations, net of tax	--	111
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:		
Depreciation and amortization	28,938	27,983
Loss (gain) on disposition of property and equipment	1,790	(446)
Impairment	--	532
Share-based compensation	3,744	4,980
Excess tax benefit from share-based compensation	--	(49)
Changes in assets and liabilities:		
Accounts receivable	797	731
Income taxes receivable	1,834	(11,967)
Inventories	18,196	17,222
Prepaid expenses and other current assets	(1,089)	117
Accounts payable	(36,969)	(27,101)
Deferred revenues	13,615	14,323
Accrued interest expense	(1,486)	13,824
Other accrued expenses	(13,543)	(15,636)
Other long-term assets and liabilities	2,813	4,860
Net cash provided by operating activities of continuing operations	49,834	63,590
Cash flows from investing activities:		
Purchase of property and equipment	(37,444)	(45,123)
Proceeds from sale of property and equipment	1,496	4,786
Proceeds from insurance recoveries of property and equipment	74	114
Net cash used in investing activities of continuing operations	(35,874)	(40,223)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	518,200	415,300
Principal payments under long-term debt and other long-term obligations	(525,265)	(383,286)
Proceeds from exercise of share-based compensation awards	877	1,965
Excess tax benefit from share-based compensation	--	49
Purchases and retirement of common stock	--	(52,380)
Dividends on common stock	(8,615)	(7,660)
Net cash used in financing activities of continuing operations	(14,803)	(26,012)
Cash flows from discontinued operations:		
Net cash used in operating activities of discontinued operations	--	(170)
Net cash used in discontinued operations	--	(170)
Net decrease in cash and cash equivalents	(843)	(2,815)
Cash and cash equivalents, beginning of period	11,978	14,248
Cash and cash equivalents, end of period	$ 11,135	$ 11,433
Supplemental disclosures of cash flow information:		
Cash paid during the six months for:		
Interest, excluding interest rate swap payments, net of amounts capitalized	$ 18,832	$ 14,111
Interest rate swap	$ 8,743	$ 357
Income taxes	$ 10,856	$ 25,812
Supplemental schedule of non-cash financing activity:		
Change in fair value of interest rate swap	$ (23,708)	$ (46,901)
Change in deferred tax asset for interest rate swap	$ 6,843	$ 15,724

See notes to unaudited condensed consolidated financial statements.

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

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheets at January 30, 2009 and August 1, 2008 and the related condensed consolidated statements of income and cash flows for the quarters and/or six-month periods ended January 30, 2009 and February 1, 2008, have been prepared by Cracker Barrel Old Country Store, Inc. (the "Company") in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") without audit. The Company is principally engaged in the operation and development of the Cracker Barrel Old Country Store® ("Cracker Barrel") restaurant and retail concept. In the opinion of management, all adjustments (consisting of normal and recurring items) necessary for a fair presentation of such condensed consolidated financial statements have been made. The results of operations for any interim period are not necessarily indicative of results for a full year.

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

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

2. Summary of Significant Accounting Policies

The significant accounting policies of the Company are included in the 2008 Form 10-K. During the six-month period ended January 30, 2009, there were no significant changes to those accounting policies.

3. Recent Accounting Pronouncements

Fair Value

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

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

Income Tax Benefits of Dividends on Share–Based Payment Awards

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

Derivative Disclosures

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

GAAP Hierarchy

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

4. Fair Value Measurements

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

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

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

The Company's assets and liabilities measured at fair value on a recurring basis subject to the disclosure requirements of SFAS No. 157 at January 30, 2009 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of January 30, 2009
Cash equivalents*	$ 98	$ --	$ --	$ 98
Deferred compensation plan assets**	21,607	--	--	21,607
Total assets at fair value	$ 21,705	$ --	$ --	$ 21,705
Interest rate swap liability	$ --	$ 63,326	$ --	$ 63,326
Total liabilities at fair value	$ --	$ 63,326	$ --	$ 63,326

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

5. Property Held for Sale

Property held for sale consists of real estate properties that the Company expects to sell within one year. The assets are reported at the lower of carrying amount or fair value less estimated selling costs. At January 30, 2009, property held for sale was $5,543 and consisted of office space with a carrying amount of $3,232, which now is unnecessary as the Company has completed its transition to a one concept company, and closed stores. At August 1, 2008, property held for sale was $3,248 and consisted of closed stores.

6. Inventories

Inventories were comprised of the following at:

	January 30, 2009	August 1, 2008
Retail	$ 103,669	$ 124,572
Restaurant	18,849	17,439
Supplies	15,240	13,943
Total	$ 137,758	$ 155,954

7. Debt

Long-term debt consisted of the following at:

	January 30, 2009	August 1, 2008
Term Loan B payable $1,792 per quarter with the remainder due on April 27, 2013	$ 629,872	$ 633,456
Delayed-Draw Term Loan Facility payable $383 per quarter with the remainder due on April 27, 2013	150,338	151,103
Revolving Credit Facility payable on or before April 27, 2011	--	3,200
Note payable	491	--
	780,701	787,759
Current maturities	(8,794)	(8,698)
Long-term debt	$ 771,907	$ 779,061

The Company has a credit facility (the "Credit Facility") that consists of term loans (aggregate outstanding at January 30, 2009 was $780,210) with a scheduled maturity date of April 27, 2013 and a $250,000 revolving credit facility expiring April 27, 2011 (the "Revolving Credit Facility"). At January 30, 2009, $625,000 of the Company's term loans was swapped at 7.07% and the weighted average interest rate on the remaining $155,210 was 2.00%. At January 30, 2009, the Company had outstanding $32,362 of standby letters of credit, which reduce the Company's availability under the Revolving Credit Facility (see Note 17). At January 30, 2009, the Company had $217,638 available under the Revolving Credit Facility.

The Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio as specified in the agreement and maintenance of minimum interest coverage ratios. At January 30, 2009, the Company was in compliance with all debt covenants.

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

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

8. Derivative Instruments and Hedging Activities

The Company accounts for its interest rate swap in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The estimated fair value of this interest rate swap liability was $63,326 (see Note 4) and $39,618 at January 30, 2009 and August 1, 2008, respectively. In accordance with the provisions of SFAS No. 157, the estimated fair value of the Company's interest rate swap liability at January 30, 2009 incorporates the Company's own non-performance risk. The adjustment related to non-performance risk at January 30, 2009 represents an additional reduction of $8,232 in the fair value of the interest rate swap liability from the amount recognized upon adoption of SFAS No. 157 in the first quarter of 2009 (see Note 3). The offset to the interest rate swap liability is in accumulated other comprehensive loss, net of the deferred tax asset. Cash flows related to the interest rate swap are included in interest expense and in operating activities. Cash paid for interest on the interest rate swap was $8,743, $357 and $5,578, respectively, for the first six months of 2009, the first six months of 2008 and for the full year 2008.

9. Shareholders' Equity

During the six-month period ended January 30, 2009, the Company received proceeds of $877 from the exercise of share-based compensation awards and the corresponding issuance of 68,762 shares of its common stock. During the six-month period ended January 30, 2009, the Company did not make any share repurchases.

During the six-month period ended January 30, 2009, the Company paid dividends of $0.38 per common share. During the second quarter of 2009, the Company also declared an additional dividend of $0.20 per common share that was paid on February 5, 2009 and is recorded in other accrued expenses in the accompanying condensed consolidated balance sheet. Subsequent to the end of the second quarter of 2009, the Company declared a dividend of $0.20 per common share payable on May 5, 2009 to shareholders of record on April 17, 2009.

During the six-month period ended January 30, 2009, the unrealized loss, net of tax, on the Company's interest rate swap increased by $16,865 to $44,518 and is recorded in accumulated other comprehensive loss (see Notes 3, 4, 8 and 10).

During the six-month period ended January 30, 2009, total share-based compensation was $3,744 and the tax deficiency from share-based compensation was $51. During the six-month period ended February 1, 2008, total share-based compensation was $4,980 and the excess tax benefit from share-based compensation was $49.

10. Comprehensive Income (Loss)

Comprehensive income (loss) consisted of the following at:

	Quarter Ended		Six Months Ended	
	January 30, 2009	February 1, 2008	January 30, 2009	February 1, 2008
Net income	$ 18,362	$ 20,217	$ 31,194	$ 34,106
Other comprehensive income (loss):				
Change in fair value of interest rate Swap, net of tax	(15,304)	(20,685)	(16,865)	(31,177)
Total comprehensive income (loss)	$ 3,058	$ (468)	$ 14,329	$ 2,929

For the quarters ended January 30, 2009 and February 1, 2008, the change in fair value of the Company's interest rate swap is net of a tax benefit of $6,584 and $10,735, respectively. For the six-month periods ended

January 30, 2009 and February 1, 2008, the change in fair value of the Company's interest rate swap is net of a tax benefit of $6,843 and $15,724, respectively.

11. Seasonality

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

12. Segment Reporting

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

	Quarter Ended		Six Months Ended	
	January 30, 2009	February 1, 2008	January 30, 2009	February 1, 2008
Revenue:				
Restaurant	$ 468,919	$ 465,105	$ 924,886	$ 927,858
Retail	161,263	169,348	279,228	287,760
Total revenue	$ 630,182	$ 634,453	$ 1,204,114	$ 1,215,618

13. Impairment of Long-lived Assets

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

During the six months ended January 30, 2009, the Company recorded no impairment charges. During the six months ended February 1, 2008, the Company closed two stores, which resulted in impairment charges of $532 and store closing charges of $345 (see "Impairment of long-lived assets" in Note 2 to the Consolidated Financial Statements contained in the 2008 Form 10-K for additional information). These impairments were recorded based upon the lower of unit carrying amount or fair value less estimated selling costs.

14. Shared-Based Compensation

The Company accounts for share-based compensation in accordance with SFAS No. 123 (Revised 2004), "Share-Based Payment," which requires the measurement and recognition of compensation cost at fair value for all share-based payments. Share-based compensation is recorded in general and administrative expenses. For the quarter and six-month period ended January 30, 2009, share-based compensation expense totaled $925 and $1,952, respectively, for stock options and $1,091 and $1,792, respectively, for nonvested stock. For the quarter and six-month period ended February 1, 2008, share-based compensation expense was $1,261 and $2,426, respectively, for stock options and $1,405 and $2,554, respectively, for nonvested stock.

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

15. Discontinued Operations

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

In the six-month period ended February 1, 2008, the Company reported in discontinued operations certain expenses related to the divestiture of Logan's, which consisted of the following:

	Quarter Ended February 1, 2008	Six Months Ended February 1, 2008
Loss before tax benefit from discontinued operations	$ (25)	$ (170)
Tax benefit	8	59
Loss from discontinued operations, net of tax	$ (17)	$ (111)

No expenses related to the divestiture of Logan's were incurred during the six-month period ended January 30, 2009.

16. Net Income Per Share and Weighted Average Shares

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

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

	Quarter Ended		Six Months Ended	
	January 30, 2009	February 1, 2008	January 30, 2009	February 1, 2008
Income from continuing operations per share numerator	$ 18,362	$ 20,234	$ 31,194	$ 34,217
Loss from discontinued operations, net of tax, per share numerator	$ --	$ (17)	$ --	$ (111)
Income from continuing operations, loss from discontinued operations, net of tax, and net income per share denominator:				
Weighted average shares	22,389,598	23,133,206	22,369,783	23,419,403
Add potential dilution:				
Stock options and nonvested stock and stock awards	207,585	625,137	261,971	682,262
Diluted weighted average shares	22,597,183	23,758,343	22,631,754	24,101,665

17. Commitments and Contingencies

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

The Company is contingently liable pursuant to standby letters of credit as credit guarantees related to insurers. At January 30, 2009, the Company had $32,362 of standby letters of credit related to securing reserved claims under workers' compensation insurance. All standby letters of credit are renewable annually and reduce the Company's availability under its Revolving Credit Facility (see Note 7 for further information on the Company's Revolving Credit Facility).

The Company is secondarily liable for lease payments under the terms of an operating lease that has been assigned to a third party. At January 30, 2009, the lease has a remaining life of approximately 4.7 years with annual lease payments of approximately $361 for a total guarantee of $1,683. The Company's performance is required only if the assignee fails to perform its obligations as lessee. At this time, the Company has no reason to believe that the assignee will not perform, and, therefore, no provision has been made in the accompanying condensed consolidated balance sheet for amounts to be paid in case of non-performance by the assignee.

Upon the sale of Logan's, the Company reaffirmed its guarantee of the lease payments for two Logan's restaurants. At January 30, 2009, the operating leases have remaining lives of 2.9 and 11.2 years with annual payments of approximately $94 and $98, respectively, for a total guarantee of $1,513. The Company's performance is required only if Logan's fails to perform its obligations as lessee. At this time, the Company has no reason to believe Logan's will not perform, and therefore, no provision has been made in the condensed consolidated financial statements for amounts to be paid as a result of non-performance by Logan's.

The Company enters into certain indemnification agreements in favor of third parties in the ordinary course of business. The Company believes that the probability of incurring an actual liability under such indemnification agreements is sufficiently remote so that no liability has been recorded. In connection with the divestiture of Logan's and Logan's sale-leaseback transaction (see Note 3 to the Company's Consolidated

Financial Statements included in the 2008 Form 10-K), the Company entered into various agreements to indemnify third parties against certain tax obligations, for any breaches of representations and warranties in the applicable transaction documents and for certain costs and expenses that may arise out of specified real estate matters, including potential relocation and legal costs. With the exception of certain tax indemnifications, the Company believes that the probability of being required to make any indemnification payments to Logan’s is remote. Therefore, at January 30, 2009, the Company has recorded a liability of $387 in the condensed consolidated balance sheet for these potential tax indemnifications, but no provision has been recorded for potential non-tax indemnifications.

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

Cracker Barrel Old Country Store, Inc. and its subsidiaries (collectively, the "Company," "our" or "we") are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® restaurant and retail concept. Unless otherwise noted, management's discussion and analysis of financial condition and results of operations ("MD&A") relates only to results from continuing operations. All dollar amounts reported or discussed in Part I, Item 2 of this Quarterly Report on Form 10-Q are shown in thousands, except per share amounts and certain statistical information (e.g., number of stores). References to years in the MD&A are to our fiscal year unless otherwise noted.

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

We believe the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. Factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those contained in Part I, Item 1A of the 2008 Form 10-K, which is incorporated herein by this reference, as well as other factors discussed throughout this report, including, without limitation, the factors described under "Critical Accounting Estimates" on pages 24-28 of this Form 10-Q or, from time to time, in our filings with the Securities and Exchange Commission ("SEC"), press releases and other communications.

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

General Overview

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

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

All explanations of changes in results of operations are discussed in descending order of their magnitude.

Results of Operations

Overview of Quarterly Results

Total revenue decreased 0.7% in the second quarter of 2009 as compared to the second quarter of 2008. Operating income margin was 6.2% of total revenue in the second quarter of 2009 compared to 7.2% in the second quarter of 2008. Income from continuing operations for the second quarter of 2009 decreased 9.3% as compared to the second quarter of 2008. The decrease in income from continuing operations reflected the following:

- lower restaurant traffic and lower retail sales,
- higher retail cost of goods sold,
- higher group health costs,
- higher utilities expense,
- higher store management wages,
- non-recurrence of the prior-year gain on the sale of the remaining Logan's property we had retained,
- higher workers' compensation expense and
- higher property taxes.

These decreases were partially offset by the following:

- lower income taxes,
- lower general insurance expense,
- lower interest expense,
- lower store miscellaneous expense,
- lower food costs,
- lower store bonus accruals,
- lower professional fees and
- higher menu pricing.

Diluted income from continuing operations per share of $0.81 decreased 4.7% from prior year due to the decrease in income from continuing operations partly offset by lower average diluted shares outstanding.

Overview of Year-to-Date Results

Total revenue decreased 0.9% during the six-month period ended January 30, 2009 as compared to the six-month period ended February 1, 2008. Operating income margin was 6.0% of total revenue for the six-month period ended January 30, 2009 as compared to 6.7% in the six-month period ended February 1, 2008. Income from continuing operations for the six-month period ended January 30, 2009 decreased 8.8% as compared to the six-month period ended February 1, 2008. The decrease in income from continuing operations reflected the following:

- lower restaurant traffic and lower retail sales,
- higher utilities expense,
- higher store management wages,
- non-recurrence of the prior-year gain on the sale of the remaining Logan’s property we had retained,
- higher retail costs of goods sold,
- higher food costs and
- higher property taxes.

These decreases were partially offset by the following:

- lower income taxes,
- lower general insurance expense,
- non-recurrence of manager meeting expense,
- lower interest expense,
- lower professional fees and
- higher menu pricing.

Diluted income from continuing operations per share of $1.38 decreased 2.8% from prior year due to the decrease in income from continuing operations partly offset by lower average diluted shares outstanding.

The following table highlights operating results by percentage relationships to total revenue for the quarter and six-month period ended January 30, 2009 as compared to the same periods in the prior year:

	Quarter Ended		Six Months Ended	
	January 30, 2009	February 1, 2008	January 30, 2009	February 1, 2008
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	35.3	35.3	33.5	33.2
Gross profit	64.7	64.7	66.5	66.8
Labor and other related expenses	37.1	36.1	37.9	37.4
Impairment and store closing charges	--	--	--	0.1
Other store operating expenses	16.8	16.8	17.6	17.4
Store operating income	10.8	11.8	11.0	11.9
General and administrative expenses	4.6	4.6	5.0	5.2
Operating income	6.2	7.2	6.0	6.7
Interest expense	2.1	2.3	2.3	2.4
Interest income	--	--	--	--
Income before income taxes	4.1	4.9	3.7	4.3
Provision for income taxes	1.2	1.7	1.1	1.5
Income from continuing operations	2.9	3.2	2.6	2.8
Loss from discontinued operations, net of tax	--	--	--	--
Net income	2.9%	3.2%	2.6%	2.8%

The following table highlights the components of total revenue by percentage relationships to total revenue for the quarter and six-month period ended January 30, 2009 as compared to the same periods in the prior year:

	Quarter Ended		Six Months Ended	
	January 30, 2009	February 1, 2008	January 30, 2009	February 1, 2008
Revenue:				
Restaurant	74.4%	73.3%	76.8%	76.3%
Retail	25.6	26.7	23.2	23.7
Total revenue	100.0%	100.0%	100.0%	100.0%

The following table sets forth the number of units in operation at the beginning and end of the quarters and six-month periods ended January 30, 2009 and February 1, 2008, respectively:

	Quarter Ended		Six Months Ended	
	January 30, 2009	February 1, 2008	January 30, 2009	February 1, 2008
Open at beginning of period	581	566	577	562
Opened during period	4	4	8	10
Closed during period	--	--	--	(2)
Open at end of period	585	570	585	570

During the six months ended February 1, 2008, we also replaced an existing unit with a new unit in a nearby community. Replacements are not counted as either units opened or closed.

Average unit volumes include sales of all stores. The following table highlights average unit volumes for the quarter and six-month period ended January 30, 2009 as compared to the same periods in the prior year:

	Quarter Ended		Six Months Ended	
	January 30, 2009	February 1, 2008	January 30, 2009	February 1, 2008
Revenue:				
Restaurant	$ 802.7	$ 817.2	$ 1,591.6	$ 1,638.8
Retail	276.1	297.5	480.5	508.2
Total revenue	$ 1,078.8	$ 1,114.7	$ 2,072.1	$ 2,147.0

Total Revenue

Total revenue for the second quarter of 2009 decreased 0.7% compared to the prior year second quarter. For the second quarter, comparable store restaurant sales decreased 1.5% and comparable store retail sales decreased 7.0% resulting in a combined comparable store sales (total revenue) decrease of 2.9%. The comparable store restaurant sales decrease consisted of a 3.1% average check increase for the quarter (including a 3.6% average menu price increase) and a 4.6% guest traffic decrease. The comparable store retail sales decrease was due to a decline in guest traffic and lower guest spending on retail products during the important holiday season. We continue to experience the effects of pressures on consumer discretionary income in our guest traffic and sales. Sales from newly opened stores partially offset the decrease in comparable store restaurant and retail sales.

Total revenue for the six-month period ended January 30, 2009 decreased 0.9% compared to the six-month period ended February 1, 2008. For the six-month period ended January 30, 2009, comparable store restaurant sales decreased 2.3% and comparable store retail sales decreased 5.0% resulting in a combined comparable store sales (total revenue) decrease of 3.0%. The comparable store restaurant sales decrease consisted of a 3.2% average check increase for the six months (including a 3.4% average menu price increase) and a 5.5% guest traffic decrease. We continue to experience the effects of pressures on consumer discretionary income in our guest traffic and sales. Sales from newly opened stores partially offset the decrease in comparable store restaurant and retail sales.

Cost of Goods Sold

Cost of goods sold as a percentage of total revenue for the second quarter of 2009 remained flat compared to the second quarter of the prior year at 35.3%. Costs of goods sold as a percentage of total revenue benefited from a shift in the mix of sales versus prior year to restaurant sales from retail sales, the latter of which typically have a higher cost of sales. The increase in retail cost of goods sold as a percentage of retail sales resulted from higher markdowns of retail merchandise and lower initial mark-ons of retail merchandise versus the prior year. Lower food costs resulted from higher menu pricing partially offset by commodity inflation. The increase in commodity inflation from a year ago was primarily due to increases in oils and produce.

Cost of goods sold as a percentage of total revenue increased to 33.5% for the six-month period ended January 30, 2009 compared to 33.2% in the six-month period ended February 1, 2008. This increase was due to commodity inflation, higher markdowns of retail merchandise and lower initial mark-ons of retail merchandise versus the prior year partially offset by higher menu pricing and a shift in the mix of sales versus prior year to restaurant sales from retail sales, the latter of which typically have a higher cost of sales. The increase in commodity inflation from a year ago was primarily due to increases in oils, produce, grain products and poultry.

Labor and Other Related Expenses

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. Labor and other related expenses as a percentage of total revenue increased to 37.1% in the second quarter of 2009 from 36.1% in the prior year. This increase was due to higher group health costs, higher management costs, higher workers' compensation expense and the effect of lower guest traffic partially offset by lower store bonus accruals and menu pricing. The increase in group health costs was due to higher medical claims. The increase in management costs was due to wage inflation and higher staffing levels. Although our limited scope actuarial reviews completed during the second quarters of 2009 and 2008 resulted in reductions in workers' compensation expense, we recorded a smaller reduction in the second quarter of 2009 as compared to the prior year. The decrease in store bonus accruals reflected lower performance against financial objectives in the second quarter of 2009 versus the same period a year ago.

Labor and other related expenses as a percentage of total revenue increased to 37.9% in the six-month period ended January 30, 2009 as compared to 37.4% in the six-month period ended February 1, 2008. Higher management costs and the effect of lower guest traffic were partially offset by menu pricing. Management costs increased due to wage inflation and higher staffing levels.

Impairment and Store Closing Charges

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

Other Store Operating Expenses

Other store operating expenses include all unit-level operating costs, the major components of which are utilities, operating supplies, repairs and maintenance, depreciation and amortization, advertising, rent, credit card fees and non-labor-related pre-opening expenses. Other store operating expenses as a percentage of total revenue remained flat compared to the second quarter of the prior year at 16.8%. Higher utilities expense, higher property taxes and the effect of lower guest traffic were partially offset by lower general insurance expense as a result of revised actuarial estimates, lower store miscellaneous expense and higher menu pricing. Lower store miscellaneous expense resulted from lower hourly employee turnover and cost control initiatives.

Other store operating expenses as a percentage of total revenue increased to 17.6% in the six-month period ended January 30, 2009 as compared to 17.4% in the six-month period ended February 1, 2008. The increase was due to higher utilities expense and lower guest traffic partially offset by lower general insurance expense and higher menu pricing. Lower general insurance expense resulted from revised actuarial estimates.

General and Administrative Expenses

General and administrative expenses as a percentage of total revenue remained flat compared to the second quarter of the prior year at 4.6%. The non-recurrence of the prior-year gain on the sale of the remaining Logan’s property we had retained was partially offset by lower professional fees.

General and administrative expenses as a percentage of total revenue decreased to 5.0% in the six-month period ended January 30, 2009 as compared to 5.2% in the six-month period ended February 1, 2008. The decrease was due to the non-recurrence of expenses associated with a manager meeting which was held in the prior year and lower professional fees partially offset by the non-recurrence of the prior-year gain on the sale of the remaining Logan’s property we had retained. The next manager meeting is scheduled to be held in 2010.

Interest Expense

Interest expense as a percentage of total revenue decreased to 2.1% in the second quarter of 2009 as compared to 2.3% in the second quarter of last year. The decrease was due to lower average interest rates partially offset by higher average debt outstanding.

Interest expense as a percentage of total revenue decreased to 2.3% in the six-month period ended January 30, 2009 as compared to 2.4% in the six-month period ended February 1, 2008. The decrease was due to lower average interest rates partially offset by higher average debt outstanding.

Provision for Income Taxes

The provision for income taxes as a percent of pre-tax income was 29.4% in the second quarter of 2009 and 29.9% in the first six months of 2009. The provision for income taxes as a percent of pre-tax income was 34.9% in the second quarter of 2008, 34.5% in the first six months of 2008 and 30.2% for the full year of 2008. The decrease in the effective tax rate in the first six months of 2008 to the first six months of 2009 reflected higher employer tax credits on both an absolute dollar basis as well as a percent of pre-tax income due to the decrease in income from continuing operations. The decrease in the effective tax rate from the full year of 2008 to the first six months of 2009 reflected higher employer tax credits as a percent of pre-tax income partially offset by the non-recurrence of reserve adjustments resulting from the expiration of certain statutes of limitations, which generally do not occur in the first two quarters of any year.

Liquidity and Capital Resources

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

We believe that cash at January 30, 2009, along with cash generated from our operating activities, the borrowing capacity under our Revolving Credit Facility and the expected proceeds from the planned sale-leaseback transactions described below will be sufficient to finance our continued operations, our continued expansion plans, our principal payments on our debt and our dividend payments for at least the next twelve months and thereafter for the foreseeable future.

Cash Generated From Operations

Our operating activities from continuing operations provided net cash of $49,834 for the six-month period ended January 30, 2009, which represented a decrease from the $63,590 provided during the same period a year ago. This decrease reflected the timing of payments for interest, accounts payable and income taxes and lower income from continuing operations.

Borrowing Capacity and Debt Covenants

At January 30, 2009, although we did not have any outstanding borrowings under the Revolving Credit Facility, we had $32,362 of standby letters of credit related to securing reserved claims under workers' compensation insurance which reduce our availability under the Revolving Credit Facility. At January 30, 2009, we had $217,638 in borrowing capacity under our Revolving Credit Facility.

The Revolving Credit Facility is part of our $1,250,000 credit facility (the “Credit Facility”), which also includes a Term Loan B facility and Delayed-Draw Term Loan facility, each of which has a scheduled maturity date of April 27, 2013. At January 30, 2009, our Term Loan B balance was $629,872 and our Delayed-Draw Term balance was $150,338. See Note 7 to our Condensed Consolidated Financial Statements for further information on our long-term debt.

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

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

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

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

At January 30, 2009, our consolidated total leverage ratio and consolidated interest coverage ratio were 3.72 and 5.34, respectively.

We intend to engage in sale-leaseback transactions involving approximately 15 of our stores and our retail distribution center, which we expect to conclude before the end of 2009. Net proceeds from the transactions, which are presently expected to be between $55,000 and $60,000, together with excess cash flow from operations, will be used to reduce outstanding debt.

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

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

On July 31, 2008, our Board of Directors approved share repurchases of up to $65,000 of our common stock. The principal criteria for share repurchases are that they be accretive to expected net income per share, are within the limits imposed by our Credit Facility and that they be made only from free cash flow (operating cash flow less capital expenditures and dividends) rather than borrowings. During the six-month period ended January 30, 2009, we did not make any share repurchases owing to a temporary suspension of our share repurchase plans.

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

During the six-month period ended January 30, 2009, we paid dividends of $0.38 per common share. During the second quarter of 2009, we also declared an additional dividend of $0.20 per common share that was paid on February 5, 2009. Subsequent to the end of the second quarter, we declared a dividend of $0.20 per common share payable on May 5, 2009 to shareholders of record on April 17, 2009.

During the six-month period ended January 30, 2009, we received proceeds of $877 from the exercise of share-based compensation awards and the corresponding issuance of 68,762 shares of our common stock.

Working Capital

We had negative working capital of $17,838 at January 30, 2009 versus negative working capital of $44,080 at August 1, 2008. The change in working capital compared with August 1, 2008 reflected lower retail inventory and timing of payments for accounts payable. In the restaurant industry, substantially all sales are either for cash or third-party credit card. Like many other restaurant companies, we are able to, and often do, operate with negative working capital. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while restaurant inventories purchased locally generally are financed from normal trade credit. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through wire transfers. These various trade terms are aided by rapid turnover of the restaurant inventory. Employees generally are paid on weekly, bi-weekly or semi-monthly schedules in arrears of hours worked, and certain expenses such as certain taxes and some benefits are deferred for longer periods of time.

Capital Expenditures

Capital expenditures (purchase of property and equipment) were $37,444 for the six-month period ended January 30, 2009 as compared to $45,123 during the same period a year ago. Construction of new locations accounted for most of the expenditures. The decrease in capital expenditures from the first six months of 2008 to the first six months of 2009 is primarily due to a reduction in the number of new locations acquired and under construction as compared to the prior year. We estimate that our capital expenditures for 2009 will be approximately $65,000 reflecting a reduction in capital expenditures for 2010 stores from the guidance we provided in our Quarterly Report on Form 10-Q for the Quarterly Period ended October 31, 2008 (filed with the SEC on December 9, 2008). This estimate includes costs related to the acquisition of sites and construction of 11 new stores that have opened during 2009 (three subsequent to the end of the second quarter), as well as for acquisition and construction costs for 7 new stores to be opened in 2010 and capital expenditures for maintenance programs. We intend to fund our capital expenditures with cash flows from operations and borrowings under our Revolving Credit Facility, as necessary. Capitalized interest was $94 and $294, respectively, for the quarter and six-month period ended January 30, 2009, as compared to $184 and $412, respectively, for the quarter and six-month period ended February 1, 2008.

Off-Balance Sheet Arrangements

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

Material Commitments

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

Recent Accounting Pronouncements

Fair Value

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

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

Income Tax Benefits of Dividends on Share–Based Payment Awards

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

Derivative Disclosures

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

GAAP Hierarchy

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

Critical Accounting Estimates

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

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

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

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

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

· Legal Proceedings

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

Impairment of Long-Lived Assets and Provision for Asset Dispositions

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

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

Insurance Reserves

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

We record a liability for workers' compensation and general liability for all unresolved claims and for an actuarially determined estimate of incurred but not reported claims at the anticipated cost to us based upon an actuarially determined reserve as of the end of our third quarter and adjusting it by the actuarially determined losses and actual claims payments for the subsequent quarters until the next annual actuarial study of our reserve requirements. Those reserves and these losses are determined actuarially from a range of possible outcomes within which no given estimate is more likely than any other estimate. In accordance with SFAS No. 5, "Accounting for Contingencies," we record the actuarially determined losses at the low end of that range and discount them to present value using a risk-free interest rate based on the actuarially projected timing of payments. We also monitor actual claims development, including incurrence or settlement of individual large claims during the interim period between actuarial studies as another means of estimating the adequacy of our reserves. From time to time, we perform limited scope interim updates of our actuarial studies to verify and/or modify our reserves. During the second quarters of 2009 and 2008, we performed such updates.

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

Inventory Shrinkage

Cost of goods sold includes the cost of retail merchandise sold at our stores utilizing the retail inventory accounting method. It includes an estimate of shortages that are adjusted upon physical inventory counts in subsequent periods. Consistent with the prior year, we will conduct our physical inventory counts throughout the third and fourth quarters of the fiscal year based upon a cyclical inventory schedule. During the quarter ended January 30, 2009, an estimate of shrink was recorded based on the three-year average of the physical inventories' results on a store-by-store basis. We have not made any material changes in the methodology used to estimate shrinkage during the first six months of 2009 and do not believe that there will be a material change in the future estimates or assumptions used to calculate shrinkage. However, actual shrinkage recorded may produce materially different amounts of shrinkage than we have estimated.

Tax Provision

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

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

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

Share-Based Compensation

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

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

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

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

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

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

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

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

Unredeemed Gift Cards and Certificates

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

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

Legal Proceedings

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Our management, with the participation of our principal executive and financial officers, including the Chief Executive Officer and the Interim Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon this evaluation, the Chief Executive Officer and the Interim Chief Financial Officer concluded that as of January 30, 2009, our disclosure controls and procedures were effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e).

There have been no changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended January 30, 2009 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors

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

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

Part II, Item 4 of the Company's Quarterly Report on Form 10-Q for the Quarterly Period ended October 31, 2008 (filed with the SEC on December 9, 2008) is incorporated herein by this reference.

Item 6. Exhibits

See Exhibit Index immediately following the signature page hereto.

SIGNATURES

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

CRACKER BARREL OLD COUNTRY STORE, INC.

Date: 3/10/09

By: /s/ N.B. Forrest Shoaf

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

Date: 3/10/09

By: /s/ Patrick A. Scruggs

Patrick A. Scruggs, Vice President, Accounting and Tax and Chief Accounting Officer

EXHIBIT INDEX

Exhibit No.	Description
3(I), 4	Articles of Incorporation (as amended to date) (incorporated by reference to Exhibit 3(I), 4 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 31, 2008 and filed with the SEC on December 9, 2008)
10.1	The Company's Amended and Restated Stock Option Plan (as amended to date)
10.2	The Company’s 2002 Omnibus Incentive Compensation Plan (as amended to date)
31	Rule 13a-14(a)/15d-14(a) Certifications
32	Section 1350 Certifications

Exhibit 10.1

CRACKER BARREL OLD COUNTRY STORE, INC.

AMENDED AND RESTATED STOCK OPTION PLAN

(As amended through November 25, 2008)

The entire text of the Cracker Barrel Old Country Store, Inc. Amended and Restated Stock Option Plan, as now amended and restated (including certain conforming changes), is as follows:

1. Name and Purpose. The purpose of this Plan, which shall be known as the "Cracker Barrel Old Country Store, Inc. Amended and Restated Stock Option Plan" is to provide a means whereby the Company may, through the grant of Options to purchase Common Stock of the Company, attract and retain qualified individuals (including officers and directors who are also employees) and motivate those employees to exert their best efforts on behalf of the Company and its Subsidiaries.

2. Definitions. For purposes of this Plan, the following terms when capitalized shall have the meaning designated herein unless a different meaning is plainly required by the context. Where applicable, the masculine pronoun shall mean or include the feminine and the singular shall include the plural:

(a) "Board" means the Board of Directors of the Company.

(b) "Common Stock" means Common Stock of the Company having a par value of 01/100 ($.01) dollars.

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

(d) "Effective Date" means the date on which this Plan, in its present form, was approved by the Shareholders, November 25, 1997.

(e) "Fair Market Value" of the Common Stock of the Company shall be the last reported sale price of the Common Stock as reported by The Nasdaq Global Market ("Nasdaq") on the day of the grant of the Option, and if such date is not a trading day, then the last reported sale price of the last trading day immediately preceding the day of the grant of the Option.

(f) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

(g) "Option" means a stock option granted pursuant to the Plan.

(h) "Optionee" means any employee who receives Options granted under this Plan as well as the holder of any Options granted under this Plan prior to the Effective Date.

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

(j) "Plan" means the Cracker Barrel Old Country Store, Inc. Amended and Restated Stock Option Plan.

(k) "Retirement" means an employee who terminates his employment relationship with the Company at such time when such employee's age is at least 55 years, and the employee has 7 years tenure with the Company or longer. Retirement specifically excludes severance agreements with the Company or termination for Just Cause.

(l) "Shareholders" means the holders of the outstanding shares of the Company's Common Stock.

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

(n) "Just Cause" means matters which, in the judgment of the Committee, constitute any one or more of the following:

(i) Intoxication while on duty.

(ii) Theft or dishonesty in the conduct of the Company's business.

(iii) Willful neglect or negligence in the management of the Company's business.

(iv) Conviction of a crime involving moral turpitude.

3. Administration.

(a) The Plan shall be administered by a committee (the "Committee") appointed by the Board of Directors of the Company (the "Board"). The Committee shall consist of two or more non- employee directors. Eligibility requirements for members of the Committee shall conform with Rule 16(b)-3 promulgated pursuant to the Securities Exchange Act of 1934, as amended, or any successor rule or regulation. No person, other than members of the Committee, shall have any discretion concerning decisions regarding the Plan.

(b) The Company shall grant to employees chosen by the Committee to participate in the Plan Options under, and in accordance with, the provisions of the Plan. Each Option granted shall be evidenced by a stock option agreement in such form and containing such provisions not inconsistent with this Plan.

(c) Without limiting the generality of the foregoing, the Committee shall have full and final authority in its discretion to interpret provisions of the Plan, to determine from time to time the individuals in the eligible group to whom the Options shall be granted and the number of shares to be covered by each proposed Option; to determine the purchase price of the shares covered by each Option and the time or times at which Options shall be granted; to interpret the Plan; to make, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the instruments by which Options shall be evidenced; and to make all other determinations necessary or advisable for the administration of the Plan.

4. Eligibility. The persons eligible to participate in the Plan as recipients of Options shall include the employees of the Company or of any Subsidiary of the Company (hereinafter called "employees"). The word "employees" does not include Directors of the Company as such, but does include Directors of the Company who are otherwise employed by the Company. Nothing contained in this Plan, nor in any Option granted pursuant to the Plan, shall confer upon any employee any right to continue in the employ of the Company or any Subsidiary nor limit in any way the right of the Company or any Subsidiary to terminate his employment at any time.

5. Shares Subject to the Plan.

(a) The shares to be delivered by the Company upon exercise of options granted under this Plan are authorized and unissued shares of Common Stock.

(b) The aggregate number of shares of Common Stock which may be sold pursuant to options granted under this Plan shall not exceed 17,525,702 shares; subject, however, to the adjustment provided in Paragraph 9 in the event of stock splits, stock dividends, exchanges of shares, or the like occurring after the Effective Date. No Option may be granted under this Plan which could cause such maximum limit to be exceeded.

(c) Shares of Common Stock covered by an option which is no longer exercisable shall again be available for sale pursuant to a grant of Options under this Plan.

6. Terms of Options. The Options granted under this Plan shall contain the following terms and conditions:

(a) Option Price. The Option price per share of Common Stock shall be equal to the Fair Market Value of the Company's Common Stock on the date specified by the Committee.

(b) Time and Issuance of Options. From time to time the Committee shall select from among those who are then eligible, the individuals to whom Options shall be granted and shall determine the number of shares to be covered by each Option. Each individual thus selected shall, at such time as the Committee shall determine, be granted an Option with respect to the number of shares of Common Stock thus determined. The recommendation or selection of an employee as a participant in any grant of Options under the Plan shall not be deemed to entitle the employee to such Option prior to the time when it shall be granted by the Committee; and the granting of any Option under the Plan shall not be deemed either to entitle such employee to, or to disqualify such employee from, any participation in any other grant of Options under the Plan.

In making any determination as to individuals to whom Options shall be granted and as to the number of shares to be covered by such Options, the Committee shall take into account the duties of the respective individuals, their present and potential contributions to the success of the Company, and such other factors as the Committee shall deem relevant in accomplishing the purposes of the Plan. Notwithstanding any provision in the Plan to the contrary, the maximum number of shares of Common Stock with respect to one or more Options that may be granted during any one of the Company’s fiscal years under the Plan to any one Optionee shall be 250,000.

(c) Period Within Which Option May be Exercised. Each Option granted under the Plan shall specify the period for which the Option thereunder is granted and shall provide that the Option shall expire at the end of such period.

(d) Transferability. The Committee shall determine whether Options granted under this Plan may be assigned or transferred by the Optionee and, if an option is transferable, the Committee shall be authorized to restrict transferability to certain persons or classes of persons. In the event of death of an Optionee, Options shall be transferable by will by the laws of descent and distribution.

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

(f) Termination of Service. If an Optionee's employment with the Company is terminated, then the Optionee shall have the following time periods within which to exercise unexercised Options or portions of the options held by that Optionee in the following described circumstances:

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

(ii) Exercise in the Event of Termination of Employment. If an Optionee's employment by the Company or a Subsidiary shall terminate for any reason other than Disability, Retirement, death or Just Cause, he may exercise his Option, to the extent that he may be entitled to do so at the date of the termination of his employment, at any time, or from time to time, for a period of 90 days after the date of termination, but in no event later than the expiration date of the Option. Whether authorized leave of absence for military or governmental service shall constitute termination of employment for purposes of this Plan shall be determined by the Committee. In the event an Optionee's employment with the Company or any Subsidiary is terminated for Just Cause, the Option shall terminate as of the date of the employee's termination and will no longer be exercisable.

(iii) Exercise in the Event of Retirement. If an Optionee ceases to be an employee by reason of Retirement, the former employee may exercise Options, to the extent the Optionee was entitled to do so at the date of termination at any time during the remaining life of the Option, but in no event later than the expiration date of the Option.

(g) Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares covered by his Option until the issuance of a stock certificate to him for such shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of such stock certificate, except as provided in Paragraph 9.

(h) Partial Exercise. Unless otherwise provided in the option agreement, any exercise of an Option granted under this Plan may be made in whole or in part.

7. Exercise of Options. The Committee expressly reserves the right to determine the manner in which Options may be exercised pursuant to this Plan. The Committee, in its discretion, may determine the manner in exercising Options as of the date of the Option grant and inform Optionees in the written agreement required under this Plan. The manner of exercising Options may vary from grant to grant, within the discretion of the Committee.

An Option granted under this Plan may be exercised by written notice to the Company, signed by the Optionee, or by such other person as is entitled to exercise such Option. The notice of exercise shall be delivered to the Company at its principal office, shall state the number of shares with respect to which the Option is being exercised, and shall be accompanied by payment in full of the Option price for such shares in cash, by surrender of fully-paid shares of Company Common Stock or by certified check to the Company. Upon the exercise of an Option and full payment thereof, the Company shall deliver or cause to be delivered, as soon as practicable, to the Optionee exercising his Option a certificate or certificates for the number of shares of stock with respect to which the Option is so exercised. The shares of stock shall be registered in the name of the exercising Optionee or in such name jointly with him as he may direct in the written notice of exercise referred to in this paragraph. It shall be a condition to the obligation of the Company to issue or transfer shares of stock upon exercise of an Option by delivery of shares that the Optionee pay to the Company, upon its demand, such amount as may be requested by the Company for the purpose of satisfying its liability to withhold Federal, state or local income or other taxes incurred by reason of the exercise of such Option or the transfer of shares thereupon. If the amount requested is not paid, the Company may refuse to issue or transfer shares of stock upon exercise of the Option. All shares purchased upon the exercise of the Option as provided herein shall be fully paid and nonassessable.

8. Previously Granted Options. All Options previously granted shall remain outstanding and effective after the Effective Date and shall be subject to all terms and conditions of this Plan, as amended and restated, with respect to such outstanding Options and such terms and conditions as may be set forth in the relevant stock option agreements. If the terms and conditions of any stock option agreements granted prior to the Effective Date are different from this Plan, the terms and conditions contained in such option agreements shall remain effective. Hereafter, the Plan and the relevant stock option agreements granted hereunder shall govern all option grants.

9. Adjustments to Reflect Capital Changes. The following adjustments shall be made to reflect changes in the capitalization of the Company:

(a) Recapitalization. The number and kind of shares subject to outstanding Options, the exercise price for such shares, and the number and kind of shares available for Options subsequently granted under the Plan shall be appropriately adjusted to reflect any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other change in capitalization with a similar substantive effect upon the Plan or the Options outstanding under the Plan. The Committee shall have the power to determine the amount of the adjustment to be made in each case.

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

(c) Acceleration. In the event of change of control as defined herein, any outstanding Options shall be immediately exercisable (without regard to any limitation imposed by the Plan or the Board at the time the Option was granted, which permits all or any part of the Option to be exercised only after the lapse of time), and will remain exercisable until the expiration date of the Options.

(i) A “change of control” shall be deemed to have occurred if:

(1) without prior approval of the Board, any "person" becomes a 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 securities; or

(2) without prior approval of the Board, as a result of, or in connection with, or within two years following, a tender or exchange offer for the voting stock of the Company, a merger or other business combination to which the Company is a party, the sale or other disposition of all or substantially all of the assets of the

Company, a reorganization of the Company, or a proxy contest in connection with the election of members of the Board, the persons who were directors of the Company immediately prior to any of such transactions cease to constitute a majority of the Board or of the board of directors of any successor to the Company (except for resignations due to death, Disability or normal Retirement).

(ii) A person shall be deemed the "beneficial owner" of any securities:

(1) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(2) which such person or any of its Affiliates or Associates has, directly or indirectly, (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (2) the right to vote pursuant to any agreement, arrangement or understanding; or

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

(iii) A "person" shall mean any individual, firm, company, partnership, other entity or group.

(iv) The terms "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Action of 1934, as in effect on the date the Plan is approved by the shareholders of the Company and becomes effective.

10. Amendment and Termination of Plan. The Board may from time to time, with respect to any Common Stock on which Options have not been granted, suspend or discontinue the Plan or amend it in any respect whatsoever. This Plan is intended to comply with all applicable requirements of Rule 16b-3 or its successors under the 1934 Act, insofar as participants subject to Section 16 of that Act are concerned. To the extent any provision of the Plan does not so comply, the provision shall, to the extent permitted by law and deemed advisable by the Committee, be deemed null and void with respect to such participants.

11. Indemnification of Committee. In addition to such other rights of indemnification as they may have as members of the Board or as members of the Committee, the members of the Committee shall be indemnified by the Company against all costs and expenses reasonably incurred by them in connection with any action, suit or proceeding to which they or any of them may be party by reason of any action taken or failure to act under or in connection with the Plan, or any Option granted thereunder, and against all amounts paid by them in settlement thereof

(provided such settlement is approved by legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except a judgment based upon finding of bad faith. Upon the institution of any such action, suit or proceeding, a Committee member shall notify the Company in writing, giving the Company an opportunity, at its own expense, to handle and defend the same before such Committee member undertakes to handle it on his own behalf.

12. Right to Receive Options. Neither the adoption of the Plan nor any action of the Committee shall be deemed to give any person any right to be granted an Option, or any other right under the Plan, unless and until the Committee grants a person an Option, and then his or her rights shall be only those prescribed in the instrument evidencing the Option.

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

14. Securities Laws. The Board shall take all necessary or appropriate actions to ensure that all option issuances and all exercises thereof under this Plan are in full compliance with all Federal and state securities laws.

15. No Obligation to Exercise Option. The grant of an Option shall impose no obligation upon any Optionee to exercise the Option.

Exhibit 10.2

CRACKER BARREL OLD COUNTRY STORE, INC.

2002 OMNIBUS INCENTIVE COMPENSATION PLAN

(As amended through November 25, 2008)

1. PURPOSE.

The purpose of the Cracker Barrel Old Country Store, Inc. 2002 Omnibus Incentive Compensation Plan (the "Plan") is to provide motivation to Employees of the Company and its Subsidiaries and Affiliates to put forth maximum efforts toward the continued growth, profitability, and success of the Company and its Subsidiaries and Affiliates by providing incentives to such Employees through the ownership and performance of Common Stock of the Company. Toward this objective, the Committee may grant stock options, SAR, Stock Awards, performance shares, cash bonuses and other incentive awards to Employees of the Company and its Subsidiaries and Affiliates on the terms and subject to the conditions set forth in the Plan. In addition, this Plan is intended to enable the Company to effectively attract, retain and reward Outside Directors by providing for grants of Outside Director Awards to Outside Directors.

2. DEFINITIONS.

2.1 "**Affiliate**" means any entity (other than the Company and any Subsidiary) that is designated by the Board as a participating employer under the Plan, provided that the Company directly or indirectly owns at least 20% of the combined voting power of all classes of stock of that entity or at least 20% of the ownership interests in that entity.

2.2 "**Award**" means any form of stock option, SAR, Stock Award, performance shares, cash bonus or other incentive award granted under the Plan, whether singly, in combination, or in tandem, to a Participant by the Committee pursuant to terms, conditions, restrictions and limitations, if any, as the Committee may establish by the Award Notice or otherwise.

2.3 "**Award Notice**" means a written notice from the Company to a Participant that establishes the terms, conditions, restrictions, and limitations applicable to an Award in addition to those established by the Plan and by the Committee's exercise of its administrative powers.

2.4 "**Board**" means the Board of Directors of the Company.

2.5 "**Cause**" means matters which, in the judgment of the Committee, constitute any one or more of the following: (i) intoxication while on the job; (ii) theft or dishonesty in the conduct of the Company's business; (iii) willful neglect or negligence in the management of the Company's business, or violation of Company race or gender anti-harassment policies; (iv) violence that results in personal injury; or (v) conviction of a crime involving moral turpitude.

2.6 "**Change In Control**" means the happening of any of the following:

a. any person or entity, including a "group" as defined in Section 13(d)(3) of the Exchange Act, other than the Company or a wholly-owned Subsidiary, or any employee benefit plan of the Company or any Subsidiary, becomes the beneficial owner of the Company's securities having 50% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or

b. as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sales of assets or contested election, or any combination of the foregoing transactions, after the transaction less than a majority of the combined voting power of the then outstanding securities of the Company, or any successor corporation or cooperative or entity, entitled to vote generally in the election of the directors of the Company, or other successor corporation or other entity, are held in the aggregate by the holders of the Company's securities who immediately prior to the transaction had been entitled to vote generally in the election of directors of the Company; or

c. during any period of 2 consecutive years, individuals who at the beginning of the period constitute the Board cease for any reason to constitute at least a majority of the Board, unless the election, or the nomination for election by the Company's shareholders, of each director of the Company first elected during the relevant 2-year period was approved by a vote of at least 2/3 of the directors of the Company then still in office who were directors of the Company at the beginning of that period.

2.7 "**Change In Control Price**" means the highest closing price (or, if the shares are not traded on an exchange, the highest last sale price or closing "asked" price) per share paid for the purchase of Common Stock in a national securities market during the 60-day period ending on the date the Change In Control occurs (or, where applicable, the occurrence of the Potential Change in Control event), as determined by the Committee.

2.8 "**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

2.9 "**Committee**" means the Compensation Committee of the Board, or any other committee designated by the Board, authorized to administer the Plan under Section 3 of this Plan. The Committee shall consist of not less than 2 members who shall be appointed by, and shall serve at the pleasure of, the Board. It is intended that the directors appointed to serve on the Committee shall be "independent" as defined by the Company from time to time, and that they shall be "non-employee directors" (within the meaning of Rule 16b-3 under the Exchange Act) and "outside directors" (within the meaning of Code Section 162(m) and its related regulations). However, the mere fact that a Committee member fails to qualify under any of the foregoing requirements shall not invalidate any Award made by the Committee if the Award is otherwise validly made under the Plan.

2.10 "**Common Stock**" means the $0.01 par value common stock of the Company.

2.11 "**Company**" means Cracker Barrel Old Country Store, Inc. or any successor.

2.12 "**Covered Employee**" means an individual who is, with respect to the Company, an individual defined in Code Section 162(m)(3).

2.13 "**Disability**" has the same meaning as provided in the long-term disability plan or policy maintained by the Company or if applicable, most recently maintained, by the Company or if applicable, a Subsidiary or Affiliate, for the Participant, whether or not that Participant actually receives disability benefits under the plan or policy. If no long-term disability plan or policy was ever maintained on behalf of Participant or if the determination of Disability relates to an incentive stock option (within the meaning of Section 8 of this Plan), Disability means Permanent and Total Disability as defined in Section 22(e)(3) of the Code. In a dispute, the determination whether a Participant has suffered a Disability will be made by the Committee and may be supported by the advice of a physician competent in the area to which that Disability relates.

2.14 “**Effective Date**” is defined in Section 6.

2.15 “**Employee**” means an employee of the Company, a Subsidiary or an Affiliate.

2.16 “**Exchange Act**” means the Securities and Exchange Act of 1934, as amended from time to time.

2.17 “**Fair Market Value**” with respect to the Common Stock, as of any given date, unless otherwise determined by the Committee in good faith, means the reported closing sale price of a share of Common Stock on the automated quotation system or other market or exchange that is the principal trading market for the Common Stock, or if no sale of a share of Common Stock is so reported on that date, the fair market value of a share of Common Stock as determined by the Committee in good faith.

2.18 “**Immediate Family**” means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and includes adoptive relationships.

2.19 “**Outside Director**” means a member of the Board who is not an officer or employee of the Company or any Subsidiary or Affiliate of the Company.

2.20 “**Outside Director Award**” means either a Director Option or a Director Stock Award or combination thereof awarded to an Outside Director under Section 27.

2.21 “**Participant**” means any individual to whom an Award has been granted by the Committee under this Plan.

2.22 “**Potential Change in Control**” means the happening of any one of the following:

a. the approval by shareholders of an agreement by the Company which would result in a Change in Control of the Company when consummated; or

b. the acquisition of beneficial ownership, directly or indirectly, by any entity, person or group (other than the Company or a Subsidiary or any Company or Subsidiary employee benefit plan, including any trustee of the plan acting as trustee) of securities of the Company representing 25% or more of the combined voting power of the then outstanding securities of the Company (without being accompanied by a formal statement or public filing disclaiming any intention to obtain or exercise control of the Company) and the adoption by the Committee of a resolution to the effect that a Potential Change in Control of the Company has occurred for purposes of this Plan.

2.23 “**Qualified Performance-Based Award**” means (i) any stock option or SAR granted under the Plan, or (ii) any other Award that is intended to qualify for the Section 162(m) Exemption and is made subject to performance goals based on Qualified Performance Measures as set forth in Section 13.

2.24 “**Qualified Performance Measures**” means 1 or more of the performance measures listed in Section 13.2 upon which performance goals for certain Qualified Performance-Based Awards may be established by the Committee.

2.25 “**SAR**” is an Award that shall entitle the recipient to receive a payment equal to the appreciation in value of a stated number of shares of Common Stock from the price established in the Award to the market value of that number of shares of Common Stock on the date of exercise.

2.26 "**Section 162(m) Exemption**" means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C) of the Code or any successor provision thereto.

2.27 "**Section 162(m) Cash Maximum**" means $5,000,000.

2.28 "**Section 16 Insider**" means a Participant who is subject to the reporting requirements of Section 16 of the Exchange Act with respect to the Company.

2.29 "**Stock Award**" means an Award granted pursuant to Section 10 in the form of shares of Common Stock, restricted shares of Common Stock or Units of Common Stock.

2.30 "**Subsidiary**" means a corporation or other business entity in which the Company directly or indirectly has an ownership interest of 50% or more.

2.31 "**Unit**" means a bookkeeping entry used by the Company to record and account for the grant of the following Awards until the Award is paid, canceled, forfeited or terminated, as the case may be: shares of Common Stock, SARs and performance shares may be expressed in terms of Units of Common Stock.

3. ADMINISTRATION.

The Plan shall be administered by the Committee. The Committee shall have the discretionary authority to: (a) interpret the Plan; (b) establish any rules and regulations it deems necessary for the proper operation and administration of the Plan; (c) select Employees to become Participants and receive Awards under the Plan; (d) determine the form of an Award, whether a stock option, SAR, Stock Award, performance share, cash bonus, or other incentive award established by the Committee, the number of shares or Units subject to the Award, all the terms, conditions, restrictions and limitations, if any, of an Award, including the time and conditions of exercise or vesting, and the terms of any Award Notice; (e) determine whether Awards should be granted singly, in combination or in tandem; (f) grant waivers of Plan terms, conditions, restrictions and limitations; (g) accelerate the vesting, exercise or payment of an Award or the performance period of an Award in the event of a Participant's termination of employment or when that action or actions would be in the best interests of the Company; (h) establish such other types of Awards, besides those specifically enumerated in Section 2.2, which the Committee determines are consistent with the Plan's purpose; and (i) take all other action it deems necessary or advisable for the proper operation or administration of the Plan. Subject to Section 24, the Committee also shall have the authority to grant Awards in replacement of Awards previously granted under the Plan or any other executive compensation plan of the Company or a Subsidiary. All determinations of the Committee shall be made by a majority of its members, and its determinations shall be final, binding and conclusive on all persons, including the Company and Participants.

The Committee, in its discretion, may delegate its authority and duties under the Plan to the Chief Executive Officer or to other senior officers of the Company under conditions and limitations the Committee may establish; however, only the Committee may select, grant, and establish the terms of Awards to Section 16 Insiders or Covered Employees.

Notwithstanding the general authority granted in this Section 3, the Committee (and any delegate of the Committee) has no authority to determine terms or conditions of Outside Director Awards, which shall be governed solely by Section 27 of this Plan.

4. ELIGIBILITY.

Any Employee is eligible to become a Participant in the Plan. Outside Directors are eligible to receive awards only pursuant to Section 27 and not pursuant to any other provisions of this Plan.

5. NUMBER OF SHARES AVAILABLE.

The maximum number of shares of Common Stock that shall be available for grant of Awards under the Plan (including incentive stock options) during its term shall not exceed [4.5] million shares, subject to adjustment as provided in Section 19. Any shares of Common Stock related to Awards that are settled in cash in lieu of Common Stock shall be available again for grant under the Plan. Similarly, any shares of Common Stock related to Awards that terminate by expiration, forfeiture, cancellation or otherwise without the issuance of the related shares or are exchanged with the Committee's permission for Awards not involving Common Stock, shall be available again for grant under the Plan. Further, any shares of Common Stock that are used by a Participant for the full or partial payment to the Company of the purchase price of Common Stock upon exercise of a stock option, or for withholding taxes due as a result of that exercise, shall again be available for Awards under the Plan. Notwithstanding any provision in the Plan to the contrary, the maximum number of shares of Common Stock with respect to 1 or more options and/or SARs that may be granted during any 1 calendar year under the Plan to any 1 Participant shall be 300,000. For purposes of this limitation, forfeited, canceled or repriced shares granted to a Participant in any given calendar year shall continue to be counted against the maximum number of shares that may be granted to that Participant in that calendar year. The maximum fair market value of any Awards (other than options, SARs and cash bonuses) that may be received by a Participant (less any consideration paid by the Participant for that Award) during any 1 calendar year under the Plan shall be the equivalent value of 300,000 shares of Common Stock as of the first business day of such calendar year. The shares of Common Stock available for issuance under the Plan may be authorized and unissued shares.

6. EFFECTIVE DATE; TERM.

The Plan shall become effective as of the date upon which it is approved by the shareholders of the Company (the "Effective Date"). No Awards or Outside Director Awards shall be exercisable or payable before the Plan becomes effective. This Plan shall remain in effect until terminated by action of the Board.

7. PARTICIPATION.

The Committee shall select, from time to time, Participants from those Employees who, in the opinion of the Committee, can further the Plan's purposes. Once a Participant is selected, the Committee shall determine the type or types of Awards to be made to the Participant and shall establish in the related Award Notices the terms, conditions, restrictions and limitations, if any, applicable to the Awards in addition to those set forth in the Plan and the administrative rules and regulations issued by the Committee.

8. STOCK OPTIONS.

8.1 **Grants**. Awards may be granted in the form of stock options. These stock options may be incentive stock options within the meaning of Section 422 of the Code, other tax-qualified stock options, or non-qualified stock options (i.e., stock options that are not incentive or other tax-qualified stock options), or a combination of any of those.

8.2 **Terms and Conditions of Options**. An option shall be exercisable in whole or in such installments and at the times determined by the Committee. The Committee also shall determine the performance or other conditions, if any, which must be satisfied before all or part of an option may be exercised. The price at which Common Stock may be purchased upon exercise of a stock option shall be established by the Committee, but such price shall not be less than 100% (or, in the case of any employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its Subsidiaries, not less than 110%) in the case of incentive stock options, and not less than 85% (or, in the case of a Covered Employee, not less than 100%) in the case of other stock options, of the Fair Market Value of the Common Stock on the date of the stock option grant. Each stock option shall expire not later than 10 years (or, in the case of an Employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, not later than 5 years) from its date of grant.

8.3 **Restrictions Relating to Incentive Stock Options**. Stock options issued in the form of incentive stock options shall, in addition to being subject to all applicable terms, conditions, restrictions and limitations established by the Committee, comply with Section 422 of the Code. Accordingly, incentive stock options may only be granted to Employees who are employees of the Company or a Subsidiary, and the aggregate market value (determined at the time the option was granted) of the Common Stock with respect to which incentive stock options are exercisable for the first time by a Participant during any calendar year (under the Plan or any other plan of the Company or any of its Subsidiaries) shall not exceed $100,000 (or other limit required by the Code). Each incentive stock option shall expire not later than 10 years from its date of grant.

8.4 **Additional Terms and Conditions**. The Committee may, by way of the Award Notice or otherwise, establish other terms, conditions, restrictions and limitations, if any, on any stock option Award, provided they are not inconsistent with the Plan. Without limiting the generality of the foregoing, options may provide for the automatic granting of new options at the time of exercise.

8.5 **Exercise**. The Committee shall determine the methods by which the exercise price of an option may be paid, the form of payment, including, without limitation, cash, shares of Common Stock, or other property (including “cashless exercise” arrangements, so long as they do not in any way conflict with the requirements of applicable law), and the methods by which shares of Common Stock shall be delivered or deemed to be delivered by Participants; however, if shares of Common Stock are used to pay the exercise price of a stock option, those shares must have been held by the Participant for at least 6 months (or any shorter or longer period necessary to avoid a charge to the Company’s earnings for financial reporting purposes).

9. **STOCK APPRECIATION RIGHTS.**

9.1 **Grants**. Awards may be granted in the form of SARs. The SAR may be granted in tandem with all or a portion of a related stock option under the Plan (“Tandem SARs”), or may be granted separately (“Freestanding SARs”). A Tandem SAR may be granted either at the time of the grant of the related stock option or at any time thereafter during the term of the stock option. In the case of SARs granted in tandem with stock options granted prior to the grant of the SARs, the appreciation in value is the difference between the option price of the related stock option and the Fair Market Value of the Common Stock on the date of exercise. The number of SARs granted may never exceed the lesser of the number of shares of Common Stock still available under the Plan at the time of the SAR grant or 625,000.

9.2 **Terms and Conditions of Tandem SARs**. A Tandem SAR shall be exercisable to the extent, and only to the extent, that the related stock option is exercisable, and the “exercise price” of that

SAR (the base from which the value of the SAR is measured at its exercise) shall be the option price under the related stock option. If a related stock option is exercised as to some or all of the shares covered by the Award, the related Tandem SAR, if any, shall be canceled automatically to the extent of the number of shares covered by the stock option exercise. Upon exercise of a Tandem SAR as to some or all of the shares covered by the Award, the related stock option shall be canceled automatically to the extent of the number of shares covered by the exercise.

9.3 **Terms and Conditions of Freestanding SARs**. Freestanding SARs shall be exercisable in whole or in the installments and at the times determined by the Committee. Freestanding SARs shall have a term specified by the Committee, in no event to exceed 10 years. The exercise price of a Freestanding SAR shall also be determined by the Committee; however, that price shall not be less than 100% of the Fair Market Value of the Common Stock on the date of the Freestanding SAR grant. The Committee also shall determine the performance or other conditions, if any, that must be satisfied before all or part of a Freestanding SAR may be exercised.

9.4 **Deemed Exercise**. The Committee may provide that an SAR shall be deemed to be exercised at the close of business on the scheduled expiration date of the affected SAR if at that time the SAR by its terms remains exercisable and, if so exercised, would result in a payment to the holder of the SAR.

9.5 **Additional Terms and Conditions**. The Committee may, by way of the Award Notice or otherwise, determine such other terms, conditions, restrictions and limitations, if any, of any SAR Award, provided they are not inconsistent with the Plan.

10. STOCK AWARDS.

10.1 **Grants**. Awards may be granted in the form of Stock Awards. Stock Awards shall be awarded in such numbers and at such times during the term of the Plan as the Committee shall determine. Stock Awards may be actual shares of Common Stock or the economic equivalent thereof ("Stock Award Units"). The total number of Stock Award Units granted at any time may not exceed the lesser of the number of shares of Common Stock available for grant at the time of the Stock Award Unit grant or 625,000.

10.2 **Award Restrictions**. Stock Awards shall be subject to terms, conditions, restrictions, and limitations, if any, the Committee deems appropriate including, without limitation, restrictions on transferability and continued employment of the Participant. The Committee also shall determine the performance or other conditions, if any, that must be satisfied before all or part of the applicable restrictions lapse.

10.3 **Rights as Shareholder**. During the period in which any restricted shares of Common Stock are subject to restrictions imposed pursuant to Section 10.2, the Committee may, in its discretion, grant to the Participant to whom restricted shares have been awarded all or any of the rights of a shareholder with respect to those shares, including, without limitation, the right to vote those shares and to receive dividends.

10.4 **Evidence of Award**. Any Stock Award granted under the Plan may be evidenced in any manner the Committee deems appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates.

11. PERFORMANCE SHARES.

11.1 Grants. Awards may be granted in the form of performance shares. "Performance shares" in this Plan mean shares of Common Stock or Units which are expressed in terms of Common Stock and which are subject to Qualified Performance Measures as discussed in Section 11.2.

11.2 Performance Criteria. The award of performance shares shall be contingent upon the attainment during a performance period of certain Qualified Performance Measures. The length of the performance period, the performance objectives to be achieved during the performance period, and the measure of whether and to what degree the objectives have been attained shall be conclusively determined by the Committee in the exercise of its absolute discretion. Performance objectives may be revised by the Committee, at times it deems appropriate during the performance period, in order to take into consideration any unforeseen events or changes in circumstances.

11.3 Additional Terms and Conditions. The Committee may, by way of the Award Notice or otherwise, determine other terms, conditions, restrictions and limitations, if any, of any Award of performance shares, provided they are not inconsistent with the Plan.

12. PLAN CASH BONUSES.

While cash bonuses may be granted at any time outside this Plan, cash awards may also be granted in addition to other Awards granted under the Plan and to cash awards made outside of the Plan. Subject to the provisions of the Plan, the Committee shall have authority to determine the persons to whom cash bonuses shall be granted and the amount, terms and conditions of those cash bonuses. Notwithstanding anything to the contrary in this Plan, no Covered Employee shall be eligible to receive a cash bonus under the Plan in excess of the Section 162(m) Cash Maximum in any fiscal year; and no cash bonus shall be granted pursuant to this Plan to any Covered Employee unless the cash bonus constitutes a Qualified Performance-Based Award in accordance with the provisions of Section 13.

13. PERFORMANCE GOALS FOR CERTAIN SECTION 162(m) AWARDS.

13.1 162(m) Exemption. This Plan shall be operated to ensure that all stock options and SARs granted hereunder to any Covered Employee qualify for the Section 162(m) Exemption.

13.2 Qualified Performance-Based Awards. When granting any Award other than stock options or SARs, the Committee may designate the Award as a Qualified Performance-Based Award, based upon a determination that the recipient is or may be a Covered Employee with respect to that Award, and the Committee wishes the Award to qualify for the Section 162(m) Exemption. If an Award is so designated, the Committee shall establish performance goals for the Award within the time period prescribed by Section 162(m) of the Code based on one or more of the following Qualified Performance Measures, which may be expressed in terms of Company-wide objectives or in terms of objectives that relate to the performance of a Subsidiary or a division, region, department or function within the Company or a Subsidiary:

(1) return on capital, equity, or assets (including economic value created),
(2) productivity,
(3) cost improvements,
(4) cash flow,
(5) sales revenue growth,
(6) net income, earnings per share, or earnings from operations,
(7) quality,

(8) customer satisfaction,
(9) comparable store sales,
(10) stock price or total shareholder return;
(11) satisfaction of specified business expansion goals;
(12) diversity goals;
(13) turnover;
(14) specified objective social goals;
(15) hiring or retention of high-potential employees or executives;
(16) growth in locations; or
(17) brand positioning goals.

Measurement of the Company's performance against the goals established by the Committee shall be objectively determinable, and to the extent goals are expressed in standard accounting terms, performance shall be measured according to generally accepted accounting principles as in existence on the date on which the performance goals are established and without regard to any changes in those principles after that date.

13.3 **Performance Goal Conditions.** Each Qualified Performance-Based Award (other than a stock option or SAR) shall be earned, vested and payable (as applicable) only upon the achievement of performance goals established by the Committee based upon one or more of the Qualified Performance Measures, together with the satisfaction of any other conditions, such as continued employment, the Committee may determine to be appropriate; however, (i) the Committee may provide, either in connection with the grant of an Award or by later amendment, that achievement of the performance goals will be waived upon the death or Disability of the Participant, and (ii) the provisions of Section 26 shall apply notwithstanding this sentence.

13.4 **Certification of Goal Achievement.** Any payment of a Qualified Performance-Based Award granted with performance goals shall be conditioned on the written certification of the Committee in each case that the performance goals and any other material conditions were satisfied. Except as specifically provided in Section 13.3, no Qualified Performance-Based Award may be amended, nor may the Committee exercise any discretionary authority it may otherwise have under the Plan with respect to a Qualified Performance-Based Award, in any manner to waive the achievement of the applicable performance goal based on Qualified Performance Measures or to increase the amount payable under, or the value of, the Award, or otherwise in a manner that would cause the Qualified Performance-Based Award to cease to qualify for the Section 162(m) Exemption.

14. PAYMENT OF AWARDS.

At the discretion of the Committee, payment of Awards may be made in cash, Common Stock, a combination of cash and Common Stock, or any other form of property the Committee shall determine. In addition, payment of Awards may include terms, conditions, restrictions and limitations, if any, the Committee deems appropriate, including, in the case of Awards paid in the form of Common Stock, restrictions on transfer and forfeiture provisions. Payment of Awards may be made in a lump sum, or in installments, as determined by the Committee.

15. DIVIDEND AND DIVIDEND EQUIVALENTS.

If an Award is granted in the form of a Stock Award, stock option, or performance share, or in the form of any other stock-based grant, the Committee may choose, at the time of the grant of the Award or any time thereafter up to the time of the Award's payment, subject to Section 13.1 of this Plan, to include as part of the Award in those forms an entitlement to receive dividends or dividend equivalents with respect to Stock Awards, performance shares, or options which are vested, subject to terms, conditions, restrictions and limitations, if any, the Committee may establish. Dividends and dividend equivalents shall be paid in a form and manner (i.e., lump sum or installments), and at a time or times the Committee shall determine. All dividends or dividend equivalents that are not paid currently may, at the Committee's discretion, accrue interest, be reinvested in additional shares of Common Stock or, in the case of dividends or dividend equivalents credited in connection with performance shares, be credited as additional performance shares and paid to the Participant if and when, and to the extent that, payment is made pursuant to that Award.

16. DEFERRAL OF AWARDS.

At the discretion of the Committee, payment of a Stock Award, performance share, dividend, dividend equivalent, or any portion thereof may be deferred by a Participant until a time the Committee may establish. All deferrals shall be accomplished by the delivery of a written, irrevocable request by the Participant prior to the time payment would otherwise be made, on a form provided by the Company. Further, all deferrals shall be made in accordance with administrative guidelines established by the Committee to ensure that deferrals comply with all applicable requirements of the Code and its regulations. Deferred payments shall be paid in a lump sum or installments, as determined by the Committee. The Committee also may credit interest, at rates to be determined by the Committee, on cash payments that are deferred and credit dividends or dividend equivalents on deferred payments denominated in the form of Common Stock. The Committee also may, in its discretion, require deferral of payment of any Award or portion of it, if payment of the Award would, or could in the reasonable estimation of the Committee, result in the Participant receiving compensation in excess of the maximum amount deductible by the Company under the provisions of Code Section 162(m), as amended. Notwithstanding the foregoing, no Award under this Plan (or modification thereof) shall provide for deferral of compensation that does not comply with Section 409A of the Code unless the Committee, at the time of grant, specifically provides that the Award is not intended to comply with Section 409A of the Code. Notwithstanding any provision of this Plan to the contrary, if one or more of the payments or benefits received or to be received by a Participant pursuant to an Award would cause the Participant to incur any additional tax or interest under Section 409A of the Code, the Committee may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code.

17. TERMINATION OF EMPLOYMENT.

If a Participant's employment with the Company or a Subsidiary or Affiliate terminates for Cause or for a reason other than death, Disability, retirement, or any other approved reason, all unexercised, unearned, and unpaid Awards, including without limitation, Awards earned but not yet paid, all unpaid dividends and dividend equivalents, and all interest accrued on the foregoing shall be canceled or forfeited, as the case may be, unless the Participant's Award Notice provides otherwise. The Committee shall have the authority to promulgate rules and regulations to (i) determine what events constitute Disability, retirement or termination for an approved reason for purposes of the Plan, and (ii) determine the treatment of a Participant under the Plan in the event of a Participant's death, Disability, retirement or termination for an approved reason.

18. NO ASSIGNMENT.

No Awards (other than unrestricted Stock Awards) or any other payment under the Plan shall be subject in any manner to alienation, anticipation, sale, transfer (except by will or the laws of descent and distribution), assignment, pledge, or encumbrance; however, the Committee may (but need not) permit other transfers where the Committee concludes that transferability (i) does not result in accelerated taxation, (ii) does not cause any option intended to be an incentive stock option to fail to be described in Code Section 422(b), and (iii) is otherwise appropriate and desirable, taking into account any state or federal securities laws applicable to transferable Awards. During the lifetime of the Participant no Award shall be payable to or exercisable by anyone other than the Participant to whom it was granted, other than (a) the duly appointed conservator or other lawfully designated representative of the Participant in the case of a permanent Disability involving a mental incapacity or (b) the transferee in the case of an Award transferred in accordance with the preceding sentence.

19. CAPITAL ADJUSTMENTS.

The number and price of shares of Common Stock covered by each Award and Outside Director Award and the total number of shares of Common Stock that may be awarded under the Plan shall be proportionately adjusted to reflect any stock dividend, stock split or share combination of the Common Stock or any recapitalization of the Company. In the event of any merger, consolidation, reorganization, liquidation or dissolution of the Company, or any exchange of shares involving the Common Stock, any Award or Outside Director Award granted under the Plan shall automatically be deemed to pertain to the securities and other property to which a holder of the number of Common Stock covered by the Award or Outside Director Award would have been entitled to receive in connection with any such event. The Committee shall have the sole discretion to make all interpretations and determinations required under this section to the extent it deems equitable and appropriate. It is the intent of any such adjustment that the value of the Awards or Outside Director Awards held by the Participants or Outside Directors, as the case may be, immediately following the change is the same as that value immediately prior to the change.

20. WITHHOLDING TAXES.

The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of this Plan. With respect to withholding required upon any taxable event, the Company may elect in its discretion, and Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by withholding or having the Company withhold shares of Common Stock having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All elections by Participants shall be irrevocable, made in writing, and signed by the Participant.

21. NONCOMPETITION; CONFIDENTIALITY.

For purposes of this Section 21, "Company" shall include any Subsidiary or Affiliate employing the Participant. A Participant will not, without the written consent of the Company, either during or after his or her employment by the Company, disclose to anyone or make use of any confidential information which he or she has acquired during his or her employment relating to any of the business of the Company, except as such disclosure or use may be required in connection with his or her work as an employee of Company, or as demanded by a subpoena issued by a court of competent jurisdiction, if the Participant gives notice of the demand to the Company as soon as reasonably possible after receipt of the subpoena. The confidential information of the Company includes, but is not limited to, all technology, recipes, business systems and styles, customer lists and all other Company proprietary information not generally known to the public. During Participant's employment by the Company, he or she will not, either as principal, agent, consultant, employee or otherwise, engage in any work or other activity in competition with the Company in the field or fields in which he or she has worked for the Company. Unless the Award Notice specifies otherwise, a Participant shall forfeit all rights under this Plan to any unexercised or unpaid Awards or to the deferral of any Award, dividend, or dividend equivalent, if, in the determination of the Committee, the Participant has violated the Agreement set forth in this Section 21, and in that event any further payment, deferral of payment, or other action with respect to any Award, dividend, or dividend equivalent shall be made or taken, if at all, in the sole discretion of the Committee.

22. REGULATORY APPROVALS AND LISTINGS.

Notwithstanding anything contained in the Plan to the contrary, the Company shall have no obligation to issue or deliver certificates of Common Stock evidencing Stock Awards or any other Award resulting in the payment of Common Stock prior to (a) the obtaining of any approval from any governmental agency which the Company shall, in its sole discretion, determine to be necessary or advisable, (b) the admission of the shares to quotation or listing on the automated quotation system or stock exchange on which the Common Stock may be listed, and (c) the completion of any registration or other qualification of the shares under any State or Federal law or ruling of any governmental body that the Company shall, in its sole discretion, determine to be necessary or advisable.

23. PLAN AMENDMENT.

Except as provided in Section 26, the Board or the Committee may, at any time and from time to time, suspend, amend, modify, or terminate the Plan without shareholder approval; however, if an amendment to the Plan would, in the reasonable opinion of the Board or the Committee, either (i) result in repricing stock options or otherwise increase the benefits accruing to Participants or Outside Directors, (ii) increase the number of shares of Common Stock issuable under the Plan, or (iii) modify the requirements for eligibility, then that amendment shall be subject to shareholder approval; and, the Board or Committee may condition any amendment or modification on the approval of shareholders of the Company if that approval is necessary or deemed advisable to (i) permit Awards to be exempt from liability under Section 16(b) of the Exchange Act, (ii) to comply with the listing or other requirements of an automated quotation system or stock exchange, or (iii) to satisfy any other tax, securities or other applicable laws, policies or regulations.

24. AWARD AMENDMENTS.

Except as provided in Section 26, the Committee may amend, modify or terminate any outstanding Award or Outside Director Award without approval of the Participant or Outside Director, as applicable; however:

a. except as otherwise provided in Section 21, subject to the terms of the applicable Award Notice, an amendment, modification or termination shall not, without the Participant's or Outside Director's consent, as applicable, reduce or diminish the value of the Award or Outside Director Award determined as if the Award or Outside Director Award had been exercised, vested, cashed in (at the spread value in the case of stock options or SARs) or otherwise settled on the date of that amendment or termination;

b. the original term of any stock option or SAR may not be extended without the prior approval of the shareholders of the Company;

c. except as otherwise provided in Section 19, the exercise price of any stock option or SAR may not be reduced, directly or indirectly, without the prior approval of the shareholders of the Company; and

d. no termination, amendment, or modification of the Plan shall adversely affect any Award or Outside Director Awards previously granted under the Plan, without the written consent of the affected Participant or Outside Director.

25. GOVERNING LAW.

This Plan shall be governed by and construed in accordance with the laws of the State of Tennessee, except as superseded by applicable Federal law.

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

Subject to the limitations set forth in this Section 26, but only if and to the extent determined by the Committee or the Board at or after the affected award or grant and subject to any right of approval expressly reserved by the Committee or the Board at the time of the determination, in case of a Change in Control or a Potential Change in Control, the following provisions shall apply to any Award which has not previously terminated or expired:

a. any SAR and any stock option or Outside Director Award awarded under this Plan that is not previously vested and exercisable shall become fully vested and exercisable;

b. the restrictions applicable to any Award which are not already vested under the Plan shall lapse, and those existing shares and awards shall be deemed fully vested;

c. unless otherwise determined by the Board or by the Committee in its sole discretion prior to any Change in Control, the value of all vested outstanding stock options, SARs, Outside Director Awards and other Awards, shall be cashed out on the basis of the Change in Control Price as of the date the Change in Control or Potential Change in Control is determined to have occurred (or other date determined by the Board or Committee prior to the Change in Control);

d. the Board or the Committee may impose additional conditions on the acceleration or valuation of any Award in the applicable Award Notice; and

e. for purposes of making payment to Participants in connection with performance shares, each performance period for which the Committee has granted performance shares (a "current performance period") shall be treated as terminating upon the date the Change in Control or Potential Change in Control is determined to have occurred (or other date determined by the Board or Committee prior to the Change in Control), and for each current performance period and each completed performance period for which the Committee has not on or before that date made a determination as to whether and what degree the performance objectives for the period have been attained (a "completed performance period"), it shall be assumed that the performance objectives have been attained at a level of 100% or the equivalent. If the Participant is participating in one or more current performance periods, he or she shall be considered to have earned and, therefore, be entitled to receive that prorated portion of the Awards previously granted for each of those performance periods. The prorated portion shall be determined by multiplying the number of performance shares granted to the Participant by a fraction, the numerator of which is the total number of whole and partial years (with each partial year being treated as a whole year) that have elapsed since the beginning of the performance period, and the denominator of which is the total number of years in the performance period. A Participant in one or more completed performance periods shall be considered to have earned and, therefore, be entitled to receive all the performance shares previously granted during each performance period.

27. <u>AWARDS TO OUTSIDE DIRECTORS</u>.

27.1 <u>Application</u>. The provisions of this Section 27 apply only to Outside Director Awards made in accordance with this Section. Except as expressly set forth herein, the Committee shall have no authority to determine the timing of or the terms or conditions of any Outside Director Award.

27.2 Awards, Restrictions and Conditions.

a. On the date of each Annual Meeting of Shareholders of the Company following the Annual Meeting of Shareholders in 2007, unless this Plan has been previously terminated, each Outside Director who will continue as a director following the meeting will receive (1) a non-qualified stock option (within the meaning of Section 8.1) to purchase up to 5,000 shares of Common Stock (a “Director Option”), (2) a Stock Award of up to 5,000 shares of Common Stock or Units of Common Stock (a “Director Stock Award”), or (3) any combination of Director Option or Director Stock Award, each subject to the maximum amounts set forth in clauses (1) and (2). The date on which the Annual Meeting of Shareholders occurs shall be deemed the date of the grant of either a Director Option or a Director Stock Award. The exercise price per share of a Director Option shall equal the Fair Market Value per share of Common Stock on the date of the grant. Both Director Options and Director Stock Awards shall vest (and, in the case of Director Options, become exercisable) in 3 equal annual installments with the first 1/3 vesting on the first anniversary of the date of the grant. Before the end of each fiscal year, the Committee shall designate the number of shares (or Units) of Common Stock (up to the maximums set forth above) that will be subject to Director Options and/or Director Stock Awards at succeeding Annual Meeting of Shareholders. Unless there is a change in designation, any designation made in a prior year shall continue until modified or rescinded.

b. If any person who was not previously a member of the Board is elected or appointed an Outside Director prior to the July 31 immediately preceding the first annual meeting of shareholders following his or her election or appointment, that Outside Director will receive a Director Option to purchase 5,000 shares of Common Stock. The date prior to July 31 on which the election or appointment occurs shall be deemed the date of the grant. The exercise price per share of a Director Option granted pursuant to this Section 27.2.c. shall equal the Fair Market Value per share of Common Stock on the date of the grant. These options shall vest and become exercisable in 3 equal annual installments, with the first 1/3 vesting on the first anniversary of the date of this grant.

c. No Director Option shall be exercisable prior to vesting. Each unexercised Director Option shall expire on the 10th anniversary of the date of grant.

d. The exercise price of a Director Option may be paid in cash or in shares of Common Stock which have been owned for at least 6 months (or any shorter or longer period necessary to avoid a charge to the Company’s earnings for financial reporting purposes), and including shares of Common Stock subject to a Director Option.

e. Outside Director Awards shall not be transferable without the prior written consent of the Board other than transfers by the Outside Director (i) to a member of his or her Immediate Family or to a trust for the benefit of the Outside Director or a member of his or her Immediate Family, directly or by will or by the laws of descent and distribution, or (ii) to a fund affiliated with him or her.

f. Grantees of Outside Director Awards shall receive an Award Notice setting forth other terms and restrictions as provided in this Plan and, in the case of a Director Option, the exercise price.

g. Upon termination of an Outside Director’s service as a Company director, (i) all Outside Director Awards that are vested and/or exercisable and held by that Outside Director will remain vested and/or exercisable through their expiration dates and (ii) all remaining Outside

Director Awards held by that Outside Director will vest and/or become exercisable to the extent of any shares that would have vested and/or become exercisable within a 12-month period ending on the anniversary date of termination of service. Any Director Options which vest under this provision must be exercised, if at all, within that same 12-month period, unless the director has qualified for retirement from the Board by reaching at least 50 years of age and having served at least 7 years as a director of the Company. After reaching retirement status, a director whose Board service ends will be permitted to exercise all options vested pursuant to these provisions until the stated expiration date of the options. Any unvested Outside Director Award held by the Outside Director on the date of termination of service will lapse and be forfeited to the extent that they do not vest and/or become exercisable pursuant to the preceding sentences. The Board may, in its sole discretion, elect to accelerate the vesting of any Outside Director Award in connection with the termination of service of any individual Outside Director.

h. Outside Director Awards shall be subject to Section 26. The number of shares and the exercise price per share of each existing Director Option shall be adjusted automatically when, and in the same manner as, the number of shares and the exercise price of Stock Options under Section 19 are adjusted pursuant to Section 19. The number of shares underlying potential future Director Options shall be adjusted automatically when, and in the same manner as, the number of shares underlying outstanding Stock Options are adjusted pursuant to Section 19.

i. The Board, in its sole discretion (and absent other express action, without affecting the size of future option grants), may reduce the size of any Outside Director Award prior to grant or to postpone or extend the vesting and exercisability of any Outside Director Award prior to grant.

28. NO RIGHT TO EMPLOYMENT OR PARTICIPATION.

Participation in the Plan shall not give any Participant any right to remain in the employ, or to serve as a director, of the Company or any Subsidiary or Affiliate. The Company or, in the case of employment with a Subsidiary or Affiliate, the Subsidiary or Affiliate, reserves the right to terminate the employment of any Participant at any time. Further, the adoption of this Plan shall not be deemed to give any Employee or any other individual any right to be selected as a Participant or to be granted an Award.

29. NO RIGHT, TITLE OR INTEREST IN COMPANY ASSETS.

The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. No Participant shall have any rights as a shareholder as a result of participation in the Plan until the date of issuance of a stock certificate in the Participant’s name, and, in the case of restricted shares of Common Stock, such rights are granted to the Participant under Section 10.3 hereof. To the extent any person acquires a right to receive payments from the Company under the Plan, those rights shall be no greater than the rights of an unsecured creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or to make payments in lieu of, or with respect to, Plan awards. However, unless the Committee determines otherwise with the express consent of the affected Participant, the existence of any such trusts or other arrangements is consistent with this “unfunded” status of the Plan.

30. SECURITIES LAWS.

With respect to Section 16 Insiders, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act. To the extent any provision of the Plan or action by the Committee fails so to comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

31. REQUIRED WRITTEN REPRESENTATIONS.

The Committee may require each person purchasing shares pursuant to a stock option or other award under the Plan to represent to and agree with the Company in writing that the optionee or Participant is acquiring any shares of Common Stock without a view to their distribution. The certificates for shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer. All certificates for shares of Common Stock or other securities delivered under the Plan shall be subject to stop transfer orders and other restrictions the Committee deems advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed, and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any certificates to make appropriate reference to the applicable restrictions. Each Participant is responsible for fully complying with all applicable state and federal securities laws and rules and the Company assumes no responsibility for compliance with any such laws or rules pertaining to a Participant's resale of any shares of Common Stock acquired pursuant to this Plan.

32. NON-EXCLUSIVE ARRANGEMENT.

Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if required; and those arrangements may be either generally applicable or applicable only in specific cases.

33. LIMITS ON LIABILITY AND INDEMNIFICATION.

The members of the Committee and the Board shall not be liable to any employee or other person with respect to any determination made under the Plan in a manner that is not inconsistent with their legal obligations as members of the Board. In addition to all other rights of indemnification they may have as directors or as members of the Committee, the members of the Committee shall be indemnified by the Company against reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party because of any action taken or failure to act under or in connection with the Plan or any Award granted under it, and against all amounts paid by them in settlement (provided the settlement is approved by independent legal counsel selected by the Company) or paid to them in satisfaction of a judgment in that action, suit or proceeding, except in relation to matters as to which it shall be adjudged in the action, suit or proceeding that the Committee member is liable for negligence or misconduct in the performance of his or her duties. Within 60 days after institution of any action, suit or proceeding covered by this Section, the Committee member must inform the Company in writing of the claim and offer the Company the opportunity, at its own expense, to handle and defend the matter.

EXHIBIT 31.1

CERTIFICATION

I, Michael A. Woodhouse, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: March 9, 2009

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

EXHIBIT 31.2

CERTIFICATION

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

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

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

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

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

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

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

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

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

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

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

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

Date: March 9, 2009

/s/N.B. Forrest Shoaf
N.B. Forrest Shoaf, Senior Vice President, Secretary,
Chief Legal Officer and Interim Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended January 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Woodhouse, Chairman, President and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: March 9, 2009

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

Exhibit 32.2

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended January 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, N.B. Forrest Shoaf, Senior Vice President, Secretary and Chief Legal Officer and Interim Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: March 9, 2009

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